

## JK YAMING INTERNATIONAL HOLDINGS LTD

### Unaudited First Quarter Financial Statement

#### PART 1 - 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.

(i) Income Statement for first Quarter ended 31 March 2006

GROUP	1st Quarter ended 31 March 2006	1st Quarter ended 31 March 2005	Increase / (Decrease)
	S\$'000	S\$'000	%
	(Unaudited)	(Unaudited)	
Revenue	31,523	38,042	(17.1)
Cost of sales	(27,881)	(33,019)	(15.6)
Gross profit	3,642	5,023	(27.5)
Other gains – miscellaneous (net)	583	222	162.6
Distribution and marketing	(625)	(822)	(24.0)
Administration expenses	(2,517)	(1,913)	31.6
Finance costs	(209)	(246)	(15.0)
Share of loss of an associated company	-	(170)	N.M*
Profit before tax	874	2,094	(58.3)
Tax	(241)	(233)	3.4
Net profit for the period	633	1,861	(66.0)
Attributable to:			
Equity holders of the Company	484	1,147	(57.8)
Minority interests	149	714	(79.1)
Net profit for the period	633	1,861	(66.0)

N.M.\*= not meaningful

(ii) Notes to Income Statement

GROUP	1st Quarter ended 31 March 2006	1st Quarter ended 31 March 2005	Increase / (Decrease)
	S\$'000	S\$'000	%
	(Unaudited)	(unaudited)	
Depreciation and amortisation	1,240	1,005	23.4
Foreign exchange loss / (gain)	(186)	411	(145.3)
Interest income	12	8	50.0
Interest on borrowings	159	232	(31.5)

**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	Group		Company	
	31.03.2006	31.12.2005	31.03.2006	31.12.2005
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Share capital	40,862	40,590	40,862	40,590
Reserves	15,527	15,078	4,121	4,810
Share capital and Reserves	56,389	55,668	44,983	45,400
Minority interests	10,850	12,812	-	-
	67,239	68,480	44,983	45,400
Represented by:-				
Non-Current Assets:				
Property, plant and equipment	50,434	51,275	1,741	1,721
Investment in subsidiaries	-	-	47,042	47,042
Investment properties	6,414	7,281	-	-
Long-term receivable	-	-	-	-
Intangible Assets	989	837	-	-
	57,837	59,393	48,783	48,763
Current Assets:				
Inventories	25,939	28,477	-	-
Trade receivables	20,842	20,039	-	-
Other receivables	5,838	5,319	6	6
Amounts due from subsidiaries	-	-	1,606	1,624
Amounts due from related parties, trade	9,761	10,759	-	-
Amounts due from related parties, non-trade	163	300	-	-
Pledged deposits	140	138		
Cash and cash equivalents	6,850	7,144	1,360	400
	69,533	72,176	2,972	2,030
Current Liabilities:				
Short-term borrowings	23,141	19,763	2,870	1,305
Trade payables	17,599	19,020	183	240
Other payables	8,704	8,245	80	81
Amounts due to related parties, trade	4,167	8,765	-	-
Amounts due to related parties, non-trade	669	694	-	-
Provision for taxation	621	872	100	100
Payable to directors	242	323	242	323
	55,143	57,682	3,475	2,049
Net Current Assets	14,390	14,494	(503)	(19)
Non-Current Liabilities:				
Borrowings	4,988	5,407	3,297	3,344
Net Assets	67,239	68,480	44,983	45,400

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

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

As at 31/03/2006		As at 31/12/2005	
(Unaudited)		(Audited)	
Secured	Unsecured	Secured	Unsecured
S\$1,458,000	S\$21,683,000	S\$272,000	S\$19,491,000

**Amount repayable after one year**

As at 31/03/2006		As at 31/12/2005	
(Unaudited)		(Audited)	
Secured	Unsecured	Secured	Unsecured
S\$2,947,000	S\$2,041,000	S\$3,344,000	S\$2,063,000

**Details of any collateral**

- (a) Included in the bank loans of the Group is an amount of approximately S\$902,560, which is secured by a first legal mortgage over the Group's freehold building.
- (b) As at 31 March 2005 the Group provided guarantees of approximately S\$1.9 million to a company in which one of the Company's Directors has an interest. That company in return has guaranteed approximately S\$6.0 million of the Group's bank borrowings.

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 Statement of Cash Flows for the First Quarter ended 31 March 2006.

