



**BOUSTEAD SINGAPORE LIMITED
AND ITS SUBSIDIARIES**

**SGXNET ANNOUNCEMENT
UNAUDITED RESULTS FOR HALF-YEAR
FY2005 ENDED 30 SEPTEMBER 2004**



BOUSTEAD SINGAPORE LIMITED

Half Year Financial Statement And Dividend Announcement for the Period Ended 30 September 2004

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.

	Note	GROUP			COMPANY		
		30.9.04 \$'000	30.9.03 \$'000 (Restated)	Inc/(Dcr) %	30.9.04 \$'000	30.9.03 \$'000	Inc/(Dcr) %
Revenue	1	107,860	112,911	(4.5)	5,421	3,911	38.6
Cost of sales		(65,963)	(71,003)	(7.1)	-	-	-
Gross profit		41,897	41,908	(0.0)	5,421	3,911	38.6
Other operating income	2	897	1,271	(29.4)	815	268	204.1
Selling and distribution expenses		(8,725)	(9,136)	(4.5)	-	-	-
Administrative expenses		(14,154)	(13,113)	7.9	(290)	(633)	(54.2)
Other operating expenses		(5,869)	(5,644)	4.0	-	-	-
Profit from operations	3	14,046	15,286	(8.1)	5,946	3,546	67.7
Finance costs		(663)	(683)	(2.9)	(212)	(148)	43.2
Exceptional items	4	270	(305)	NM	-	(445)	NM
Profit before income tax and share of profit/(loss) from associates		13,653	14,298	(4.5)	5,734	2,953	94.2
Share of profit/(loss) from associates		302	(340)	NM	-	-	-
Profit before income tax		13,955	13,958	(0.0)	5,734	2,953	94.2
Income tax	5	(3,804)	(4,932)	(22.9)	(1,188)	(1,065)	11.5
Profit after income tax		10,151	9,026	12.5	4,546	1,888	140.8
Minority interests		(2,769)	(3,524)	(21.4)	-	-	-
Net profit for the year		7,382	5,502	34.2	4,546	1,888	140.8

NM - Not meaningful

Note 1: The Company's revenue relates to dividend income from subsidiaries.

	GROUP		COMPANY	
	30.9.04	30.9.03	30.9.04	30.9.03
	\$'000	\$'000	\$'000	\$'000
<u>Note 2: Other operating income</u>				
Interest income	511	191	766	268
Rental income	386	433	-	-
Foreign currency exchange gain	-	643	49	-
Others	-	4	-	-
	897	1,271	815	268
<u>Note 3: Profit from operations</u>				
Included are the following (charges)/credits:				
Depreciation	(2,623)	(2,523)	-	-
Amortisation of goodwill	(2)	(2)	-	-
Amortisation of other intangible assets	(36)	(100)	-	-
Allowance for doubtful trade debts	(161)	(467)	-	-
Foreign currency exchange loss	(188)	-	-	(328)
Gain on sale of property, plant and equipment	-	14	-	-
<u>Note 4: Exceptional items</u>				
Net loss on disposal of subsidiaries	-	(72)	-	(815)
Allowance for loans to subsidiary	-	-	-	(800)
Allowance for loans to a related party written back	-	1,170	-	1,170
Impairment loss in value of other investments	-	(1,575)	-	-
Release of negative goodwill arising from acquisition of a subsidiary	270	172	-	-
	270	(305)	-	(445)

Note 5: Income tax

The provision for income tax is made after taking into account non-deductible expenses and temporary differences and based on the statutory tax rates of the respective countries. For the current period, the Group's income tax expense is higher than the income tax expense determined by applying the Singapore income tax rate of 20% mainly due to certain expenses which are not deductible for tax purposes and overseas subsidiaries' profits which are subjected to higher rate of taxes.

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.

