

**UNAUDITED SECOND QUARTER 2006 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**

**1(a)(i) CONSOLIDATED INCOME STATEMENT (2Q FY2006 vs 2Q FY2005)**

	<b>Group 01/04/06 - 30/06/06 S\$ '000</b>	<b>Group 01/04/05 - 30/06/05 S\$ '000</b>	<b>Incr/(Decr) %</b>
Sales	101,930	85,545	19.2%
Cost of sales	(79,729)	(63,552)	25.5%
Gross profit	22,201	21,993	0.9%
Other operating income	1,262	159	693.7%
Distribution expenses	(5,842)	(6,446)	(9.4%)
Administrative expenses	(7,588)	(6,866)	10.5%
Other operating expenses	(1,067)	(107)	897.2%
Profit from operations	8,966	8,733	2.7%
Finance expenses	(713)	(651)	9.5%
Share of profit of associated companies (see * below)	5,390	-	NM
Profit before income tax	13,643	8,082	68.8%
Income tax expense	(1,970)	(2,020)	(2.5%)
<b>Net profit</b>	<b>11,673</b>	<b>6,062</b>	<b>92.6%</b>
<b>Attributable to:</b>			
Equity holders of the Company	10,967	5,875	86.7%
Minority interests	706	187	277.5%
	<b>11,673</b>	<b>6,062</b>	<b>92.6%</b>

**NOTES TO CONSOLIDATED INCOME STATEMENT (2QFY 2006 vs 2QFY 2005)**

	<b>Group 01/04/06 - 30/06/06 S\$ '000</b>	<b>Group 01/04/05 - 30/06/05 S\$ '000</b>	<b>Incr/(Decr) %</b>
Interest income	95	84	13.1%
Interest on borrowings	(713)	(651)	9.5%
Depreciation	(1,589)	(1,530)	3.8%
Written back/(Allowance for) impairment of doubtful receivables and bad debts written off	147	(253)	(158.1%)
Allowance for slow-moving and obsolete inventories	(458)	(213)	115.0%
Inventories written off	-	(141)	NM
Foreign exchange (loss)/gain	(85)	500	(117.0%)
*Share of profit of associated companies – Recognition of negative goodwill	5,390	-	NM
Gain on disposal of property, plant and equipment	1,104	12	9100.0%

NM – Not meaningful

**1(a)(ii) CONSOLIDATED INCOME STATEMENT (1H FY2006 vs 1H FY2005)**

	<b>Group 01/01/06 - 30/06/06 S\$ '000</b>	Group 01/01/05 - 30/06/05 S\$ '000	Incr/(Decr) %
Sales	<b>197,729</b>	163,635	20.8%
Cost of sales	<b>(152,746)</b>	(122,039)	25.2%
Gross profit	<b>44,983</b>	41,596	8.1%
Other operating income	<b>1,355</b>	316	328.8%
Distribution costs	<b>(13,076)</b>	(12,754)	2.5%
Administrative expenses	<b>(14,325)</b>	(12,625)	13.5%
Other operating expenses	<b>(2,434)</b>	(535)	355.0%
Operating profit	<b>16,503</b>	15,998	3.2%
Finance cost	<b>(1,370)</b>	(1,178)	16.3%
Share of profit of associated companies (see * below)	<b>5,390</b>	-	NM
Profit before income tax	<b>20,523</b>	14,820	38.5%
Income tax expense	<b>(3,470)</b>	(3,735)	(7.1%)
Net profit	<b>17,053</b>	11,085	53.8%
<b>Attributable to:</b>			
Equity holders of the Company	<b>16,072</b>	11,000	46.1%
Minority interests	<b>981</b>	85	1054.1%
	<b>17,053</b>	11,085	53.8%

