# First Quarter 2005 Financial Statement

## 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

**CONSOLIDATED INCOME STATEMENT**

| | Group 01/01/05-31/03/05 S$'000 | Group 01/01/04-31/03/04 S$'000 | Incr/(Decr) % |
|---|---|---|---|
| Sales | 78,090 | 65,427 | 19.4 |
| Cost of sales | (58,487) | (48,574) | 20.4 |
| Gross profit | 19,603 | 16,853 | 16.3 |
| Other operating income | 157 | 165 | (4.8) |
| Distribution costs | (6,308) | (5,894) | 7.0 |
| Administrative expenses | (5,759) | (4,640) | 24.1 |
| Other operating expenses | (428) | (662) | (35.3) |
| Operating profit | 7,265 | 5,822 | 24.8 |
| Finance cost | (527) | (357) | 47.6 |
| Profit before tax | 6,738 | 5,465 | 23.3 |
| Tax | (1,715) | (1,062) | 61.5 |
| Profit for the period | 5,023 | 4,403 | 14.1 |
| Attributable to: | | | |
| Equity holders of the Company | 5,125 | 4,216 | 21.6 |
| Minority interests | (102) | 187 | NM |
| | 5,023 | 4,403 | 14.1 |

**NOTES TO CONSOLIDATED INCOME STATEMENT**

| | Group 01/01/05-31/03/05 S$'000 | Group 01/01/04-31/03/04 S$'000 | Incr/(Decr) % |
|---|---|---|---|
| Interest income | 65 | 19 | 242.1 |
| Interest on borrowings | (527) | (357) | 47.6 |
| Depreciation | (1,432) | (1,087) | 31.7 |
| Amortisation charge* | - | (25) | NM |
| Allowance for doubtful receivables and bad debts written off | (513) | (615) | (16.6) |
| Allowance for slow-moving and obsolete inventories | (246) | (376) | (34.6) |
| Inventories written off | (40) | (9) | 344.4 |
| Foreign exchange gain/(loss) | 108 | (199) | 154.3 |
| Gain on disposal of property, plant and equipment | 4 | 25 | (84.0) |

NM – Not meaningful

*With the adoption of FRS 103 at 1 January 2005, the amortisation of goodwill arising from business combination is no longer applicable.

**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 SHEETS**

| | Notes | Group 31/03/05 S$'000 | Group 31/12/04 S$'000 | Company 31/03/05 S$'000 | Company 31/12/04 S$'000 |
|---|---|---|---|---|---|
| **Current assets** | | | | | |
| Cash and cash equivalents | | 26,779 | 19,142 | 7,600 | 9,643 |
| Trade and other receivables | A | 61,651 | 52,172 | 37,849 | 37,754 |
| Inventories | | 49,633 | 55,537 | - | - |
| Other current assets | | 4,825 | 3,800 | 18 | 29 |
| | | 142,888 | 130,651 | 45,467 | 47,426 |
| **Non-current assets** | | | | | |
| Investment in subsidiaries | | - | - | 47,005 | 45,049 |
| Available-for-sale financial assets | B | 3,743 | 3,743 | - | - |
| Property, plant and equipment | | 51,614 | 51,507 | 487 | 517 |
| Intangible assets | C | 1,551 | 861 | - | - |
| Deferred income tax assets | | 2,212 | 2,118 | - | - |
| | | 59,120 | 58,229 | 47,492 | 45,566 |
| **Total assets** | | 202,008 | 188,880 | 92,959 | 92,992 |
| **Current liabilities** | | | | | |
| Trade and other payables | | 42,188 | 37,315 | 5,085 | 5,349 |
| Borrowings | | 31,270 | 30,446 | - | 5 |
| Current income tax liabilities | | 3,380 | 2,601 | 334 | 291 |
| Provision for other liability | | 297 | 297 | - | - |
| | | 77,135 | 70,659 | 5,419 | 5,645 |
| **Non-current liabilities** | | | | | |
| Borrowings | | 8,819 | 8,867 | - | - |
| Deferred income tax liabilities | | 2,082 | 1,950 | - | - |
| | | 10,901 | 10,817 | - | - |
| **Total liabilities** | | 88,036 | 81,476 | 5,419 | 5,645 |
| **Net assets** | | 113,972 | 107,404 | 87,540 | 87,347 |
| **Capital & Reserves attributable to the Company's Equity Holders** | | | | | |
| Share capital | | 48,716 | 48,716 | 48,716 | 48,716 |
| Share premium | | 28,285 | 28,285 | 28,285 | 28,285 |
| Foreign currency translation account | | (939) | (1,229) | - | - |
| Retained earnings | | 33,501 | 27,186 | 10,539 | 10,346 |
| General reserve | | 1,740 | 1,740 | - | - |
| | | 111,303 | 104,698 | 87,540 | 87,347 |
| **Minority interests** | | 2,669 | 2,706 | - | - |
| **Total Equity** | | 113,972 | 107,404 | 87,540 | 87,347 |

## NOTES TO BALANCE SHEETS

A Trade and other receivables

The receivables for the Company pertain to balances with its related companies.