Balance Sheet					
	Note	Group		Company	
		30.9.04 \$'000	31.3.04 \$'000	30.9.04 \$'000	31.3.04 \$'000
ASSETS					
Current assets:					
Cash and bank balances		44,001	44,626	967	2,474
Trade receivables		57,329	67,994	-	-
Other receivables and prepayments		21,775	15,340	8,979	7,022
Loans to subsidiaries		-	-	22,809	11,923
Inventories		8,439	5,912	-	-
Costs of uncompleted contracts in excess of billings		3,451	13,262	-	-
Properties held for sale (at cost)		3,176	2,109	-	-
Total current assets		138,171	149,243	32,755	21,419
Non-current assets:					
Investments in associates		33,295	32,091	23,579	23,025
Investments in subsidiaries		-	-	27,658	25,905
Other investments		865	865	114	114
Development property		-	967	-	-
Property, plant and equipment		57,052	53,110	-	-
Goodwill		1,096	1,123	-	-
Negative goodwill		(2,687)	(2,872)	-	-
Other intangible assets		770	806	-	-
Long term receivables		1,077	1,676	10,454	10,454
Deferred tax assets		2,031	2,017	-	-
Total non-current assets		93,499	89,783	61,805	59,498
Total assets		231,670	239,026	94,560	80,917
LIABILITIES AND EQUITY					
Current liabilities:					
Bank loans and overdrafts	1(b)(ii)	25,840	17,538	16,268	9,930
Provisions		5,151	6,351	-	-
Trade payables and accruals		52,003	75,782	184	263
Billings on uncompleted contracts in excess of costs		7,769	9,041	-	-
Other payables		15,195	15,563	3,312	3,328
Loans from subsidiaries		-	-	9,728	11,084
Income tax payable		3,338	5,756	41	41
Total current liabilities		109,296	130,031	29,533	24,646
Non-current liabilities:					
Long term bank loans	1(b)(ii)	15,757	13,115	-	-
Deferred tax liabilities		295	266	-	-
Total non-current liabilities		16,052	13,381	-	-
Minority interests		21,888	22,521	-	-
Capital and reserves:					
Issued capital		61,977	53,180	61,977	53,180
Other reserves		20,474	16,933	1,067	111
Dividend reserve		1,983	2,980	1,983	2,980
Total equity		84,434	73,093	65,027	56,271
Total liabilities and equity		231,670	239,026	94,560	80,917

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities.

Amount repayable in one year or less, or on demand	As at 30.9.04		As at 31.3.04	
	Secured	Unsecured	Secured	Unsecured
	6,608,000	19,232,000	7,268,000	10,270,000

Amount repayable after one year	As at 30.9.04		As at 31.3.04	
	Secured	Unsecured	Secured	Unsecured
	15,757,000	-	13,115,000	-

Details of any collateral

An amount of \$4,414,000 (31.3.04: \$4,574,000) is secured by way of a legal mortgage on a leasehold property of a subsidiary at 63 Ubi Ave 1, 6th and 7th floor (except #07-06) of Boustead House.

An amount of \$3,390,000 (31.3.04: \$3,620,000) is secured by way of a legal mortgage on a leasehold property of a subsidiary at 60 Alps Avenue, Singapore.

An amount of \$4,075,000 (31.3.04: \$4,250,000) is secured by way of a legal mortgage on a leasehold property of a subsidiary at 70 Alps Avenue, Singapore.

An amount of \$4,720,000 (31.3.04: \$868,000) is secured by way of a legal mortgage on a leasehold property of a subsidiary at 61 Alps Avenue, Singapore.

An amount of \$Nil (31.3.04: \$109,000) is secured by way of a legal mortgage on a freehold property of a subsidiary at Dell Road, Shaw Clough Rochdale OL 126BZ Lancashire, England.

An amount of \$1,106,000 (31.3.04: \$755,000) is secured by way of a legal mortgage on a freehold land and building of a subsidiary at Kompleks Kawasan Sarana Terpadu, Jalan Raya Cikarang Desa, Pasir Gombong Kec, Lemah Abang, Bekasi 17750, Indonesia.

An amount of \$Nil (31.03.04: \$3,065,000) is secured by way of a fixed and floating charge on the assets of a subsidiary.

An amount of \$3,000,000 (31.03.04: \$Nil) is secured by way of a corporate guarantee from the Company.

An amount of \$Nil (31.3.04: \$1,455,000) is secured by way of a legal mortgage on a leasehold property of a subsidiary at No.8 Wuxi Boustead Industrial Park, Xin Mei Road, Plot 114, Wuxi New District, Wuxi, Jiangsu, China.

An amount of \$1,660,000 (31.3.04: \$1,687,000) is secured against long term cash deposits and mortgage on the property, plant and equipment of a joint venture.