**NOTES TO CONSOLIDATED INCOME STATEMENT (1H FY2006 vs 1H FY2005)**

	<b>Group 01/01/06 - 30/06/06 S\$ '000</b>	Group 01/01/05 - 30/06/05 S\$ '000	Incr/(Decr) %
Interest income	<b>185</b>	149	24.2%
Interest on borrowings	<b>(1,370)</b>	(1,178)	16.3%
Depreciation	<b>(3,268)</b>	(2,962)	10.3%
Allowance for impairment of doubtful receivables and bad debts written off	<b>(441)</b>	(766)	(42.4%)
Allowance for slow-moving and obsolete inventories	<b>(757)</b>	(459)	64.9%
Inventories written off	-	(181)	NM
Foreign exchange (loss)/gain	<b>(257)</b>	608	(142.3%)
*Share of profit of associated companies – Recognition of negative goodwill	<b>5,390</b>	-	NM
Gain on disposal of property, plant and equipment	<b>1,026</b>	16	6312.5%

NM – Not meaningful

**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**

	<b>Group 30/06/06 S\$ '000</b>	Group 31/12/05 S\$ '000	<b>Company 30/06/06 S\$ '000</b>	Company 31/12/05 S\$ '000
<b>Current assets</b>				
Cash and cash equivalents	24,046	27,739	2,461	8,038
Trade and other receivables	70,295	59,618	27,657	38,481
Inventories	56,960	60,823	-	-
Financial assets held for trading	-	90	-	-
Other current assets	14,266	5,171	14	23
	<b>165,567</b>	153,441	<b>30,132</b>	46,542
<b>Non-current assets</b>				
Investment in subsidiaries	-	-	64,011	57,759
Investment in associated companies	14,033	-	-	-
Available-for-sale financial assets	3,775	3,775	-	-
Property, plant and equipment	71,583	56,888	622	397
Intangible assets	5,303	5,303	-	-
Deferred income tax assets	2,311	2,378	-	-
	<b>97,005</b>	68,344	<b>64,633</b>	58,156
<b>Total assets</b>	<b>262,572</b>	221,785	<b>94,765</b>	104,698
<b>Current liabilities</b>				
Trade and other payables	52,706	47,051	423	4,646
Borrowings	57,794	34,455	-	-
Financial liabilities held for trading	-	51	-	-
Current income tax liabilities	2,913	2,651	430	596
	<b>113,413</b>	84,208	<b>853</b>	5,242
<b>Non-current liabilities</b>				
Borrowings	6,603	2,297	-	-
Deferred income tax liabilities	1,790	1,968	-	-
	<b>8,393</b>	4,265	-	-
<b>Total liabilities</b>	<b>121,806</b>	88,473	<b>853</b>	5,242
<b>Net assets</b>	<b>140,766</b>	133,312	<b>93,912</b>	99,456
Capital and reserves attributable to the Company's equity holders				
Share capital *	77,001	77,001	77,001	77,001
Foreign currency translation reserve	(2,632)	234	-	-
Retained earnings	60,052	49,861	16,911	22,455
General reserve	2,792	2,806	-	-
	<b>137,213</b>	129,902	<b>93,912</b>	99,456
<b>Minority interests</b>	<b>3,553</b>	3,410	-	-
<b>Total equity</b>	<b>140,766</b>	133,312	<b>93,912</b>	99,456

\* Pursuant to The Companies (Amendment) Act 2005 effective 30 January 2006, the concept of authorised share capital and par value has been abolished. Amount standing to the credit of share premium account has been transferred to the share capital account as at that date.

## 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 30/06/06		Group As at 31/12/05	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
57,794	-	29,205	5,250

### Amount repayable after one year

Group As at 30/06/06		Group As at 31/12/05	
Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
6,603	-	2,297	-

### 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; and
- (v) banker's guarantees, up to S\$11.6 million (2005: S\$11.6 million), given as security to banks which granted banking facilities to certain subsidiaries. The banker's guarantees are in turn secured by a first and floating charge on all the assets of a subsidiary as referred to in 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**

