
Half-Year Financial Statement As At 30 June 2006 Announcement

Half-year financial statement on consolidated results as at 30 June 2006. These figures have not been audited.

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		
		Six Months Ended 30 June		
		2006 S\$'000	2005 S\$'000	% Increase/ (Decrease)
Revenue	1	4,197	7,426	(43)
Cost of sales	2	(2,459)	(6,065)	(59)
Gross Profit	3	1,738	1,361	28
Other revenue		61	139	(56)
Administrative and marketing expenses	4	(936)	(873)	7
Other expenses		(349)	(377)	(7)
Finance costs	5	(124)	(54)	130
Share of results of associated companies	6	268	-	100
Profit from operations before taxation		658	196	236
Taxation		(3)	(31)	(90)
Net Profit for the period		655	165	297
Attributable to:				
Equity holders of the parent		725	176	312
Minority interest		(70)	(11)	
Net Profit for the period		655	165	
Gross Profit margin		41%	18%	
Net Profit margin		17.3%	2.4%	

Profit from operating activities included the following :

	Group	
	Six Months Ended 30 June 2006 S\$'000	2005 S\$'000
Interest on borrowings	124	54
Depreciation of property, plant and equipment	125	125
Bad debts written off	10	103
Write back of allowance for doubtful receivables	-	(5)
Foreign exchange loss/ (gain)	285	(93)
Property, plant and equipment written off	-	1
Gain on disposal of associated company	(4)	-
Gain on disposal of property, plant and equipment	-	(32)

Notes

1. *As a result of the full impact of the divestment of non core business over the past year, revenue for the first half declined by 43% as compared to first half 2005.*
2. *Reduction of cost of sales was in line with the lower revenue.*
3. *Gross margin was approximately 41% of revenue. Despite the reduction in revenue, gross profit improved to \$1.74 million mainly as a result of better margin from our engineering projects and approximately \$0.13 million rental received in respect of the group investment properties.*
4. *Despite the lower revenue, increase in administrative and marketing expense was mainly due to the hiring of additional staff to support the growing Power division.*
5. *Higher finance cost was due mainly to increase in the interest rate environment and loan interest stemming from the acquisition of Golden Way Holding Pte Ltd at the beginning of FY2006.*
6. *This relates mainly to the 23% equity stake in Amanda Industries Pte Ltd.*

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

	Note	Group		Company	
		30/06/06 S\$'000	31/12/05 S\$'000	30/06/06 S\$'000	31/12/05 S\$'000
Non-current assets					
Property, plant & equipment	7	69,612	55,831	205	254
Interest in subsidiaries	8	-	-	9,174	6,756
Interest in associated companies	9	11,154	565	762	762
Available-for-sale financial assets	10	6,664	6,997	6,000	6,000
Long term receivables		2,290	5,634	2,290	4,353
Deferred tax assets		343	343	-	-
		90,063	69,370	18,431	18,125
Current assets					
Financial assets at fair value through profit or loss	11	418	796	-	-
Inventories		207	264	-	-
Contract work-in-progress	12	4,426	6,259	-	-
Trade and other receivables	13	22,908	18,388	44,065	20,933
Cash & cash equivalents	14	6,033	5,066	1,904	1,406
		33,992	30,773	45,969	22,339
Total assets		124,055	100,143	64,400	40,464
Equity attributable to equity holders of the parent					
Share capital	15	62,726	22,485	62,726	22,485
Share premium	16	-	19,719	-	19,719
Reserves/ (losses)	15	(4,016)	(7,470)	165	(3,394)
		58,710	34,734	62,891	38,810
Minority interests	17	8,219	830	-	-
Total equity		66,929	35,564	62,891	38,810
Non-current liabilities					
Convertible notes (unsecured)	18	50	-	50	-
Interest-bearing liabilities	19	37,168	35,716	-	-
Deferred taxation		-	-	34	34
		37,218	35,716	84	34
Current liabilities					
Excess of progress billings over work- in-progress		1	1,935	-	-
Trade and other payables	20	9,131	16,463	1,425	1,620
Provision for taxation		28	59	-	-
Interest-bearing liabilities	21	10,748	10,406	-	-
		19,908	28,863	1,425	1,620
Total liabilities		57,126	64,579	1,509	1,654
Total equity and liabilities		124,055	100,143	64,400	40,464

Notes

7. Increase in property, plant and equipment is attributable mainly to the progress in construction of the Huizhou WTE project.