B Available-for-sale financial assets

In accordance with FRS 39, available-for-sale financial assets, which comprise the Group's investments in equity shares and club memberships, are stated at fair value or market value at the balance sheet date on 31 March 2005. The available-for-sale financial assets as at 31 December 2004 were stated at cost less provision for diminution in value that was other than temporary.

C Intangible assets

In accordance with FRS 103, unamortised negative goodwill of S$690,000 as at 31 December 2004 is adjusted against retained earnings at 1 January 2005. As at 31 March 2005, in accordance with FRS 103, the net book value of positive goodwill of S$1,551,000 is reviewed for impairment. No amortisation is required.

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

### Amount repayable in one year or less, or on demand

| Group As at 31/03/05 | | Group As at 31/12/04 | |
|---|---|---|---|
| Secured S$'000 | Unsecured S$'000 | Secured S$'000 | Unsecured S$'000 |
| 31,270 | - | 30,446 | - |

### Amount repayable after one year

| Group As at 31/03/05 | | Group As at 31/12/04 | |
|---|---|---|---|
| Secured S$'000 | Unsecured S$'000 | Secured S$'000 | Unsecured S$'000 |
| 3,569 | 5,250 | 3,617 | 5,250 |

### Details of any collateral

The Group's borrowings are secured by the following:-

(i) a first legal mortgage on the Group's freehold and leasehold properties;

(ii) a first legal charge on office equipment, plant and machinery of a subsidiary;

(iii) a first and floating charge on all the assets of a subsidiary;

(iv) corporate guarantee from the Company;

(v) banker's guarantee, up to $8.3 million (2004: $8.3 million), given as security to another financial institution which granted banking facilities to a subsidiary. The banker's guarantee is in turn secured by a first and floating charge on all the assets of a subsidiary as referred to paragraph (iii) above.

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

**CONSOLIDATED CASH FLOW STATEMENT**

| | Group 01/01/05-31/03/05 S$000 | Group 01/01/04-31/03/04 S$000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit before tax | 6,738 | 5,465 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 1,432 | 1,087 |
| Interest expense | 527 | 357 |
| Interest income | (65) | (19) |
| Net gain on disposal of property, plant and equipment | (4) | (25) |
| Amortisation of goodwill on consolidation | - | 46 |
| Amortisation of negative goodwill on consolidation | - | (21) |
| Exchange differences | 126 | (134) |
| Operating cash flow before working capital changes | 8,754 | 6,756 |
| | | |
| Changes in operating assets and liabilities | | |
| Trade and other receivables | (8,979) | (9,988) |
| Inventories | 5,904 | (2,157) |
| Other current assets | (1,025) | (127) |
| Trade and other payables and provision | 6,009 | 3,525 |
| Cash generated from/(used in) operations | 10,663 | (1,991) |
| Interest received | 65 | 19 |
| Income tax paid | (898) | (387) |
| Net cash from/(used in) operating activities | 9,830 | (2,359) |
| | | |
| **Cash flows from investing activities** | | |
| Proceeds from sale of property, plant and equipment | 11 | 25 |
| Purchase of property, plant and equipment | (2,461) | (1,290) |
| Purchase of share in unquoted investment | - | (3,579) |
| Purchase of share in associate | - | (677) |
| **Net cash used in investing activities** | (2,450) | (5,521) |
| | | |
| **Cash flows from financing activities** | | |
| Repayments of long-term bank loans | (232) | (719) |
| Proceeds from trust receipts loans | 329 | 5,580 |
| Interest paid | (537) | (332) |
| Repayments of finance lease liabilities | (39) | (52) |
| Proceeds/(repayments) of short-term bank loans | 987 | (4,695) |
| **Net cash from/(used in) financing activities** | 508 | (218) |
| | | |
| **Net increase/(decrease) in cash and cash equivalents held** | 7,888 | (8,098) |
| **Cash and cash equivalents at the beginning of the financial period** | 17,775 | 23,894 |
| Effects of exchange rate changes on cash and cash equivalents | 17 | (82) |
| **Cash and cash equivalents at the end of the financial period** | 25,680 | 15,714 |

**Explanatory Notes:-**

(i) The cash flow for the 3 months period ended 31 March 2005 was based on the cash flow movement from 1 January 2005, after adjusting for the impact of the revised FRS.

