

# JK YAMING INTERNATIONAL HOLDINGS LTD

## Unaudited Second 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 the Second Quarter and First Half Year ended 30 June 2006.

GROUP	SECOND QUARTER			FIRST HALF		
	2006	2005	Increase / (Decrease)	2006	2005	Increase / (Decrease)
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	29,164	37,844	(22.9)	60,687	75,886	(20.0)
Cost of sales	(25,686)	(33,777)	(24.0)	(53,567)	(66,796)	(19.8)
Gross profit	3,478	4,067	(14.5)	7,120	9,091	(21.7)
Other income including interest income, net	291	274	6.2	874	496	76.2
Selling, general and administration expenses	(4,078)	(2,703)	50.9	(7,220)	(5,438)	32.8
(Loss)/Profit from operations	(309)	1,638	(118.8)	774	4,148	(81.3)
Finance costs	(567)	(301)	88.4	(776)	(547)	41.9
Share of results of an associated company	-	(28)	N.M.*	-	(198)	N.M.*
Profit/(loss) before tax	(876)	1,309	(166.9)	(2)	3,403	(100.1)
Tax	(66)	(119)	(44.5)	(307)	(352)	(12.8)
Net profit/(loss) for the period	(942)	1,190	(179.2)	(309)	3,051	(110.1)
Attributable to:						
Equity holders of the Company	(876)	850	(203.1)	(392)	1,997	(119.6)
Minority interests	(66)	340	(119.4)	83	1,054	(92.1)
Net profit for the period	(942)	1,190	(179.2)	(309)	3,051	(110.1)

\* N.M.: Not Meaningful

(ii) Notes to Income Statement

GROUP	SECOND QUARTER			FIRST HALF		
	2006	2005	Increase / (Decrease)	2006	2005	Increase / (Decrease)
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation and amortization	1,182	1,241	(4.8)	2,422	2,311	4.8
Foreign exchange loss	(892)	41	(2,275.6)	(1,078)	53	(2,134.0)
Interest on borrowings	248	275	(9.8)	407	507	(19.7)

Interest income	(11)	(24)	(54.2)	(23)	(32)	(28.1)
-----------------	------	------	--------	------	------	--------

**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	
	30.06.2006	31.12.2005	30.06.2006	31.12.2005
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Share capital	40,862	40,862	40,862	40,862
Reserves	11,951	14,806	3,384	4,538
Share capital and Reserves	52,813	55,668	44,246	45,400
Minority interests	11,426	12,812	-	-
	64,239	68,480	44,246	45,400
Represented by:-				
Non-Current Assets:				
Property, plant and equipment	49,459	51,275	1,728	1,721
Investment in subsidiaries	-	-	47,042	47,042
Investment in an associated company	-	-	-	-
Investment Property	7,047	7,281	-	-
Long-term receivable	-	-	-	-
Other non-current assets	804	837	-	-
	57,310	59,393	48,770	48,763
Current Assets:				
Inventories	26,188	28,477	-	-
Trade debtors	22,575	20,039	-	-
Other debtors and receivables	5,354	5,319	-	-
Amounts due from subsidiaries, non-trade	-	-	2,096	1,630
Amounts due from related parties, trade	8,028	10,759	-	-
Pledged deposits	101	138	-	-
Amounts due from related parties, non-trade	77	300	-	-
Cash and bank balances	5,904	7,144	-	400
	68,227	72,176	2,096	2,030
Current Liabilities:				
Borrowings	22,636	19,763	3,173	1,305
Trade creditors	22,732	19,020	-	-
Other creditors and payables	8,462	8,245	483	321
Amounts due to related parties, trade	3,424	8,765	-	-
Amounts due to related parties, non-trade	567	694	-	-
Current Income Tax Liabilities	468	872	-	100
Payable to directors	94	323	94	323
	58,383	57,682	3,705	2,049

Net Current Assets	9,844	14,494	(1,609)	(19)
Non-Current Liabilities:				
Borrowings	2,915	5,407	2,915	3,344
Net Assets	64,239	68,480	44,246	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 30/06/2006		As at 31/12/2005	
(Unaudited)		(Audited)	
Secured	Unsecured	Secured	Unsecured
S\$1,483,000	S\$21,153,000	S\$ 272,000	S\$ 19,491,000

