

Half Year Financial Statements for the Period Ended 30 June 2006

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

	The Group		Change %	6 months ended 31-Dec-05 \$'000
	6 months ended 30-Jun-06 \$'000	6 months ended 30-Jun-05 \$'000		
Revenues				
Sale of goods (net of returns & discounts)	24,421	19,433	25.7%	26,025
Other income	115	171	-32.9%	42
Total revenues	24,536	19,604	25.2%	26,067
Costs and expenses				
Cost of sales	(19,439)	(14,813)	31.2%	(20,448)
Distribution and selling expenses	(1,565)	(1,236)	26.6%	(1,635)
Administrative expenses	(2,139)	(1,814)	17.9%	(2,527)
Other operating expenses	(36)	(139)	-74.0%	(103)
Profit from operating activities	1,357	1,602	-15.3%	1,354
Financial income	81	239	-66.1%	155
Financial expenses	(229)	-	N.M.	(43)
Profit before taxation	1,209	1,841	-34.3%	1,466
Taxation	(337)	(367)	-8.2%	(392)
Profit after taxation	872	1,474	-40.8%	1,074
Attributable to: Shareholders of the Company	872	1,474	N.M.	1,074

Note on profit from operating activities

Profit from operating activities is determined after charging/(crediting) the following:

	6 months ended 30-Jun-06 \$'000	6 months ended 30-Jun-05 \$'000	6 months ended 31-Dec-05 \$'000
Depreciation & amortisation of fixed assets	1,617	1,247	1,610
Bad debts written off	-	-	22
Fixed assets written off	4	7	6
(Reversal of)/allowance for doubtful trade debts	(10)	7	(40)
(Reversal of)/allowance for stock obsolescence	(26)	(10)	9
Loss/(gain) on foreign exchange (net)	131	(220)	(91)
Gain on disposal of fixed assets (net)	-	(123)	(40)
Provision for impairment in value of club membership	-	-	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

	The Group		The Company	
	As at 30-Jun-06 \$'000	As at 31-Dec-05 \$'000	As at 30-Jun-06 \$'000	As at 31-Dec-05 \$'000
Non-Current Assets				
Fixed assets	35,780	38,046	11,592	12,173
Investment in subsidiary	-	-	7,391	7,391
Intangible asset	30	30	30	30
Investment securities	7	7	7	7
Loan to subsidiary	-	-	8,162	8,428
	35,817	38,083	27,182	28,029
Current Assets				
Inventories	5,132	4,970	2,167	2,366
Trade debtors	9,922	9,529	2,938	2,513
Other debtors, deposits & prepayments	331	249	97	136
Due from subsidiary (non-trade)	-	-	591	882
Short-term investment	-	1,414	-	1,414
Cash and bank balances	4,831	2,316	2,099	1,186
Fixed deposits, unsecured	9,411	6,451	3,750	2,000
	29,627	24,929	11,642	10,497

	The Group		The Company	
	As at 30-Jun-06 \$'000	As at 31-Dec-05 \$'000	As at 30-Jun-06 \$'000	As at 31-Dec-05 \$'000
Current Liabilities				
Trade creditors	4,052	5,107	554	556
Bills payable to banks (secured)	9,350	5,834	94	-
Short term loan	1,197	412	-	-
Other creditors & accruals	2,812	3,599	1,544	1,394
Provision for taxation	934	1,050	790	849
	18,345	16,002	2,982	2,799
Net Current Assets	11,282	8,927	8,660	7,698
Non-Current Liabilities				
Deferred tax liability, net	3,588	3,626	2,240	2,262
Net Assets	43,511	43,384	33,602	33,465
Capital and Reserves				
Share capital	31,440	31,440	31,440	31,440
Accumulated profits	2,309	1,506	1,340	1,203
Capital Reserve	3,745	3,745	-	-
General Reserve Fund	1,007	938	-	-
Revaluation reserve	4,599	4,599	822	822
Translation reserve	411	1,156	-	-
Total Equity	43,511	43,384	33,602	33,465