**1(c)(i) CONSOLIDATED CASH FLOW STATEMENT (2Q FY2006 vs 2QFY 2005)**

	<b>Group 01/04/06 - 30/06/06 S\$ '000</b>	<b>Group 01/04/05 - 30/06/05 S\$ '000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	13,643	8,082
Adjustments for:		
- Depreciation of property, plant and equipment	1,589	1,530
- Interest expense	713	651
- Interest income	(95)	(84)
- Gain on disposal of property, plant and equipment	(1,104)	(12)
- Share of profit of associated companies	(5,390)	-
- Exchange differences	(706)	349
Operating cash flow before working capital changes	<u>8,650</u>	<u>10,516</u>
Changes in operating assets and liabilities, net of effects from purchase of subsidiary		
- Trade and other receivables	(1,004)	257
- Inventories	6,268	(432)
- Other current assets	(4,417)	756
- Trade and other payables and provision	(1,065)	(789)
Cash generated from operations	<u>8,432</u>	<u>10,308</u>
Interest received	95	84
Income tax paid	(2,603)	(2,591)
<b>Net cash from operating activities</b>	<u>5,924</u>	<u>7,801</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	2,212	817
Purchase of property, plant and equipment	(9,835)	(1,948)
Proceeds from other investments	3,493	-
Acquisition of additional interest in a subsidiary	-	(804)
Purchase of investment in associated companies	(6,252)	-
<b>Net cash used in investing activities</b>	<u>(10,382)</u>	<u>(1,935)</u>
<b>Cash flows from financing activities</b>		
Proceeds from trust receipts loans	9,344	3,536
Interest paid	(727)	(635)
Repayments of finance lease liabilities	(21)	(7)
Dividends paid to shareholders	(5,845)	(3,287)
Repayments of long-term bank loans	(181)	(177)
Proceeds from/(repayment of) short-term bank loans	6,180	(1,423)
<b>Net cash from/(used in) financing activities</b>	<u>8,750</u>	<u>(1,993)</u>
<b>Net increase in cash and cash equivalents held</b>	<b>4,292</b>	<b>3,873</b>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<b>19,218</b>	<b>25,680</b>
Effects of exchange rate changes on cash and cash equivalents	(133)	130
<b>Cash and cash equivalents at the end of the financial period</b>	<u><b>23,377</b></u>	<u><b>29,683</b></u>

**Explanatory Notes:-**

Cash and cash equivalents comprise:-

	<b>Group 01/04/06 - 30/06/06 S\$ '000</b>	<b>Group 01/04/05 - 30/06/05 S\$ '000</b>
Cash and bank balances	24,046	30,271
Less: Bank overdrafts	(669)	(588)
	<u>23,377</u>	<u>29,683</u>

**1(c)(ii) CONSOLIDATED CASH FLOW STATEMENT (1H FY2006 vs 1H FY2005)**

	<b>Group 01/01/06 - 30/06/06 S\$ '000</b>	<b>Group 01/01/05 - 30/06/05 S\$ '000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	20,523	14,820
Adjustments for:		
- Depreciation of property, plant and equipment	3,268	2,962
- Interest expense	1,370	1,178
- Interest income	(185)	(149)
- Gain on disposal of property, plant and equipment	(1,026)	(16)
- Share of profit of associated companies	(5,390)	-
- Exchange differences	(1,337)	475
Operating cash flow before working capital changes	<u>17,223</u>	<u>19,270</u>
Changes in operating assets and liabilities		
- Trade and other receivables	(10,677)	(8,722)
- Inventories	3,863	5,472
- Other current assets	(9,095)	(269)
- Trade and other payables and provision	5,802	5,220
Cash generated from operations	<u>7,116</u>	<u>20,971</u>
Interest received	185	149
Income tax paid	(3,373)	(3,489)
<b>Net cash from operating activities</b>	<u>3,928</u>	<u>17,631</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	2,269	828
Purchase of property, plant and equipment	(21,025)	(4,409)
Purchase of investment in associated companies	(8,643)	-
Acquisition of additional interest in a subsidiary	-	(804)
<b>Net cash used in investing activities</b>	<u>(27,399)</u>	<u>(4,385)</u>
<b>Cash flows from financing activities</b>		
Proceeds from/(Repayments of) long-term bank loans	6,976	(409)
Proceeds from trust receipts loans	9,055	3,865
Interest paid	(1,361)	(1,172)
Repayments of finance lease liabilities	(202)	(46)
Dividends paid to shareholders	(5,845)	(3,287)
Proceeds from/(Repayments of) short-term bank loans	11,122	(436)
<b>Net cash from/(used in) financing activities</b>	<u>19,745</u>	<u>(1,485)</u>
<b>Net (decrease)/increase in cash and cash equivalents held</b>	<b>(3,726)</b>	<b>11,761</b>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<b>27,596</b>	<b>17,775</b>
Effects of exchange rate changes on cash and cash equivalents	(493)	147
<b>Cash and cash equivalents at the end of the financial period</b>	<u><b>23,377</b></u>	<u><b>29,683</b></u>