**Amount repayable after one year**

As at 30/06/2006		As at 31/12/2005	
(Unaudited)		(Audited)	
Secured	Unsecured	Secured	Unsecured
S\$2,915,000	-	S\$ 3,344,000	S\$2,063,000

**Details of any collateral**

- (a) Included in bank loans of the Group are loans by the parent company amounted approximately \$3.3 million, which are secured by mortgages over the Group's freehold property.
- (b) Also included in bank loans of the Group is another bank loan amounted approximately \$0.6 million, which is secured by a legal mortgage over the office building of a subsidiary, which valued at \$0.4 million.
- (c) As at 30 June 2006, the Group provided guarantees of approximately \$1.8 million to a corporation in which one of the Company's Directors has an interest. That corporation in return has guaranteed approximately \$5.0 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 Second Quarter and First Half Year ended 30 June 2006.

GROUP	SECOND QUARTER		FIRST HALF	
	2006	2005	2006	2005
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Cash flow from operation activities</b>				
Profit before tax	(876)	1,309	(2)	3,403
Adjustment for non-cash items				
Depreciation of Property, Plant & Equipments	1,182	865	2,422	1,870
Amortization of Other non-current Assets	55	376	203	441
Shared loss from an associated company	-	28	-	198
Interest expense	248	275	407	507
Interest income	(11)	(24)	(23)	(32)
Gain on disposal of property, plant and equipment	40	-	40	-
Operating profit before working capital change	638	2,829	3,047	6,387
(Increase) / decrease in				
- inventories	(248)	(945)	2,289	1,689
- trade debtors	(1,734)	(618)	(2,537)	(3,499)
- other debtors and receivables	483	1,643	(35)	1,404
- Pledged deposits	39	-	37	-
- amount due from related parties	1,597	222	2,731	357
- other non-current assets	316	(209)	-	(276)
Increase / (decrease) in				
- trade creditors	5,133	1,509	3,712	3,182
- other creditors and payables	(242)	(75)	216	(1,701)
- amount due to related parties	(718)	(1,496)	(5,341)	(4,301)
- payable to directors	(148)	(241)	(229)	(241)
- Effect of exchange rate change	(892)	294	(1,078)	705
Cash generated from operations	4,224	2,913	2,812	3,706
Interest received	11	24	23	32
Interest paid	(248)	(275)	(407)	(507)
Income tax paid	(347)	(27)	(608)	(209)
<b>Net cash inflows from operating activities</b>	<b>3,640</b>	<b>2,635</b>	<b>1,820</b>	<b>3,022</b>
<b>Cash flow from investing activities</b>				
Proceeds from sales of property, plant & equipments	-	8	-	48
Payment for purchase of other non-current Assets	(174)	(2,991)	(867)	(5,195)
<b>Net cash outflows from investing activities</b>	<b>(174)</b>	<b>(2,983)</b>	<b>(867)</b>	<b>(5,147)</b>
<b>Cash flow from financing activities</b>				
Amount with related parties	96	1,027	96	674
Proceeds from minority interest	-	35	-	35
Payment of dividends to minority interest	(61)	-	(789)	-
Proceed from borrowings	2,704	6,305	9,021	8,533
Repayment of borrowing	(4,716)	(5,420)	(8,086)	(5,838)
Dividend paid	(2,435)	(2,435)	(2,435)	(2,435)