**1(b)(ii) Aggregate amount of group's borrowings and debt securities
Amount repayable in one year or less, or on demand**

As at 30/06/2006		As at 31/12/2005	
Secured	Unsecured	Secured	Unsecured
1,197	-	412	-

Amount repayable after one year

As at 30/06/2006		As at 31/12/2005	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

The Group's bills payable to banks and short term loan are secured by a mortgage over leasehold land and building of the Company, and leasehold land and certain buildings of the Subsidiary with net book value of approximately \$10.7 million.

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

	The Group		
	6 months ended 30-Jun-06 \$'000	6 months ended 30-Jun-05 \$'000	6 months ended 31-Dec-05 \$'000
Cash flows from operating activities			
Profit before taxation	1,209	1,841	1,466
Adjustments for:			
Depreciation & amortisation of fixed assets	1,617	1,247	1,610
Fixed assets written off	4	7	6
Bad debts written off	-	-	22
Gain on disposal of fixed assets	-	(123)	(40)
Provision for impairment in value of club membership	-	-	5
Allowance for/(reversal of) for doubtful trade debts	10	7	(40)
Allowance for/(reversal of) stock obsolescence	26	(10)	9
Interest expense	81	12	25
Interest income	(81)	(50)	(47)
Net effect of exchange differences	90	(224)	(101)
Operating profit before working capital changes	2,956	2,707	2,915
Stocks	(188)	(1,623)	947
Trade and other debtors, prepayments and deposits	(485)	(2,696)	(1,432)
Trade and other creditors and accruals	2,149	4,405	4,159
Net cash generated from operations	4,432	2,793	6,589
Interest paid	(81)	(12)	(25)
Income taxes paid	(490)	(296)	(441)
Net cash generated from operating activities	3,861	2,485	6,123

Cash flows from investing activities

Interest received	81	50	47
Purchase of fixed assets	(666)	(3,165)	(1,362)
Proceeds from sale of fixed assets	-	158	141
Net cash used in investing activities	(585)	(2,957)	(1,174)
Cash flows from financing activities			
Proceeds from/(repayment of) short-term loan	785	942	(530)
Payment of dividends to shareholders	-	-	(1,258)
Net cash generated from/(used in) financing activities	785	942	(1,788)
Net increase in cash and cash equivalents	4,061	470	3,161
Cash and cash equivalents at beginning of period	10,181	6,550	7,020
Cash and cash equivalents at end of period	14,242	7,020	10,181