**Explanatory Notes:-**

Cash and cash equivalents comprise:-

	<b>Group 01/01/06 - 30/06/06 S\$ '000</b>	<b>Group 01/01/05 - 30/06/05 S\$ '000</b>
Cash and bank balances	24,046	30,271
Less: Bank overdrafts	(669)	(588)
	<u><b>23,377</b></u>	<u><b>29,683</b></u>

**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**

	Share capital S\$ '000	Share premium S\$ '000	Foreign currency translation reserve S\$ '000	General reserve S\$ '000	Retained earnings S\$ '000	Minority interests S\$ '000	Total S\$ '000
<b>The Group</b>							
<b>Balance at 1 January 2006</b>	58,459	18,542	234	2,806	49,861	3,410	133,312
Gains and losses recognised directly in equity - Currency translation differences	-	-	(2,866)	(50)	-	(838)	(3,754)
Net profit	-	-	-	-	16,072	981	17,053
<b>Total recognised gains</b>	-	-	<b>(2,866)</b>	<b>(50)</b>	<b>16,072</b>	<b>143</b>	<b>13,299</b>
Transfer of share premium reserve to share capital account (See note below)	18,542	(18,542)	-	-	-	-	-
Dividend relating to 2005	-	-	-	-	(5,845)	-	(5,845)
Transfer to general reserve	-	-	-	36	(36)	-	-
<b>Balance at 30 June 2006</b>	<b>77,001</b>	<b>-</b>	<b>(2,632)</b>	<b>2,792</b>	<b>60,052</b>	<b>3,553</b>	<b>140,766</b>

	Share capital S\$ '000	Share premium S\$ '000	Foreign currency translation reserve S\$ '000	General reserve S\$ '000	Retained earnings S\$ '000	Minority interests S\$ '000	Total S\$ '000
<b>Balance at 1 January 2005</b>							
As previously reported	48,716	28,285	(1,229)	1,740	27,186	2,706	107,404
Effect of adopting FRS 103 (adjusted prospectively)	-	-	-	-	690	-	690
Effect of adopting FRS 39 (adjusted prospectively)	-	-	-	-	500	-	500
As restated	48,716	28,285	(1,229)	1,740	28,376	2,706	108,594
Gains and losses recognised directly in equity - Currency translation differences	-	-	1,765	-	-	(39)	1,726
Net profit	-	-	-	-	11,000	85	11,085
Bonus issue	9,743	(9,743)	-	-	-	-	-
Dividend relating to 2004	-	-	-	-	(2,923)	-	(2,923)
Transfer to general reserve	-	-	-	75	(75)	-	-
<b>Balance at 30 June 2005</b>	<b>58,459</b>	<b>18,542</b>	<b>536</b>	<b>1,815</b>	<b>36,378</b>	<b>2,752</b>	<b>118,482</b>

## STATEMENT OF CHANGES IN EQUITY

	Share capital S\$ '000	Share premium S\$ '000	Retained earnings S\$ '000	Total S\$ '000
<b>The Company</b>				
<b>Balance at 1 January 2006</b>	58,459	18,542	22,455	99,456
Net profit	-	-	301	301
Transfer of share premium reserve to share capital account (See note below)	18,542	(18,542)	-	-
Dividend relating to 2005	-	-	(5,845)	(5,845)
<b>Balance at 30 June 2006</b>	<b>77,001</b>	<b>-</b>	<b>16,911</b>	<b>93,912</b>

	Share capital S\$ '000	Share premium S\$ '000	Retained earnings S\$ '000	Total S\$ '000
<b>Balance at 1 January 2005</b>	48,716	28,285	10,346	87,347
Net profit	-	-	3,329	3,329
Bonus issue	9,743	(9,743)	-	-
Dividend relating to 2004	-	-	(2,923)	(2,923)
<b>Balance at 30 June 2005</b>	<b>58,459</b>	<b>18,542</b>	<b>10,752</b>	<b>87,753</b>

### Note

Pursuant to The Companies (Amendment) Act 2005 effective 30 January 2006, the concept of authorised share capital and par value has been abolished. Amount standing to the credit of share premium account has been transferred to the share capital account as at that date.