(ii) Cash and cash equivalents comprise:-

| | Group 01/01/05-31/03/05 S$000 | Group 01/01/04-31/03/04 S$000 |
|---|---|---|
| Cash and bank balances | 26,779 | 16,278 |
| Less: Bank overdrafts | (1,099) | (564) |
| | 25,680 | 15,714 |

**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**

**STATEMENT OF CHANGES IN EQUITY**

| | 2005 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Share capital | Share premium | Foreign currency translation account | General reserve | Retained profits | Minority interests | Total |
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| **The Group** | | | | | | | |
| Balance at 1 January 2005 | | | | | | | |
| As previously reported | 48,716 | 28,285 | (1,229) | 1,740 | 27,186 | 2,706 | 107,404 |
| Effect of adopting FRS 103 | - | - | - | - | 690 | - | 690 |
| Effect of adopting FRS 39 (revised 2004) | - | - | - | - | 500 | - | 500 |
| As restated | 48,716 | 28,285 | (1,229) | 1,740 | 28,376 | 2,706 | 108,594 |
| Net profit for the financial period | - | - | - | - | 5,125 | (102) | 5,023 |
| Foreign currency translation differences | - | - | 290 | - | - | 65 | 355 |
| Balance at 31 March 2005 | 48,716 | 28,285 | (939) | 1,740 | 33,501 | 2,669 | 113,972 |

| | 2004 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Share capital | Share premium | Foreign currency translation account | General reserve | Retained profits | Minority interests | Total |
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| **The Group** | | | | | | | |
| Balance at 1 January 2004 | 48,716 | 28,285 | 180 | 723 | 9,317 | 1,437 | 88,658 |
| Net profit for the financial period | - | - | - | - | 4,216 | 187 | 4,403 |
| Foreign currency translation differences | - | - | (618) | - | - | - | (618) |
| Balance at 31 March 2004 | 48,716 | 28,285 | (438) | 723 | 13,533 | 1,624 | 92,443 |

## STATEMENT OF CHANGES IN EQUITY

| | 2005 | | | |
|---|---|---|---|---|
| | Share capital S$'000 | Share premium S$'000 | Retained profits S$'000 | Total S$'000 |
| **The Company** | | | | |
| Balance at 1 January 2005 | 48,716 | 28,285 | 10,346 | 87,347 |
| Net profit for the financial period | - | - | 193 | 193 |
| Balance at 31 March 2005 | 48,716 | 28,285 | 10,539 | 87,540 |

| | 2004 | | | |
|---|---|---|---|---|
| | Share capital S$'000 | Share premium S$'000 | Retained profits S$'000 | Total S$'000 |
| **The Company** | | | | |
| Balance at 1 January 2004 | 48,716 | 28,285 | 1,737 | 78,738 |
| Net profit for the financial period | - | - | 180 | 180 |
| Balance at 31 March 2004 | 48,716 | 28,285 | 1,917 | 78,918 |

### 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 or 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

### (a) Changes In Authorised Share Capital

On 1 February 2005, the share capital of the Company was subdivided by dividing each share of S$0.20 each into two new shares of S$0.10 each. The result of the Share Split would be that the Company will have an authorised capital of S$100,000,000 divided into 1,000,000,000 shares of S$0.10 each and an issued and paid-up capital of S$48,715,969 divided into 487,159,690 shares of S$0.10 each.

### (b) Changes In Issued And Fully Paid Ordinary Shares

The company issued the following shares during the period ended 31 March 2005

| | Number of shares | S$ |
|---|---|---|
| Number of ordinary shares of $0.20 each issued and fully paid as at 1 January 2005 | 243,579,845 | 48,715,969 |
| Sub-division of every one ordinary share of $0.20 each into two ordinary shares of $0.10 each (“one-into-two share split”) as at 1 February 2005 | 243,579,845 | - |
| Total number of ordinary shares of $0.10 each issued and fully paid as at 31 March 2005 | 487,159,690 | 48,715,969 |

**(c) Bonus Issue**

On 22 February 2005, the directors of the company proposed a bonus issue (the “Bonus Issue”) of 97,431,938 new ordinary shares of $0.10 each in the capital of the Company (the “Bonus Shares”). This will be on the basis of one (1) Bonus Share for every five (5) existing ordinary shares of par value $0.10 each held by the shareholders of the Company as at 12 May 2005 (book closure date).