	1st Quarter ended 31 March 2006	1st Quarter ended 31 March 2005
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
<b>Cash flow from operating activities</b>		
Profit before tax	874	2,094
Adjustment for non-cash items		
Depreciation of fixed assets	1,240	1,005
Amortisation of intangible assets	148	65
Share of loss from an associated company	-	170
Interest expense	159	232
Interest income	(12)	(8)
Operating profit before working capital change	2,409	3,558
(Increase) / decrease in		
- inventories	2,537	2,634
- trade debtors	(803)	(2,881)
- other debtors	(518)	(239)
- pledged deposits	(2)	-
- amount due from related parties	1,134	135
- other non-current assets	(316)	(67)
Increase / (decrease) in		
- trade creditors	(1,421)	1,673
- other creditors	458	(1,626)
- amount due to related parties	(4,623)	(2,805)
- payable to directors	(81)	-
- effect of exchange rate change	(186)	411
Cash generated from operating activities	(1,412)	793
Interest received	12	8
Interest paid	(159)	(232)
Income tax paid	(261)	(182)
<b>Net cash inflow from operating activities</b>	<b>(1,820)</b>	<b>387</b>
<b>Cash flow from investing activities</b>		
Proceeds from disposals of fixed assets	-	40
Payment for purchase of fixed assets	(693)	(2,204)
<b>Net cash (outflow) from investing activities</b>	<b>(693)</b>	<b>(2,164)</b>
<b>Cash flow from financing activities</b>		
Amount with related parties	-	(353)
Dividend payment to minority shareholders	(728)	-
Proceed from loans and borrowings	6,317	2,228
Repayment of borrowing	(3,370)	(418)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>2,219</b>	<b>1,457</b>

Net (decrease)/increase in cash and cash equivalents	(294)	(320)
Cash and cash equivalents at beginning of period	7,144	7,635
<b>Cash and cash equivalents at end of period</b>	<b>6,850</b>	<b>7,315</b>

**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.**

	Group Figures							
	Share Capital	Share Premium	Other Reserve	Retained Profits	Statutory reserves	Translation Reserve	Minority Interest	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2005	40,590	272	6,372	8,560	1,084	(4,516)	12,027	64,389
Transfer of reserve:								
Foreign currency translation	-	-	-	-	-	585	211	796
Net profit for the period	-	-	-	1,147	-	-	714	1,861
Balance as at 31 March 2005	40,590	272	6,372	9,707	1,084	(3,931)	12,952	67,046
Balance as at 1 January 2006	40,590	272	6,918	8,786	1,766	(2,664)	12,812	68,480
Transfer of reserve:								
Foreign currency translation	-	-	-	-	-	237	(1,383)	(1,146)
Net profit for the period	-	-	-	484	-	-	149	633
Dividend paid during the year	-	-	-	-	-	-	(728)	(728)
Transfer from retained profit to statutory reserves	-	-	-	(777)	777	-	-	-
Effect of Companies (Amendment) Act 2005 (see note (a) below)	272	(272)	-	-	-	-	-	-
Balance as at 31 March 2006	40,862	-	6,918	8,493	2,543	(2,427)	10,850	67,239

Statutory reserves represent amounts set aside in compliance with local laws in People's Republic of China ("PRC") where the Group operates. The amounts comprise enterprise expansion fund and general reserve fund.

	Company Figures			
	Share Capital	Share Premium	Retained Profits	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2005	40,590	272	6,043	46,905
Net loss for the period	-	-	(201)	(201)
Balance as at 31 March 2005	40,590	272	5,842	46,704
Balance as at 1 January 2006	40,590	272	4,538	45,400
Net loss for the period	-	-	(417)	(417)
Balance as at 31 March 2006	40,590	272	4,121	44,983

	No of Shares		Amount			Total share capital and share premium
	Authorised Share Capital	Issued Share Capital	Authorized Shares	Issued		
			Capital	Share capital	Share premium	
			\$'000	\$'000	\$'000	\$'000
<b>2006</b>						
Balance at beginning of financial year	250,000,000	202,948,180	50,000	40,590	272	40,862
Effect of Companies (Amendment) Act 2005 (see note (a) below)	250,000,000	-	(50,000)	272	(272)	-
Balance at end of financial year	-	202,948,180	-	40,862	-	40,862

- (a) Under the Companies (Amendment) Act 2005 that came into effect on 30 January 2006, the concepts of par value and authorised share capital are abolished and the amount in the share premium account as of 30 January 2006 is required to become part of the company's share capital.

**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.**

Following the amendments to the Companies Act (The Companies (Amendment) Act 2005") on 30 January 2006, any amounts standing to the credit of the Company's share premium account and capital redemption reserve account shall become part of the Company's share capital. Accordingly, the share premium account has been combined into the share capital account.

- 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 or reviewed by our auditors.

- 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.**

The Group has applied the same accounting policies and method of computation in the financial statements for the current financial period compared to the audited financial statements for the financial year ended 31 December 2005.

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**

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.**

	31.03.2006 (Unaudited)	31.03.2005 (Unaudited)
(i) Based on the weighted average number of ordinary shares on issue	0.24 cents	0.57 cents
(ii) On a fully diluted basis*	N.A.	N.A.
Weighted average number of ordinary shares on issue applicable to basic earnings per share	202,948,180	202,948,180

\* The company does not have any dilutive instruments as at 31 March 2006.

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.**

	Group		Company	
	31.03.2006 (Unaudited)	31.12.2005 (Audited)	31.03.2006 (Unaudited)	31.12.2005 (Audited)
Net asset value per ordinary share at the end of the financial period	33.2 cents	33.8 cents	22.2 cents	22.4 cents

**Note:**

Net asset values per ordinary share as at 31 March 2006 and 31 December 2005 were calculated based on the number of shares on issue of 202,948,180 of S\$0.20 each.