8. Investment in subsidiaries

Name of Company	Principle activities	Equity interest held (%)		Cost of investment by the Company (S\$'000)	
		30/06/06	31/12/05	30/06/06	31/12/05
Held by the Company					
Admiralty Engineering Pte Ltd	Mechanical and electrical engineering services	100	100	3,341	3,341
Admiralty Technologies Pte Ltd	Maintenance of fire prevention and protection systems and trading in related products	100	100	399	399
AE Environmental Engineering Pte Ltd	Business management and consultancy services and general wholesale trade	100	100	473	473
Hivern Investments Pte Ltd	Investment holding	100	100	1,418	1,418
Louisson Investments Pte Ltd	Investment holding	100	100	50	50
Enersave Power Builders Pte Ltd	General and renovation contractors	100	100	2,865	2,865
Enersave Power Pte Ltd	Investment holding	100	100	#	#
Room Interior NZ Limited	Furniture and home lifestyle products retailing and trading	100	100	1	1
Enersave Power Brokers Limited	Investment holding	100	100	##	##
Asia Renewable Energy Private Limited	Investment holding	100	100	100	100
Renewable Energy Holdings Private Limited	Investment holding	100	100	#	#
Golden Way Holding Pte Ltd	Property investment	100	-	2,318	-
Asia Engineering Holdings Pte Ltd	Investment holding	100	-	100	-

Notes

8. Investment in subsidiaries (cont'd)

Name of Company	Principle activities	Equity interest held (%)		Cost of investment by the Company (\$'000)	
		30/06/06	31/12/05	30/06/06	31/12/05
Held by Enersave Power Pte Ltd					
Richway Investment Management Limited	Investment holding	55	55	-	-
Richway Investment Management Limited	Investment holding	55	55	-	-
Held by Asia Renewable Energy Private Limited					
Dujiangyan Enersave Biomass to Energy Co, Ltd	Production of electric power and heat with biomass	100	100	-	-
Neijiang Enersave Biomass to Energy Co Ltd	Production of electric power and heat with biomass	100	100	-	-
Held by Richway Investment Management Limited (Hong Kong)					
Huizhou Richway Waste-To-Energy Co, Ltd	Operating of a waste-to-energy power plant and trading of by-products produced by its principal activity	###71	95	-	-
Held by Louisson Investments Pte Ltd					
IDS Industries Sdn Bhd	Dormant	100	100	-	-
				11,065	8,647
Less: Impairment loss				(1,891)	(1,891)
				9,174	6,756

2 ordinary shares of S\$1 each fully paid, held by the Company

2 ordinary shares of HK\$1 each fully paid, held by the Company

In addition, the Group holds an additional 23.8% through Enersave Power Pte Ltd.

Notes

9. Interest in associated companies

	Group (S\$'000)		Company (S\$'000)	
	30/06/06	31/12/05	30/06/06	31/12/05
Unquoted shares, at cost	11,082	1,263	762	762
Less: Impairment loss	-	(501)	-	-
Share of post-acquisition results	72	(197)	-	-
	11,154	565	762	762

Details of associated companies as at 30 June 2006 are:-

Name of Company	Principle activities	Equity interest held (%)		Cost of investment by the Company (S\$'000)	
		30/06/06	31/12/05	30/06/06	31/12/05
Held by the Company					
Beijing Admiralty Home Products Co.,Ltd	Design, assemble, manufacture furniture home products and sale of self made products	33	33	762	762
Held by Louisson Investments Pte Ltd					
Kaizen Materials (S) Pte Ltd	Distributor of construction materials and equipment for industrial use	-	49	-	501
Held by Enersave Power Broker Limited					
Richway Energy Investment (China) Limited	Operating of a waste-to-energy plant and trading of by-products produced by its principal activity	-	48	-	-
Held by Asia Engineering Holdings Pte Ltd					
Amanda Industries Pte Ltd	Provide integrated fabrication services to the oil and gas, petrochemical and energy Industries	23	-	10,320	-
				11,082	1,263