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	
	30.9.04 \$'000	30.9.03 \$'000 (Restated)
Cash flows from operating activities:		
Profit before income tax and share of profit from associates	13,653	14,298
Adjustments for:		
Amortisation of goodwill	2	2
Amortisation of other intangible assets	37	100
Depreciation	2,623	2,523
Net loss on disposal of subsidiaries	-	72
Impairment loss on other investment	-	1,575
Allowance for loans to a related party written back	-	(1,170)
Release of negative goodwill arising from acquisition of a subsidiary	(270)	(172)
Loss on sale of property, plant and equipment	-	(14)
Interest expense	663	683
Interest income	(511)	(191)
Operating income before changes in working capital	16,197	17,706
Decrease/(Increase) in receivables	3,977	(16,593)
Decrease in inventories and contract work-in-progress	6,012	13,005
Increase in properties held for sale	(100)	-
(Decrease)/Increase in payables	(25,347)	7,485
Cash generated from operations	739	21,603
Interest received	511	191
Interest paid	(663)	(683)
Income tax paid	(6,209)	(6,396)
Net cash from operating activities	(5,622)	14,715
Cash flows from investing activities:		
Proceeds from disposal of property, plant and equipment	109	124
Purchase of property, plant and equipment	(6,631)	(8,329)
Payment to minority interests for acquisition of additional interests in a subsidiary	(645)	-
Proceeds from disposal of other investments	-	272
Net cash outflow on disposal of subsidiaries	-	(241)
Net cash outflow from restructuring	-	(7,987)
Payment for additional interests in an associate	-	(2,000)
Net cash used in investing activities	(7,167)	(18,161)
Cash flows from financing activities:		
Net proceeds from issue of shares of the company	7,175	1,607
Increase in short term bank loans	7,979	13,804
Proceeds from long term bank loans	3,612	3,580
Repayment of long term bank loans	(970)	(382)
Payment of dividends to minority interests	(2,496)	-
Increase in fixed deposits pledged	(8)	(500)
Dividends paid	(2,965)	(2,297)
Net cash from financing activities	12,327	15,812
Net effect of exchange rate changes in consolidating subsidiaries	(494)	(2,449)
Net increase in cash and cash equivalents	(956)	9,917
Cash and cash equivalents at beginning of period	40,507	33,944
Cash and cash equivalents at end of period	39,551	43,861

Note (iii)

	Group	
	30.9.04 \$'000	30.9.03 \$'000
<u>Note (i) Disposal of subsidiaries</u>		
Cash and bank balances, net of overdrafts	-	241
Trade receivables	-	307
Other receivables and prepayments	-	466
Inventories	-	183
Property, plant and equipment	-	840
Trade payables and accruals	-	(548)
Other payables	-	(2,073)
Income tax payable	-	(55)
Deferred income tax	-	(196)
	-	(835)
NBV of goodwill written off	-	907
	-	72
Loss on disposal of investment in subsidiaries	-	(72)
Net cash and bank balances of subsidiaries	-	(241)
Net cash outflow on disposal of subsidiaries	-	(241)
<u>Note (ii) Effects of restructuring</u>		
During the period ended 30 September 2003, the Group's subsidiary, Salcon Limited, transferred all its direct interests in certain joint ventures to a wholly-owned subsidiary. The cash flow effects of the restructuring were as follows:		
Investment in associates	-	3,582
Intangible assets	-	44
Long term receivable	-	310
Cash and bank balances	-	7,987
Trade receivables	-	3,174
Other receivables and prepayments	-	1,892
Inventories	-	1,224
Contract work-in-progress	-	265
Property, plant and equipment	-	6,921
Income tax payable	-	73
Deferred tax assets	-	779
Trade payables and accruals	-	(2,476)
	-	23,775
Translation differences	-	1,420
Net assets	-	25,195
Minority Interests	-	(25,195)
	-	-
Net cash and bank balance of subsidiary	-	(7,987)
Net cash outflow on restructuring	-	(7,987)

Note (iii) Cash and cash equivalents included in the consolidated cash flow statement comprise:

	30.9.04 \$'000	30.9.03 \$'000
Cash and bank balances	24,130	20,667
Short term deposits	19,871	26,640
Bank overdrafts	(1,417)	(435)
	42,584	46,872
Pledged fixed deposits	(3,033)	(3,011)
Cash and cash equivalents at end of period	39,551	43,861

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.