The Company will capitalize the sum of $9,743,194 from its share premium account to be applied towards paying up in full for the Bonus Issue. The actual number of Bonus Shares that will be issued by the Company will depend on the total issued share capital of the Company as at the book closure date. As at 31 December 2004, the balance in the Company’s share premium account was $28,284,910.

We have received in-principle approval from the Singapore Exchange Securities Trading Limited (‘SGX-ST”) in connection with the Bonus Issue on 17 March 2005. The Company will make an announcement in connection with the listing and quotation of the Bonus Shares on the Mainboard of the SGX-ST.

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

The figures have not been audited nor reviewed.

**3. Where the figures have been audited or reviewed, the auditors' 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 annual financial statements have been applied**

Except as disclosed in paragraph 5 below, the Group and the Company has applied the same accounting policies and methods of computation in the financial statements for the current period as those of the audited annual financial statements as at 31 December 2004

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

In 2005, the Group and the Company adopted the Financial Reporting Standards (FRS) below. The 2004 comparatives have been amended where as required, in accordance with the relevant transitional provisions in the respective FRS.

FRS 1 (revised 2004) Presentation of Financial Statements
FRS 2 (revised 2004) Inventories
FRS 8 (revised 2004) Accounting Policies, Changes in Accounting Estimates and Errors
FRS 10 (revised 2004) Events after the Balance Sheet Date
FRS 16 (revised 2004) Property, Plant and Equipment
FRS 17 (revised 2004) Leases
FRS 21 (revised 2004) The Effects of Changes in Foreign Exchange Rates
FRS 24 (revised 2004) Related Party Disclosures
FRS 27 (revised 2004) Consolidated and Separate Financial Statements
FRS 32 (revised 2004) Financial Instruments: Disclosure and Presentation
FRS 33 (revised 2004) Earnings per Share
FRS 36 (revised 2004) Impairment of Assets
FRS 38 (revised 2004) Intangible Assets

FRS 39(revised 2004) Financial Instruments: Recognition and Measurement
FRS 103 Business Combinations

Set out below is a brief description of those FRS which have impact on the financial statements of the Group and the Company.

(a) FRS 39 (revised 2004) and FRS 32 (revised 2004) have affected:

(i) Classification and consequential accounting of financial assets and financial liabilities

FRS 39 requires all financial assets and liabilities to be classified into appropriate categories at initial recognition and re-evaluate this designation at every reporting date. The classification depends on the purpose for which the financial asset or liabilities were acquired or incurred. The categories and the respective subsequent measurement rules are as follows:

- Financial assets or financial liabilities at fair value through profit or loss.

  The Group's investment in quoted equity investments and derivative contracts that are not hedges are classified in this category. The Group's investment in equity investment is classified in this category if they were acquired principally for the purpose of selling in the short term. They are initially recognised at fair value and subsequently re-measured to fair value at the balance sheet date with all gains and losses recognised in profit or loss in the period in which the change in fair value arise.

  The Group does not have any equity investments which are reclassified in this category.

- Loans and receivables

  These include the Group's trade and other receivables and cash and bank balances. They are initially recognised at its fair value plus transaction costs and subsequently accounted for at amortised cost using the effective interest method, less impairment (see note (ii) below).

  Previously, the Group's trade and other receivables were stated at the gross proceeds receivable less an allowance for doubtful receivable. Cash and bank balances were recognised at cost. Interest-free loans from the Company to its subsidiaries were stated at gross receivables in the Company's balance sheet.

- Held-to-maturity investments.
  These include the Group's investments in fixed and variable rate bonds which the Group's management has the intention and ability to hold to maturity. They are initially recognised at its fair value plus transaction costs and subsequently accounted for at amortised cost using the effective interest method, less impairment (see note (ii) below).

  The Group does not have any investment which are classified in this category.

- Available-for-sale financial assets

  These include the Group's investments that are not classified in the 3 categories above, namely the investment in equity interest of other companies. They are initially recognised at its fair value subsequently measured at the fair values at the balance sheet date with all gains and losses other than impairment loss taken to equity. Impairment losses are taken to the income statement in the period it arises. On disposal, gains and losses previously taken to equity are included in the income statement.