10. Decrease in "Available-for-sale Financial Assets" is due to financial assets being marked to market as at the balance sheet date. The fair value difference of \$0.3 million has been taken to reserve in accordance with FRS 39.
11. Decrease in "Financial assets at fair value through profit or loss" is due to sale of listed equities during the first half of 2006.
12. Decrease in Contract Work-in-Progress is mainly due to reduction in relation to Huizhou WTE project.
13. Increase in trade and other receivables are mainly due to an increase of \$3.2 million in advance or deposit to suppliers of Huizhou project.
14. Increase in Cash and Cash Equivalents are mainly attributed to residual proceeds from Convertible Notes issued during the period.

Notes

15. Referred to Note 1(d)(ii).
16. Share premium is no longer applicable due to the Companies (Amendment) Act 2005.
17. Increase in minority interests is due to additional contribution to share capital of a subsidiary.
18. Convertible Notes

	Group and the Company	
	30/06/06	31/12/05
	S\$'000	S\$'000
Face value of convertible notes	18,000	-
Less: Amount utilized	(17,950)	-
At balance sheet date	50	-

Pursuant to the Extraordinary General Meeting held on 23 December 2005, approval has been given to the Directors to create and issue, from time to time, to Value Asset Management Limited ("Value Capital") unsecured non-interest bearing notes due 2011 with an aggregate principal amount of up to \$30 million in six equal tranches of a principal amount of \$5 million per tranche (each a "Tranche") and each tranche comprising five equal sub-tranches of \$1 million per sub-tranche (collectively the "Notes") and such Notes shall be convertible at the option of the holder into ordinary shares in the share capital of the Company, either at 130% of the average of the traded weighted average prices per share for the 20 business days immediately preceding the closing date of the latest first sub-tranche notes, or 90% of the average of any five consecutive closing prices per shares as selected by the relevant noteholder during the 20 business days immediately preceding the relevant conversion date.

As at balance sheet date, the Company has issued \$18 million of unsecured non-interest bearing convertible notes of which \$17.95 million has been converted into new capital in the Company.

19. During the year, the payment schedule relating to the term loan for the Huizhou WTE project was revised. Increase in Long Term Loans is due to the reclassification of approximately \$1.2 million from the current interest-bearing liabilities as a result of the revision.
20. Decrease in Trade and Other payables is mainly due to conversion of shareholder loans amounting to approximately \$7.5 million into share capital of a subsidiary company.
21. Increase in current portion of interest bearing liabilities is mainly due to additional term loan arising as a result of the acquisition of Golden Way Holding Pte Ltd.

1 (b) (ii) Aggregate amount of Group's borrowings and debts securities

	30/06/06	31/12/05
	S\$'000	S\$'000
INTEREST BEARING LIABILITIES		
Non-current		
Finance lease liabilities	161	200
Unsecured long-term loans	37,007	35,516
	<u>37,168</u>	<u>35,716</u>
Current liabilities		
Finance lease liabilities	77	77
Unsecured bank overdrafts	1,534	1,880
Secured short-term loans	5,338	-
Unsecured short-term loans	799	1,569
Unsecured long-term loans	3,000	5,782
Trust receipts	-	1,098
	<u>10,748</u>	<u>10,406</u>

Details of any collaterals

As at 30 June 2006, the amount of secured borrowings is \$5,576,995 (31.12.2005: \$277,464) comprising:-