	Reserves							Total \$'000
	Issued capital \$'000	Dividend Reserve \$'000	Share premium \$'000	Foreign currency translation reserve \$'000	Accumulated profits/ (losses) \$'000	Shares to be issued * \$'000	Sub-Total \$'000	
GROUP								
Balance at 1 April 2003								
As previously reported	46,330	2,245	4,102	575	2,614	6,899	14,190	62,765
Prior year adjustment **	-	-	-	-	(3,179)	-	(3,179)	(3,179)
Restated balance	46,330	2,245	4,102	575	(565)	6,899	11,011	59,586
Exchange differences arising during the year	-	-	-	(1,607)	-	-	(1,607)	(1,607)
Net profit for the year	-	-	-	-	5,502	-	5,502	5,502
Dividends paid	-	(2,245)	-	-	-	-	-	(2,245)
Dividends underprovided for in FY 31 March 2003	-	-	-	-	(54)	-	(54)	(54)
Issue of shares	3,064	-	865	-	-	(2,300)	(1,435)	1,629
Balance at 30 September 2003	49,394	-	4,967	(1,032)	4,883	4,599	13,417	62,811
Balance at 1 April 2004	53,180	2,980	6,763	(1,849)	9,719	2,300	16,933	73,093
Exchange differences arising during the year	-	-	-	(251)	-	-	(251)	(251)
Net profit for the year	-	-	-	-	7,382	-	7,382	7,382
Dividends paid	-	(2,965)	-	-	-	-	-	(2,965)
Dividends overprovided for in FY 31 March 2004	-	(15)	-	-	15	-	15	-
Dividends proposed	-	1,983	-	-	(1,983)	-	(1,983)	-
Issue of shares	8,797	-	678	-	-	(2,300)	(1,622)	7,175
Balance at 30 September 2004	61,977	1,983	7,441	(2,100)	15,133	-	20,474	84,434

* Refer to para 1 (d)(ii)

** Refer to para 4

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.

	<u>Reserves</u>						
	Issued capital	Dividend Reserve	Share premium	Accumulated profits/ (losses)	Shares to be issued *	Sub-Total	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
COMPANY							
Balance at 1 April 2003	46,330	2,245	4,089	(8,139)	6,899	2,849	51,424
Net profit for the year	-	-	-	1,888	-	1,888	1,888
Dividends paid	-	(2,245)	-	-	-	-	(2,245)
Dividends underprovided for in FY 31 March 2003	-	-	-	(54)	-	(54)	(54)
Issue of shares	3,064	-	865	-	(2,300)	(1,435)	1,629
Balance at 30 September 2003	49,394	-	4,954	(6,305)	4,599	3,248	52,642
Balance at 1 April 2004	53,180	2,980	5,662	(7,851)	2,300	111	56,271
Net profit for the year	-	-	-	4,546	-	4,546	4,546
Dividends paid	-	(2,965)	-	-	-	-	(2,965)
Dividends overprovided for in FY 31 March 2004	-	(15)	-	15	-	15	-
Dividends proposed	-	1,983	-	(1,983)	-	(1,983)	-
Issue of shares	8,797	-	678	-	(2,300)	(1,622)	7,175
Balance at 30 September 2004	61,977	1,983	6,340	(5,273)	-	1,067	65,027

* Refer to para 1 (d)(ii)

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 financial period, the issued and paid up capital of the Company was increased from \$53,180,458 divided into 212,721,832 ordinary shares of S\$0.25 each to \$61,976,597 divided into 247,906,386 ordinary shares of S\$0.25 each as a result of shares issued in connection with the acquisition of 24.13% of the issued share capital of Salcon Limited and the allotment of shares upon exercise of warrants and share options.

On 18 October 2002, the Company announced that it would be issuing 19,654,406 ordinary shares of S\$0.25 each in the Company as consideration for the acquisition of 24.13% of the issued share capital of Salcon Limited.

The final tranche of 6,551,466 ordinary shares of \$0.25 each in the Company have been issued and quoted on the SGX in July 2004.

During the financial period, the number of warrants outstanding decreased from 28,792,988 warrants to 360,900 warrants as a result of the exercise of 28,432,088 warrants. The remaining warrants expired on 2 August 2004 and have accordingly lapsed.

As at 30 September 2004, the number of share options outstanding under the Boustead Share Option Scheme 2001 was 10,644,460 options. This represented a net increase of 787,968 options over the 9,856,492 options outstanding at the beginning of the period. The net increase resulted from an adjustment of 988,968 options for options cancelled erroneously during the financial year ended 31 March 2003 and the exercise of 201,000 options during the period. All of the 10,644,460 options outstanding as at 30 September 2004 are exercisable from which 10,644,460 ordinary shares of S\$0.25 each may be issued.