**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**

There was no change in the Company's number of shares since 31 December 2005. The share capital of the Company as at 30 June 2006 was 584,591,628 ordinary shares.

**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**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the 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, 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

#### EARNINGS PER SHARE

	<b>Group 01/04/06 - 30/06/06</b>	Group 01/04/05 - 30/06/05	<b>Group 01/01/06 - 30/06/06</b>	Group 01/01/05 - 30/06/05
(a) Based on the number of ordinary shares on issue (cents)	<b>1.88</b>	1.00	<b>2.75</b>	1.88
(b) On fully diluted basis (cents)	<b>NA</b>	NA	<b>NA</b>	NA

NA – Not Applicable

- (i) The Group earnings per share for current and preceding periods are based on the actual number of shares in issue of 584,591,628 ordinary shares.
- (ii) 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

	<b>Group 30/06/06</b>	Group 31/12/05	<b>Company 30/06/06</b>	Company 31/12/05
Net asset value per ordinary share (cents)	<b>23.47</b>	22.22	<b>16.06</b>	17.01

The Group and Company net asset value per share as at 30 June 2006 and as at 31 December 2005 are based on the actual number of shares in issue of 584,591,628 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 SECOND QUARTER FINANCIAL RESULTS

The Group's turnover for 2Q of FY2006 of S\$101.9 million was S\$16.4 million or 19.2% higher than the S\$85.5 million recorded in 2Q of FY2005.

Turnover from the distribution business increased by approximately S\$18.2 million or 30.3% from S\$60.0 million in 2Q of FY2005 to S\$78.2 million in 2Q of FY2006. Tyre sales continued to be the main growth driver in most geographical markets.

Turnover from the manufacturing business decreased by approximately S\$1.8 million or 7.1 % from S\$25.5 million in 2Q of FY2005 to S\$23.7 million in 2Q of FY2006. Lower initial outputs were due to the relocation of our Taiwan factory.

In 2Q of FY 2006, gross profit margin, particularly from the manufacturing business continued to be affected by rising aluminum prices. However, overall gross profit margin maintained at about 22%. The increase in administrative and other operating expenses in 2Q of FY2006 as compared to the same period of FY2005 were primarily due to higher operating activities and start-up costs of new factories in PRC and Malaysia. The increase in other operating income was primarily due to a gain of about S\$0.9 million in disposal of a warehouse in our Hong Kong operation.

Following the acquisition of 35.51% stake in OZ S.p.A and in compliance with FRS 28 '*Investments in Associates*', any excess of the investor's share of the net fair value of the associate's net assets over the cost of investment is to be recognized as the share of associate's profit in the period of acquisition ("negative goodwill"). Accordingly, a negative goodwill of S\$5.39 million in relation to the above acquisition has been recognized in the income statement as share of profit of associated companies.

The Group's profit before taxation increased by approximately S\$5.5 million or 68.8% to S\$13.6 million in the Q2 of FY2006 as compared to S\$8.1 million in the corresponding period in Q2 of FY2005. A total of about S\$5.39 million included in the profit before tax for Q2 of FY2006 was related to share of profit in our associated company, OZ S.p.A.

### **REVIEW OF SIX MONTH YEAR-TO-DATE FINANCIAL RESULTS AND FINANCIAL POSITION (1H FY2006 VS 1H FY2005)**

The Group's turnover of S\$197.7 million for the first half of FY2006 was S\$34.1 million or 20.8% higher than the S\$163.6 million recorded in first half of FY2005.