- a) Term loans of \$5,338,218 (31.12.2005: S\$NIL) is secured by properties of a subsidiary.
- b) Finance leases of \$238,777 (31.12.2005:\$277,464) are secured by assets 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	
	Six Months Ended 30 June 2006 S\$'000	2005 S\$'000
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before taxation	658	196
Adjustments for: -		
Depreciation of property, plant and equipment	125	125
Share of results of associated companies	(268)	-
Bad debts written off	-	103
Loss on disposal of listed equity securities	115	36
Property, plant and equipment written off	-	1
Gain on disposal of property, plant & equipment	-	(32)
Amortisation of goodwill	-	1
Impairment loss of listed equity securities	(126)	-
Negative goodwill	(84)	-
Interest income	(49)	(34)
Interest expense	124	4
Dividend Income	-	(11)
Exchange realignment	30	(158)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	525	231
(Decrease)/Increase in working capital: -		
Trade and other receivables	(1,026)	(2,480)
Inventory and work-in-progress	1,888	(970)
Trade and other payables	(3,289)	(2,657)
Cash deposit pledged	818	-
CASH USED IN OPERATIONS	(1,084)	(5,876)
Interest received	49	34
Interest paid	(124)	(4)
Income taxes paid	(34)	(43)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(1,193)	(5,889)
CASH FLOW FROM INVESTING ACTIVITIES:		
Acquisition of interest in subsidiary, net of cash acquired	(18)	1
Acquisition of an associated company	(5,350)	-
Purchase of property, plant and equipment	(5,942)	(9,073)
Purchase of listed equity securities	(173)	(638)
Dividend received	-	11
Proceeds from disposal of associated company	4	-
Proceeds from sale of listed equity securities	563	499
Proceeds from disposal of property, plant and equipment	-	120
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(10,916)	(9,080)
CASH FLOW FROM FINANCING ACTIVITIES:		
Expenses for issuance of shares/warrants	(695)	-
Net repayment of short-term borrowings	(3,618)	(1,026)
Net proceeds from issuance of convertible notes	17,105	-
Net proceeds from long-term borrowings	1,491	12,598
Net repayment to finance lease creditors	(39)	(43)
NET CASH INFLOW FROM FINANCING ACTIVITIES	14,244	11,529
Net increase/ (decrease) in cash and cash equivalents	2,135	(3,440)
Effect of exchange rate changes on balances held in foreign currencies	(4)	17
Cash and cash equivalents at beginning of period	2,368	7,749
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4,499	4,326
Cash and Cash Equivalents comprise:		
Cash at bank and in hand	2,619	1,568
Fixed deposits	3,414	2,759
Bank overdrafts	(1,534)	(1)
	4,499	4,326

ACQUISITION OF SUBSIDIARY

The attributable net assets of subsidiary acquired during the period are as follows: -

	Group	
	Six Months Ended 30 June	
	2006	2005
	S\$'000	S\$'000
Acquisition		
Property, plant and equipment	(8,018)	-
Receivables	(155)	-
Cash and bank balance	18	(2)
Payables	29	-
Term loan	5,405	-
Net assets acquired	(2,721)	(2)
Reserve on consolidation	-	1
Negative goodwill	84	-
Purchase consideration	(2,637)	(1)
Less: Shares Issued	2,637	-
Less: Cash and cash equivalents of a subsidiary acquired	(18)	2
NET CASH OUTFLOW ON ACQUISITION OF A SUBSIDIARY	(18)	1

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share Capital	Share Premium	Fair Value Reserve	Share Option Reserve	Capital Reserve	Exchange Realignment Reserve	Revaluation Reserve	Accumulated Losses	Total	Minority Interest	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group											
At 31 December 2004, previously reported	22,485	19,732	-	-	5	115	52	(7,300)	35,089	823	35,912
Effects of adopting FRS 102	-	-	-	168	-	-	-	(168)	-	-	-
At 31 December 2004, restated	22,485	19,732	-	168	5	115	52	(7,468)	35,089	823	35,912
Effects of adopting FRS 39	-	-	(565)	-	-	-	-	(71)	(636)	-	(636)
At 1 January 2005, Restated	22,485	19,732	(565)	168	5	115	52	(7,539)	34,453	823	35,276
Bonus warrant issue expense	-	(13)	-	-	-	-	-	-	(13)	-	(13)
Transfer from capital reserve	-	-	-	-	(5)	-	-	-	(5)	-	(5)
Fair value loss on available-for-sale financial assets	-	-	(830)	-	-	-	-	-	(830)	-	(830)
Translation difference relating to financial statements of foreign subsidiaries	-	-	-	-	-	144	-	-	144	236	380
Net (loss) / gain recognized directly in equity	-	(13)	(830)	-	(5)	144	-	-	(704)	236	(468)
Net profit/ (loss) for the period	-	-	-	-	-	-	-	1,101	1,101	(229)	872
Share options cancelled or lapsed	-	-	-	(116)	-	-	-	-	(116)	-	(116)
At 31 December 2005	22,485	19,719	(1,395)	52	-	259	52	(6,438)	34,734	830	35,564