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.**

### **Revenue**

The Group has encountered a decline in its revenue by 17.1% in the first quarter compared to the same period last year given the fact that first quarter was conventionally a low sales season for its business in the year. Group revenue decreased to \$31.5 million for the first quarter of 2006 compared to \$38.0 million in the previous corresponding period.

The decrease in revenue was mainly attributed to the fall in the sales of wire harness products to the joint venture partner Sumitomo Wire System, and the fall in the sales of the electrical lighting products segment, particularly in the sales of capacitors.

The sales of wire harness products to Japan decreased by 21.5% to \$18.6 million in the first quarter FY2006 from \$23.7 million in the previous corresponding period. The sales of the electrical lighting products declined about 9.8% to \$12.9 million for the first quarter in FY2006 from \$14.3 million in the previous corresponding period.

### **Gross Profit**

As a result of the fall in the Group's revenue and the prolonged increase in the prices of copper, stainless steel and aluminum in China, the Group's gross profit declined by 27.5% to \$3.6 million for the first quarter in FY2006 as compared to \$5.0 million in the previous corresponding quarter.

The Group's gross profit margin has reduced by 1.6 percentage points from 13.2% in the first quarter of FY2005 to 11.6% in the first quarter FY2006.

### **Profit Before Tax**

Group profit before tax and minority interests decreased by 58.3% from \$2.1 million to \$874,000 for the same quarter under review, which was mainly due to the above-mentioned decrease in gross profit and after taking into account the net effect from the increase in general and administration expenses.

The increase in selling, general and administration expenses was attributed mainly to the increase in depreciation and overhead expenses, particularly on legal costs and staff benefit costs. Depreciation and amortisation costs increased by 23.4% from \$1.0 million to \$1.2 million in first quarter of 2006. The Group also incurred about \$80,000 in legal costs and additional \$395,000 in staff benefits costs of the subsidiaries.

### **Net Profit**

Net profit after tax decreased by 66.0% to \$633,000 in the first quarter under review as compared to \$1.9 million in the previous corresponding period, in line with the net effect from decrease in Group's Revenue, Gross profit and Profit before tax.

### **Current Assets**

The Group's inventories decreased by \$2.6 million and amount owing by related parties decreased by \$1.0 million when compared to the corresponding period of last year was by trade in nature, mainly resulting from the slower sales in the current quarter under review.

### **Current Liabilities**

Current liabilities decreased by \$2.6 million primarily due to the decline in trade creditor accounts by \$1.4 million and the decline of about \$4.6 million in the amounts due to related parties in the first quarter in 2006 compared to the last quarter in 2005, predominantly as a result of lower debt owing to our partner, Sumitomo Wiring Systems Ltd, which is generally trade in nature. On another hand, short-term borrowing increased by \$3.3 million which was inclusive of the addition of new loans for working capitals by the parent company and the subsidiary Fujian JK Wire System Co. Ltd. in this period.

### **Non-Current Liabilities**

Term loans decreased by approximately \$400,000 from \$5.4 million in the first quarter of FY2005 to \$5.0 million in the current quarter as a result of a reclassification of long-term loans to short term loans as their repayment terms had fallen to within one year.

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

The Group has issued a profit guidance announcement on 4 May 2006 when the Group acknowledged that while the Group was expected to remain profitable, the first quarter results of 2006 was expected to be substantially lower compared to the corresponding quarter in 2005. The Group also disclosed that the decline in net profit was a result of a decrease in the sales of our wire harness products and capacitors as well as the continuing increase in prices of raw materials used for our production.

**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.**

Whereas the Group remains committed to its long-term growth strategy of reinforcing its solid business base in the PRC and exploring new market opportunities in other global territories robustly. The Group also become conscious that the business environment it operates in has been increasingly competitive particularly as a consequence of the keen competition and continuing escalation of raw material costs in China.

In spite of this adverse market conditions, the Group is persisted in expanding its electrical lighting productions and wire harness businesses domestically and internationally, and carry on to further strengthening its core business fundamentals on the whole.

The directors also perceive that the wire harness orders would be back to its normal level and be moderately steady in the second half of the year.

Barring any unforeseen circumstances, the Board expects the Group to achieve reasonable performance and to remain profitable in the second quarter of 2006.

**11. Dividend**

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

Any dividend declared for the current financial period reported on? None

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

Any dividend declared for the corresponding period of the immediately preceding financial year? None

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No dividend has been declared or recommended for the first quarter ended 31 March 2006.

**13. Interested Person Transactions for the Financial Period Ended 31 March 2006.**

Aggregate value of all transactions conducted under a shareholders' mandate approved at the AGM on 26 April 2006 pursuant to Rule 920 of the SGX-ST Listing Manual.

	2006 S\$'000	2005 S\$'000
Juan Kuang Holdings Sdn Bhd	41	250
Juan Kuang Pte Ltd	80	47

**BY ORDER OF THE BOARD**

  
Ang Chiong Chai  
Executive Chairman  
10/05/2006