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

	Share capital \$'000	Acc profits \$'000	Capital reserve \$'000	Revaluation reserve \$'000	Reserve fund \$'000	Translation reserve \$'000	Total \$'000
Group							
Balance as at 1 July 2004	31,440	6,632	254	736	769	1,316	41,147
Appropriation to reserve fund	-	(60)	-	-	60	-	-
Currency translation differences	-	-	-	-	-	(666)	(666)
Net profit for the period	-	1,017	-	-	-	-	1,017
Dividends	-	(3,773)	-	-	-	-	(3,773)
Balance as at 31 December 2004	31,440	3,816	254	736	829	650	37,725
Currency translation differences	-	-	-	-	-	415	415
Net profit for the period	-	1,474	-	-	-	-	1,474
Capitalisation of retained earnings of subsidiary	-	(2,482)	2,482	-	-	-	-
Balance as at 1 July 2005	31,440	2,808	2,736	736	829	1,065	39,614
Appropriation to reserve fund	-	(109)	-	-	109	-	-
Revaluation of leasehold land & building	-	-	-	3,863	-	-	3,863
Currency translation differences	-	-	-	-	-	91	91
Net profit for the period	-	1,074	-	-	-	-	1,074
Dividends	-	(1,258)	-	-	-	-	(1,258)
Capitalisation of retained earnings of subsidiary	-	(1,009)	1,009	-	-	-	-
Balance as at 31 December 2005	31,440	1,506	3,745	4,599	938	1,156	43,384
Appropriation to reserve fund	-	(69)	-	-	69	-	-
Currency translation differences	-	-	-	-	-	(745)	(745)
Net profit for the period	-	872	-	-	-	-	872
Balance as at 30 June 2006	31,440	2,309	3,745	4,599	1,007	411	43,511
Company							
Balance as at 1 July 2004	31,440	4,090	-	736	-	-	36,266
Net profit for the period	-	448	-	-	-	-	448
Dividends	-	(3,773)	-	-	-	-	(3,773)
Balance as at 31 December 2004	31,440	765	-	736	-	-	32,941
Net profit for the period	-	1,373	-	-	-	-	1,373
Balance as at 1 July 2005	31,440	2,138	-	736	-	-	34,314
Revaluation of leasehold land & building	-	-	-	86	-	-	86
Net profit for the period	-	323	-	-	-	-	323
Dividends	-	(1,258)	-	-	-	-	(1,258)
Balance as at 31 December 2005	31,440	1,203	-	822	-	-	33,465
Net profit for the period	-	137	-	-	-	-	137
Balance as at 30 June 2006	31,440	1,340	-	822	-	-	33,602

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

There are no 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.

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 and equivalent standard)

The figures have not been audited or 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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current accounting period as compared to the audited financial statements for the 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

	<u>30-Jun-06</u>	<u>31-Dec-05</u>
Basic earnings per ordinary share (in cents)	0.55	0.68
Diluted earnings per ordinary share (in cents)	0.55	0.68

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

	The Group		The Company	
	<u>30-Jun-06</u>	<u>31-Dec-05</u>	<u>30-Jun-06</u>	<u>31-Dec-05</u>
Net asset value per ordinary share based on issued share capital of the Company (in cents)	27.68	27.60	21.38	21.29

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

(a) Group turnover for the financial period ended 30 June 2006 increased by \$5 million or 25.7% from \$19.4 million to \$24.4 million as compared to the previous corresponding period. This was mainly attributed to high sales increase in our China operations in spite of a lower sales revenue from our Singapore operations.

Costs of sales for the Group increased by \$4.6 million or 31.2%. This increase was attributed mainly to higher materials costs, labour costs and depreciation cost of new machineries in our China plant. The distribution and selling expenses increased by \$0.3 million in line with the higher turnover and there was also a general increase in Administration expenses by \$0.3 million. There was a net foreign exchange loss of \$0.2 million on the US Dollar loan to our China plant as compared to a net foreign exchange gain of \$0.2 million in the previous corresponding period.

A higher operating cost with lower margin due to serious market competition and a net effect of foreign exchange differences resulted in \$0.6 million or 34.3% lower profit before tax for the Group as compared to the previous corresponding period.

(b) Fixed assets value decreased by \$2.2 million, because of a depreciation charge of \$1.6 million and a translation differences on our China's assets in the Group's consolidated accounts. The increase utilisation of banking facilities in our China operations had led to an increase in cash and cash equivalents of \$4 million.

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

The results are in line with our results announcement dated 13 February 2006.

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 continued revenue improvement in our China operations, but the margin would be low until our product mix for higher value-added is achieved. Competition in a small market would continue to impair our performance in Singapore. However, we expect the Group to remain profitable in the second half of the financial year.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on Nil

Name of Dividend	Nil
Dividend Type	Nil
Dividend Rate	Nil
Par value of shares	Nil
Tax Rate	Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	Nil
Dividend Type	Nil
Dividend Rate	Nil
Par value of shares	Nil
Tax Rate	Nil

(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 dividend has been declared/recommendeded in the current financial period reported on.

BY ORDER OF THE BOARD

Loh See Moon
Managing Director
2 August 2006