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

The figures are unaudited and not reviewed.

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 computation as in the audited annual financial statements for the financial year ended 31 March 2004 have been applied.

Prior to October 2003, a subsidiary changed its maintenance contract revenue recognition method. Revenue and all its related costs from maintenance contracts were recognised when the fee had been invoiced and maintenance period had commenced on the basis that the fee was non-refundable. The subsidiary changed its revenue recognition method so that maintenance contract revenue is recognised on a straight-line basis over the period of the maintenance contract. The corresponding maintenance costs have also been recognised on the same basis.

The financial statements have been presented as if the straight-line basis of revenue recognition and apportionment of costs have always been in use by restating comparative information for adjustments relating to periods prior to the current financial period as required by FRS 8: *Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies*.

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.**

The effects of the prior period adjustment mentioned in para 4 above on the Group's financial statements for the period ended 30 September 2003 are as follows:

	Previously reported \$'000	Prior period adjustment \$'000	Restated \$'000
<u>Consolidated balance sheet</u>			
Current assets	143,765	1,658	145,423
Current liabilities	120,559	3,133	123,692
Non-current liabilities	12,998	(443)	12,555
Minority interests	24,245	(222)	24,023
Capital and reserves	66,800	(810)	65,990
<u>Consolidated profit and loss statement</u>			
Revenue	116,044	(3,133)	112,911
Profit before income tax	15,433	(1,475)	13,958
Income tax	(5,375)	443	(4,932)
Profit after income tax	10,058	(1,032)	9,026
Minority interests	(3,746)	222	(3,524)
Net profit for the year	6,312	(810)	5,502
Accumulated profits/(losses):			
At beginning of period	2,614	(3,179)	(565)
At end of period	8,872	(3,989)	4,883
	Cents	Cents	Cents
Earnings per share - basic	3.1	(0.4)	2.7
Earnings per share - diluted	2.7	(0.4)	2.3

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.

	Group	
	30.9.04	30.9.03 (Restated)
Earnings per ordinary share for the period after deducting any provision for preference dividends:-		
(i) Based on weighted average number of ordinary shares in issue (¢)	3.2	2.7
(ii) On a fully diluted basis (¢)(detailing any adjustments made to the earnings)	3.1	2.3

The basic earnings per share ("EPS") is computed based on weighted average number of ordinary shares in issue of 230,057,895 shares (30.9.03: 203,537,937 shares). The weighted average number of ordinary shares used in computing the fully diluted EPS is adjusted for the number of outstanding share options and warrants. The adjusted weighted average number of ordinary shares used in computing the fully diluted EPS is 234,156,520 shares (30.9.03: 234,185,401 shares).

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.

	Group		Company	
	30.9.04	31.3.04	30.9.04	31.3.04
Net asset value per ordinary share based on issued share capital as at the end of the period reported on (¢)	34	33	26	26

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.**

Overview

Restructuring efforts undertaken in recent years to divest non-core businesses and to invest in profitable core operations, notably the acquisition of Salcon Ltd have caused some distortion to revenue but have also laid the foundation for growth. Although the streamlining of the operations of Salcon Ltd is ongoing, the Group expects to book growing contributions from FY2005.

Revenue

Segmental revenue	1HFY2005 \$m	1HFY2004 \$m	Change %
Engineering	78.8	85.1	-7.4
IT	26.9	22.5	+19.6
Others	2.1	5.3	-60.4
Total	107.8	112.9	-4.5

While market conditions remain competitive, the Group made good progress with its restructured operations although Group revenue declined 4.5% to \$107.8 million in 1H FY2005. This was due in part to divestment of a non-core food business.

Although revenue from the engineering segment fell 7.4% to \$78.8 million, Salcon Group recorded revenue growth from continuing operations. In 1H FY2005, revenue of Salcon Group rose 2% to \$35.9 million despite the discontinuation of the UK operations which resulted in a \$13 million decline in revenue from UK in the first half. During this period, revenue from the water treatment and environmental engineering business of Salcon in Singapore and around the world grew \$13 million from progressive completion of jobs with customers like Senoko Power and JGC Japan in Oman. Due to changes in the progress of industrial facilities under turnkey design and build, revenue from Boustead Projects decreased by \$4.9 million to \$25.5 million.