1 (d) (i) (Cont'd)

	Share Capital	Share Premium	Fair Value Reserve	Share Option Reserve	Capital Reserve	Exchange Realignment Reserve	Revaluation Reserve	Accumulated Losses	Total	Minority Interest	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group (Cont'd)											
At 1 January 2006	22,485	19,719	(1,395)	52	-	259	52	(6,438)	34,734	830	35,564
Conversion of convertible notes	17,950	(896)	-	-	-	-	-	-	17,054	-	17,054
Bonus warrant issue expense	-	(18)	-	-	-	-	-	-	(18)	-	(18)
Issue of shares	7,609	(677)	-	-	-	-	-	-	6,932	-	6,932
Transfer of share premium reserve to share capital	18,128	(18,128)	-	-	-	-	-	-	-	-	-
Share capital reduction	(3,446)	-	-	-	-	-	-	3,446	-	-	-
Fair value loss on available-for-sale financial assets	-	-	(333)	-	-	-	-	-	(333)	-	(333)
Capitalisation of loan from minority interest to share capital	-	-	-	-	-	-	-	-	-	7,516	7,516
Translation difference relating to financial statements of foreign subsidiaries	-	-	-	-	-	30	-	-	30	(57)	(27)
Net (loss) / gain recognized directly in equity	40,241	(19,719)	(333)	-	-	30	-	3,446	23,665	7,459	31,124
Net profit for the period	-	-	-	-	-	-	-	725	725	(70)	655
Dividends	-	-	-	-	-	-	-	(414)	(414)	-	(414)
At 30 June 2006	62,726	-	(1,728)	52	-	289	52	(2,681)	58,710	8,219	66,929

Note: Under the Companies (Amendment) Act 2005 that came into effect on 30 January 2006, the concept of par value was abolished and the amount of share premium account as at 30 January 2006, is required to become part of the company's share capital.

1 (d) (i) (Cont'd)

	Share Capital	Share Premium	Share Option Reserve	Accumulated Losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company					
At 31 December 2004, restated	22,485	19,732	168	(5,012)	37,373
Bonus warrant issue expenses	-	(13)	-	-	(13)
Value of employee services received for issue of share option	-	-	(116)	-	(116)
Net profit for the year	-	-	-	1,566	1,566
At 31 December 2005	22,485	19,719	52	(3,446)	38,810
Conversion of convertible notes	17,950	(896)	-	-	17,054
Bonus warrant issue expenses	-	(18)	-	-	(18)
Issue of share	7,609	(677)	-	-	6,932
Transfer of share premium reserve to share Capital	18,128	(18,128)	-	-	-
Share capital reduction	(3,446)	-	-	3,446	-
Net gain/ (losses) recognized directly in equity	40,241	(19,719)	-	3,446	23,968
Net profit for the period	-	-	-	13	13
At 30 June 2006	62,726	-	52	13	62,791

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

	<u>S\$'000</u>
As at 01/01/2006	22,485
a. Conversion of convertible notes	17,950
b. Issue of share	7,609
c. Transfer of share premium due to abolishment of the par value concept with effect from 30/01/2006	18,128
d. Share capital reduction	<u>(3,446)</u>
As at 30/06/2006	<u>62,726</u>

As at 30 June 2006, there were 1,700,000 (31.12.2005: 1,700,000) unexercised share options under the Employee Stock Option Scheme implemented on 5 April 2004.