Turnover from the distribution business increased by approximately S\$35.9 million or 31.3% from S\$114.7 million in the first half of FY2005 to S\$150.6 million in the first half of FY2006. The increase was primarily due to higher tyres sales in our ASEAN and Oceanic operations. In addition, higher sales were also achieved from our new USA subsidiary previously not included in FY 2005.

Turnover from the manufacturing business decreased by approximately S\$1.8 million or 3.7% from S\$48.9 million in the first half of FY2005 to S\$47.1 million in the first half of FY2006 primarily due to lower initial outputs following the relocation of our Taiwan factory.

Gross profit increased by approximately S\$3.4 million from S\$41.6 million in first half of FY2005 to S\$45 million in first half of FY2006. The increase was affected by the rising aluminum prices in our manufacturing business. The increase in administrative, distribution and other operating expenses in the first half of FY2006 as compared to the same period of FY2005 were in line with increased operating activities and the start-up costs of new subsidiaries previously not included in FY 2005. The increase in other operating income was primarily due to gain on disposal of assets.

The Group's profit before taxation increased by approximately S\$5.7 million or 38.5% to S\$20.5 million in the first half of FY2006 as compared to S\$14.8 million in the corresponding period in FY2005. A total of about S\$5.39 million included in the profit before tax for the first half of FY2006 was related to share of profit in our associated company, OZ S.p.A.

Our cashflow remained healthy and will continue to be utilized partially to fund expansion plans.

Total current assets increased by approximately S\$12.1 million mainly due to increase in receivables of approximately S\$10.7 million and in other current assets of approximately S\$9.1 million together with a reduction of S\$3.9 million in inventories and S\$3.7 million in cash. The increase in trade receivables was in line with higher turnover and the increase in other current assets was mainly due to increase in initial deposits made in relation to downpayment on new machinery for our PRC and Malaysian factories. Fixed assets increased by approximately S\$14.7 million attributable to expansion plans in new factories in Suzhou, PRC and Sepang, Malaysia.

The investment in associated companies included S\$2.4 million on our 49% stake in Yokohama Tire (Shanghai) Sales Co Ltd. The balance total of about S\$11.6 million (which also included S\$5.39 million of negative goodwill arising from FRS 28 adjustment) pertained to the acquisition of 35.51% stake in OZ S.p.A.

The increase in current liabilities of about S\$29.2 million was primarily due to increase in payables of approximately S\$5.7 million from higher trading activities and an increase of S\$23.3 million in current borrowings. The increase in current and non-current borrowings was primarily due to start-up funding requirements for our expansion plans in Malaysia and PRC.

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

There is no forecast or prospect statement previously disclosed.

**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**

Almost all tyre suppliers have increased their prices and we are still in a position to recover the price increases in the market place. Accordingly, our tyre distribution sales are expected to remain steady. By the fourth quarter, we shall launch our own proprietary brand of tyre, "NEUTON" in various geographical areas targeting existing and new networks. We believe this new brand of tyre does complement our existing product range and will bring good future benefits to the Group. We are also currently embarking on a pro-active marketing strategy in China to grow our market share for automotive products through a network of our own retail outlets. Yokohama Tire Manufacturing (Thailand) Co., Ltd is expected to introduce light truck and van tyres (made in Thailand) in the first quarter of 2007. We believe this development will benefit our ASEAN operations.

Global aluminum prices have shown some sign of easing from their peaks in recent 2 months. This will bring some relief to our manufacturing business segment if prices begin to soften. We will continue to monitor the volatility of the aluminum prices and our production costs closely. In July, two production lines have commenced production and we have completed installation of the third production line at our Suzhou factory in the PRC. The installation of the first production line at our Sepang factory in Malaysia is also completed and production is scheduled to commence in September 2006.

**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 30 June 2006.

**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*)

	<b>Latest Full Year S\$ '000</b>	<b>Previous Full Year S\$ '000</b>
Ordinary	-	-
Preference	-	-
Total:	-	-

**BY ORDER OF THE BOARD**

Yuen Sou Wai  
Executive Director  
07/08/2006

Submitted by Yuen Sou Wai, Executive Director on 07/08/2006 to the SGX.