  Previously, such investments of the Group were stated at cost less provision for diminution in value that was other than temporary, which was charged to the income statement when it arose. Any reversal of the provision was also included in the income statement.

- Other financial liabilities

  These are financial liabilities that are not held for trading nor designated as fair value through profit or loss. These include the Group's trade and other payables and bank borrowings. They are initially recognised at its fair value less transaction costs and subsequently accounted for at amortised cost using the effective interest method.

  Previously, trade and other payables were stated at cost. Bank borrowings were already recognised in accordance with the revised standard.

(ii) Impairment and uncollectibility of financial assets

FRS 39 (revised 2004) requires the Group to assess at each balance sheet date if there is any objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Impairment of trade receivables is established when there is objective that the Group will not be able to collect all amounts due according to the original terms of receivables. The impairment charge is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The impairment charge is recognised in the income statement.

Previously, the Group maintains a general provision against its trade and other receivables for risks that are not specifically identified to any customer.

(iii) Fair values of financial assets and liabilities

At each balance sheet date, the fair values of quoted financial assets and liabilities are based on current bid prices. If the market for a financial asset or liabilities is not active (and for unquoted financial assets and liabilities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Previously, the Group used the last transacted prices of quoted financial assets or liabilities as the market value. Fair values of unquoted financial assets were not measured as it was not practicable to determine with sufficient reliability the fair value of these investments.

(b) The adoption of FRS 103, FRS 36 (revised 2004) and FRS 38 (revised 2004) simultaneously and prospectively from 1 January 2005, resulted in a change in the accounting policy for the following:

(i) Goodwill

Until 31 December 2004, goodwill was amortised on a straight line basis over a period of 10 years; and at each balance sheet date, the Group assessed if there was any indication of impairment of the cash-generating-unit in which the goodwill is attached to.

In accordance with the provisions of FRS 103 :

- the Group ceased amortisation of goodwill from 1 January 2005
- the accumulated amortisation as at 31 December 2004 has been eliminated by offsetting it against the cost of goodwill; and

- from the financial year commencing 1 January 2005 onwards, goodwill will be tested annually for impairment, as well as when there are indications of impairment.

(ii) Negative goodwill

Until 31 December 2004, excess of fair value of the Group's share of the net identifiable assets acquired over the cost of acquisition ("negative goodwill") is recognised in the income statement as follows:

To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition and can be measured reliably, but which do not represent identifiable liabilities, that portion of negative goodwill is taken to the income statement when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary depreciable assets acquired, is taken to the income statement over the remaining average useful life of those assets; negative goodwill in excess of the fair values of those assets is taken to the income statement immediately.

In accordance with the transitional provision of FRS 103, unamortised negative goodwill as at 31 December 2004 is adjusted against retained earnings at 1 January 2005.

Effect of changes

The effect of adopting on the above FRS on the balance sheet and statement of changes in equity are set out in the 'Notes to the balance sheet' in paragraph 1(b)(i) and in paragraph 1(d)(i) respectively. The adoption of these FRS did not have a material effect on the reporting results for Q1 FY2005.

## 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

**EARNINGS PER SHARE**

| | **Group (Actual) 01/01/05-31/03/05** | **Group (Restated) 01/01/04-31/03/04** | **Group (Actual) 01/01/04-31/03/04** |
|---|---|---|---|
| (a) Based on the number of ordinary shares on issue (cents) | 1.05 | 0.87 | 1.73 |
| (b) On fully diluted basis (cents) | NA | NA | NA |

NA – Not Applicable

(i) The Group Actual earnings per share at 1.05 cents for Q1 FY2005 is based on the actual number of shares in issue of 487,159,690 ordinary shares.

(ii) The Group Restated earnings per share at 0.87 cents for Q1 FY2004 is restated for comparative purposes based on 487,159,690 ordinary shares as a result of the one-into-two share split on 1 February 2005.

(iii) The Group Actual earnings per share at 1.73 cents for Q1 FY2004 is based on the actual number of shares in issue of 243,579,845 ordinary shares.

(iv) Diluted earnings per share have not been calculated, as no diluting events existed during these periods. No share options were granted to any employees during these periods.