As at 30 June 2006, there were 56,212,495 unexercised warrants, which was listed on the official list of Singapore Exchange Securities Trading Limited on 13 July 2005. Each bonus warrant carries the right to subscribe in cash for one ordinary share of the Company at the exercise price of S\$0.10, subject to adjustment in accordance with the terms and conditions set out in a Deed Poll dated 23 June 2005. During 1st half of 2006, there were 500 warrants exercised pursuant to the terms of the Deed Poll.

a. For the half year ended 30 June 2006, total convertible notes converted into the capital of Company is \$17,950,000. The convertible notes were converted into new shares based on the 90% of the average of the five consecutive closing prices per share as selected by the noteholder during the 20 business days immediately preceding the relevant conversion date. As at 30 June 2006, the outstanding convertible notes amounted to \$0.05 million.

b. This related to the consideration issued for the acquisition of Golden Way Holding Pte Ltd and Amanda Industries Pte Ltd.

c. Under the Companies (Amendment) Act 2005 that came into effect on 30 January 2006, the concept of par value was abolished and the amount of share premium account as at 30 January 2006, is required to become part of the company's share capital.

d. Pursuant to the Extraordinary General Meeting held on 27 April 2006, approval has been given to the Director to carry out a capital reduction exercise. The capital reduction is carried out pursuant to section 78C of the Companies Act, inter alia, as follow:

- (a) by canceling the issued and paid-up share capital of the Company which has been lost or is unrepresented by available assets to the extent of \$3,446,949; and
- (b) by applying an amount equal to \$3,446,949, being the credit arising from the Capital Reduction, to write off the Accumulated Losses.

- 2 Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagement to Review Financial Statements), or an equivalent standard)**

The figures have not been audited or reviewed.

- 3 Where the figures have audited or reviewed, the auditor's report (including any qualifications or emphasis of matter)**

Not applicable.

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

There were no changes in accounting policies and methods of computation adopted in the financial statements for the current period as compared to the most recent audited financial statements as at 31 December 2005.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, which has changed, as well as the reasons for, and the effect of, the change**

Not applicable.

- 6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	Group	
	Six Months Ended 30 June	
	2006	2005
	cents	cents
Earnings per share after deducting any provisions for preference dividends:		
(a) Based on weighted average number of ordinary shares in issue	0.20	0.08
(b) On a fully diluted basis	0.19	0.08

- 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 period reported on and (b) immediately preceding financial year**

Net assets per ordinary share

Group		Company	
2006 (\$)	2005 (\$)	2006 (\$)	2005 (\$)
0.14	0.16	0.15	0.17

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A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the revenue, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Net Profit attributing to shareholders of the Group grew by approximately \$0.5 million or 312% for the 6 months ended 30 June 2006 as compared to its corresponding period in 2005.

	Turnover	
	Six Months Ended 30 June	
	2006 S\$'000	2005 S\$'000
By Geographical Areas:		
Singapore	4,159	5,012
Asia	-	2,359
Others	38	55
Total for the period	<u>4,197</u>	<u>7,426</u>

The performance of the various divisions of the Group during the period is set out below: -

	Group			
	Six Months Ended 30 June			
	2006		2005	
	Revenue S\$'000	Operating Profit S\$'000	Revenue S\$'000	Operating Profit S\$'000
By Industry:				
Engineering	4,026	1,104	7,349	132
Power	-	-	-	-
Others	171	(590)	77	118
Total for the period	<u>4,197</u>	<u>514</u>	<u>7,426</u>	<u>250</u>
Share of results of associated companies		268		-
Finance costs		(124)		(54)
Profit from operations before taxation		<u>658</u>		<u>196</u>

a) Turnover and Operating Profit***Engineering***

Turnover decreased by 45%, from \$7.34 million to \$4.02 million in first half of 2006 as a result of our focus on engineering projects with higher margin.

Despite a substantial reduction in turnover, Operating profit increased from \$0.13 million for the half year ended 30 June 2005 to \$ 1.1 million for the half year ended 30 June 2006. Higher operating profit was mainly attributable to the better profit margin arising from projects secured by the division. Of the \$1.1 million, approximately 90% of the operating profit was contributed by design and built projects and the remaining 10% was contributed by servicing and assembling of fire alarm system.

Power

The Group is developing its competencies in its renewable energy business. The Group now owns one Waste-to-energy power plant in Huizhou and is planning for the construction of two biomass power plants in Dujiangyan and Neijiang.