The Group's IT segment provides geo-spatial solutions based on world's leading ESRI and LEICA/ERDAS spatial technologies to the public sector and private enterprises across Asia Pacific. In 1H FY2005, robust demand from Australia lifted IT revenue by 19.6% to \$26.9 million.

Profitability

Despite the marginal decline in revenue, gross profit was maintained at \$41.9 million. Due to the increase in IT contribution to group revenue, from 20% to 25% in 1H FY2005, gross profit margin firmed from 37.1% to 38.8%. In the absence of a gain from foreign exchange in 1H FY2005, other operating income declined from \$1.3 million to \$0.9 million.

On the whole, operating expenses were well managed in 1H FY2005, and rose by a marginal 3%. With lower other operating income and marginally higher operating expenses, profit from operations shed 8% to \$14 million.

Group taxes declined this year due to lower profits from Salcon's power generation project in the Philippines and to the application of unutilized tax losses brought forward by Salcon Ltd. With the Group's stake in Salcon Ltd raised to 66.59% and lower contribution from 55% owned Boustead Projects, minority interests declined in 1H FY2005.

With lower taxes and minority interests, group net profit rose 34% to \$7.4 million. The Directors have proposed an interim dividend of 1 cent per ordinary share less tax. No interim dividend was paid in the previous corresponding period.

Balance Sheet & Cash Flow

Under Boustead Projects, completion of the 3 industrial facilities held for long term lease to multinational tenants resulted in an increase in fixed assets. Loan drawn down to finance these investment properties led to higher bank borrowings as at 30 September 2004.

A combination of lower turnover, faster collection and some provision of receivables contributed to lower trade receivables. Trade payables and accruals also declined with the completion of projects and the winding down of business at Salcon's UK operations.

Operating income for 1H FY2005 was used to fund working capital needs arising from the decline in trade payables. The payment of income tax and the purchase of fixed assets were funded by the issuance of new shares and bank borrowings.

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

None

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.

Prospects

The Group operates on a global basis with core expertise in oil, gas, petrochemicals and water. The buoyant oil, gas and petrochemical industries, as well as the growing global need for quality drinking water and the treatment of wastewater will continue to underpin the Group's business prospects in 2H FY2005 and beyond.

Salcon, a leading specialist in water & environment engineering has undertaken projects in the Middle East, Africa, China, South East Asia, Europe and South America. Following a streamlining of operations, Salcon is focused on securing and executing a growing order book of projects around the world.

Boustead International Heaters (BIH) is a leading global specialist in the design, supply and installation of direct-fired process heaters, waste heat recovery units and related equipment to the oil, gas and petrochemical industries. BIH's operations span Europe, Africa and South America. Recent success in securing new customers has extended operations to Chile and Oceania. The buoyant oil, gas and petrochemical industries have contributed to BIH's expanding order book.

Boustead Projects (BP) specialises in providing customers with one-stop turnkey solutions integrating the design and building of customised industrial facilities. In addition, BP will also own such facilities to provide long-term leases to multinational tenants. BP recently entered into conditional put and call agreements with Mapletree Trustees Pte Ltd to sell three industrial properties held for long term lease to multinational tenants for a total cash consideration of \$52.5 million. With the sale, BP will have the opportunity to form an alliance with Mapletree Investments (MI) under which BP would provide design and build services to MI's projects in Singapore, Malaysia, China, Thailand and Indonesia. Completion of the sale is scheduled for the second half of the year.

The Group currently has an order book of approximately S\$230 million. The bulk of these projects is expected to be completed over the next 18 months. With the expected profits from the sale of the three industrial facilities by Boustead Projects, the Group anticipates net profit for FY2005 to be significantly higher than FY2004.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes.

Name of dividend	Interim proposed
Dividend type	Cash
Dividend amount per share (in cents)	1 cent per ordinary share less tax
Par value of shares	S\$0.25
Tax rate	20%

(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

20 December 2004.

(d) Books closure date

Notice is hereby given that the Transfer Books and Register of Members of the Company will be closed on 1 December 2004 for the purpose of determining shareholders' entitlements to the interim dividend to be paid on 20 December 2004.

Duly completed transfers received by the Company's Registrar, Lim Associates (Pte) Ltd at 10 Collyer Quay #19-08 Ocean Building, Singapore up to 5.00 p.m. on 30 November 2004 will be registered before entitlements to the dividend are determined.

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

Not applicable.

BY ORDER OF THE BOARD

Alvin Kok
Company Secretary
10 November 2004