**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 ASSET VALUE PER SHARE**

| | Group (Actual) 31/03/05 | Group (Restated) 31/12/04 | Group (Actual) 31/12/04 | Company (Actual) 31/03/05 | Company (Restated) 31/12/04 | Company (Actual) 31/12/04 |
|---|---|---|---|---|---|---|
| Net asset value per ordinary share (cents) | 22.85 | 21.49 | 42.98 | 17.97 | 17.93 | 35.86 |

(i) The Group and Company Actual net asset value per share as at 31 March 2005 are based on the actual number of shares in issue of 487,159,690 ordinary shares.

(ii) The Group and Company Restated net asset value per share as at 31 December 2004 are restated for comparative purposes based on 487,159,690 ordinary shares as a result of the one-into-two share split on 1 February 2005.

(iii) The Group and Company Actual net asset value per share as at 31 December 2004 are based on the actual number of shares in issue of 243,579,845 ordinary shares.

**8. 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 turnover, 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**

**REVIEW OF FIRST QUARTER FINANCIAL RESULTS AND FINANCIAL POSITION**

Both the Group’s turnover and net profit in Q1 of FY2005 were higher than corresponding period in FY2004 by 19.4% and 21.6% respectively.

The Group’s turnover for Q1 of FY2005 of S$78.1 million was S$12.7 million or 19.4% higher than the S$65.4 million recorded in Q1 of FY2004.

Turnover from the distribution business increased by approximately S$6.8 million or 14.2% from S$47.9 million in Q1 of FY2004 to S$54.7 million in Q1 of FY2005. Tyre sales continued to experience good growth in all geographical markets where our operations are located.

Turnover from the manufacturing business increased by approximately S$5.9 million or 33.7% from S$17.5 million in Q1 of FY2004 to S$23.4 million in Q1 of FY2005. The significant increase was primarily due to higher turnover from the operations in Shanghai which had 6 production lines in Q1 of FY2005 as compared to 4 production lines for the same period in the previous year.

The increase in distribution costs and administrative overhead expenses in Q1 of FY2005 as compared to the same period of FY2004 was in line with higher production activities and also due to the inclusion of additional overheads of subsidiaries which were incorporated in second half of FY2004. The increase in finance costs was primarily due to higher cost of borrowings.

The Group’s profit before taxation increased by approximately S$1.2 million or 23.3% from S$5.5 million in Q1 of FY2004 to S$6.7 million in Q1 of FY2005. Profit contribution from distribution and manufacturing accounted for 64.9% and 35.1% respectively in Q1 of FY2005 as compared to 67.3% and 32.7% for the same period in the previous year.

The balance sheet has strengthened with strong cash flow from operating activities.

Total current assets increased by approximately S$12.2 million mainly due to increase in trade receivables and cash. The increase in trade receivables was in line with higher turnover and improvement in cash flow was attributable to net cash generated from operating activities.

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

The Group's sales for the distribution and manufacturing business segments recorded in Q1 of FY2005 were consistent with the announcement made on 23 February 2005 where it was stated that both distribution and manufacturing business segments within the Group are expected to see continued increase in sales.

**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 Group expects to see continued increase in sales for both the distribution and manufacturing business segments.

Tyre sales in our ASEAN and North East Asia are expected to increase as a result of additional supply from increased production capacity; together with more product sizes and varieties available from the Yokohama Rubber Co Ltd's factories in Philippines and Hangzhou.

Our 6 production lines in the Shanghai factory are currently operating at almost full capacity. To cope with the delivery time to market, the painting department has been upgraded to speed up the painting/coating processes. This upgrading is expected to complete in Q2 of FY2005.

In order to meet the additional global demand for alloy wheels, we will speed up the setting up of our Suzhou and Sepang alloy wheel factories. We target to have them operational by Q1 of FY2006.

**11. Dividend**

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

Any dividend recommended for the current financial period reported on?

None.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No dividend has been recommended for the period ended 31 March 2005.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**
**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

### 13. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Not applicable to Q1, Q2 & Q3 results.

### 14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Not applicable to Q1, Q2 & Q3 results.

### 15. A breakdown of sales

Not applicable to Q1, Q2 & Q3 results.

### 16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not applicable to Q1, Q2 & Q3 results.

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

| | **Latest Full Year S$000** | **Previous Full Year S$000** |
|---|---|---|
| Ordinary | - | - |
| Preference | - | - |
| Total: | - | - |

**BY ORDER OF THE BOARD**

Yuen Sou Wai
Executive Director
11/05/2005

Submitted by Yuen Sou Wai, Executive Director on 11/05/2005 to the SGX.