The Huizhou Waste-to-energy plant is expected to commence commercial operations by the second half of FY2006.

The construction of the Neijiang and Dujiangyan projects are expected to commence in the second half of FY2006. These two projects will not have any impact on the Group's results for FY2006.

Others

The loss includes approximately \$0.29 million of currency translation losses and increase in unallocated head office cost of approximately \$0.2 million.

Share of Results of Associated Companies

Shortly after the acquisition of Amanda Industries, AMIGOS has secured new orders of approximately \$11.4 million for heat treatments and installation works in Vietnam. As at the balance sheet date, the order book value is approximately \$39.8 million and AMIGOS is currently in the midst of negotiating and securing several contracts.

Under the terms of this acquisition, Amanda Group Holdings Pte Ltd had undertaken to the Group that the consolidated net profit after tax of Amanda Industries Pte Ltd and its subsidiary for the financial year ending 31 December 2006 shall be not less than US\$4.9 million.

Cash Flow

Net cash outflow from operating activities for the six months ended 30 June 2006 was \$1.2 million.

Net Cash outflow from investing activities of \$10.9 million is contributed principally by outflow of \$5.4 million relating to the acquisition of Amanda Industries in 1st half of FY2006 and capital expenditure of \$5.9 million.

The Group however, raised \$18.0 million via issuance of convertible notes. This contributed the net cash inflow of \$14.2 million.

Overall, the Group's net cash position increased by \$2.1 million during the period.

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

Not Applicable.

10 A commentary at the date of the announcement of the 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 Company is in the energy industry and is desirous of becoming an energy provider in China and Southeast Asia region. With this objective in mind, the Company began to embark on a series of renewable energy projects.

In June 2006, the Group entered into conditional sale and purchase agreements to acquire a 51% equity interest in Yima Jinjiang Energy Comprehensive Utilisation Company Limited ("Yima") for a consideration of US\$45 million payable by way of US\$35 million in cash and the remainder US\$10million to be satisfied by the issue of 96,121,000 shares in the capital of the Company. Based on the audited financial statements of Yima, it had a turnover and net profit after tax of RMB337 million and RMB110 million for the financial year ended 31 December 2005. Should this acquisition be completed this year, it is likely to have a material and positive impact on the results of the Group for the current financial year.

On 30 June 2006, the Group entered into a placement agreement with Kim Eng Securities Pte Ltd ("Kim Eng") whereby Kim Eng agreed, on the best efforts basis to procure places for up to 406,000,000 ordinary shares at \$0.165 each. Assuming the proposed placement is fully completed, the placement will increase the existing issued and paid up capital as at 30 June 2006 by approximately 97.96% from \$62.73 million divided into 414,455,110 shares as at 30 June 2006 to \$129.72 million divided into 820,455,110 shares. The net proceeds of the placement is estimated to be \$64 million and the company intends to use \$55.51 million (US\$35 million) to satisfy the cash consideration payable in the proposed acquisition of 51% equity in Yima. The balance of the net proceeds will be used for working capital.

The proposed acquisition and placement is conditional upon, inter alia, approval by shareholders of the Company in extraordinary general meeting to be convened, and approval of the SGX-ST for the listing and quotation of the Placement Shares on the Official List of the SGX-ST.

The Group is also in the process of conducting feasibility studies on other biomass power plants pursuant to various MOUs.

The Group also has a conditional call option, which is exercisable within 12 months from 18 April 2006, for an additional 28% equity stake in Amanda Industries Pte Ltd. In view of the positive development of its underlying business, the Group may exercise the call option within the next 6 months. The exercise of this option will be subject to shareholders' approval.

11 Dividend

(a) Current Financial Period Report On

Any dividend declared for the current financial period report 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 interim dividend has been declared for the period ended 30 June 2006.

13 Subsequent Events

In July 2006, Value Capital Asset Management Limited has subscribed an additional \$3 million of unsecured non-interest bearing convertible notes of China Enersave Limited. It has also converted a further \$2.95 million into new shares in the Company.

By Order Of The Board

Tan Ching Chek

Company Secretary

Date : 28 July 2006