<b>Net cash outflows from financing activities</b>	(4,412)	(488)	(2,193)	969
Net decrease in cash and cash equivalents	(946)	(836)	(1,240)	(1,156)
Cash and cash equivalents at beginning of period	6,850	7,315	7,144	7,635
<b>Cash and cash equivalents at end of period</b>	<b>5,904</b>	<b>6,479</b>	<b>5,904</b>	<b>6,479</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	Share Capital	Other Reserve	Revaluation reserve	Statutory reserves	Translation Reserve	Retained Earnings	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	40,862	6,372	-	1,084	(4,516)	8,560	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	40,862	6,372	-	1,084	(3,931)	9,707	12,952	67,046
Balance as at 1 April 2005	40,862	6,372	-	1,084	(3,931)	9,707	12,952	67,046
Transfer of reserve:								
Foreign currency translation	-	-	-	-	703	-	452	1,155
Net profit for the period	-	-	-	-	-	850	340	1,190
Dividend paid	-	-	-	-	-	-	(1,456)	(1,456)
Transfer from retained profit	-	-	-	681	-	(681)	-	-
Acquisition of a subsidiary	-	-	-	-	-	(2,435)	-	(2,435)
Balance as at 30 June 2005	40,862	6,372	-	1,765	(3,228)	7,441	12,288	65,500
Balance as at 1 January 2006	40,862	6,372	546	1,766	(2,664)	8,786	12,812	68,480
Transfer of reserve:								
Foreign currency translation	-	-	-	-	237	-	(1,383)	(1,146)
Net profit for the period	-	-	-	-	-	484	149	633
Total recognized gains for the financial year	40,862	6,372	546	1,766	(2,427)	9,270	11,578	67,967
Transfer from retained profits to Statutory reserves	-	-	-	777	-	(777)	-	-
Dividend paid during the year	-	-	-	-	-	-	(728)	(728)
Balance as at 31 March 2006	40,862	6,372	546	2,543	(2,427)	8,493	10,850	67,239
Balance as at 1 April 2006	40,862	6,372	546	2,543	(2,427)	8,493	10,850	67,239
Transfer of reserve:								
Foreign currency translation	-	-	-	8	(273)	-	703	438
Net loss for the period	-	-	-	-	-	(876)	(66)	(942)
Total recognized gains for the financial year	40,862	6,372	546	2,551	(2,700)	7,617	11,487	66,735
Transfer from retained profit to Statutory reserve	-	-	-	173	-	(173)	-	-
Dividend paid during the year	-	-	-	-	-	(2,435)	(61)	(2,496)
Balance as at 30 June 2006	40,862	6,372	546	2,724	(2,700)	5,009	11,426	64,239

Company	Share Capital	Retained Profits	Total Equity
	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2005	40,862	6,043	46,905
Net profit/(loss) for the period	-	(201)	(201)
Balance as at 31 March 2005	40,862	5,842	46,704
Balance as at 1 April 2005	40,862	5,842	46,704
Net profit for the period	-	2,440	2,440
Dividend paid	-	(2,435)	(2,435)
Balance as at 30 June 2005	40,862	5,847	46,709
Balance as at 1 January 2006	40,862	4,538	45,400
Net loss for the period	-	(417)	(417)
Balance as at 31 March 2006	40,862	4,121	44,983
Balance as at 1 April 2006	40,862	4,121	44,983
Net profit for the period	-	1,698	1,698
Dividend paid	-	(2,435)	(2,435)
Balance as at 30 June 2006	40,862	3,384	44,246

Non-distributable reserves represents 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.

- 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 was no change in the Company's share capital during the second quarter ended 30 June 2006.

- 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.**

	SECOND QUARTER		FIRST HALF	
	2006	2005	2006	2005
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(i) Based on the weighted average number of ordinary shares on issue	(0.43 cents)	0.42 cents	(0.19 cents)	0.98 cents
(ii) On a fully diluted basis*	(0.43 cents)	0.42 cents	(0.19 cents)	0.98 cents
Weighted average number of ordinary shares on issue applicable to basic earnings per share	202,948,180	202,948,180	202,948,180	202,948,180

\* The Company does not have any dilutive instrument as at 30 June 2006 and 30 June 2005.

**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	
	30.06.2006	31.12.2005	30.06.2006	31.12.2005
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Net asset value per ordinary share at the end of the financial period	26.0 cents	27.4 cents	21.8 cents	22.4 cents

**Note:**

Net asset value per ordinary share as at 30 June 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.

## **SECOND QUARTER:**

Group revenue for the second quarter ended 30 June 2006 decreased by 22.9% to \$29.2 million as compared to the revenue of \$37.8 million in the previous corresponding period.

The decrease in turnover was largely attributable to the drop in sales of wire harness products to Japan by about 24.0% to \$15.8 million for the second quarter of FY2006 from \$20.8 million in the previous corresponding period, and the decrease of 22.0% in sales of electrical lighting products to \$13.3 million in the second quarter of FY2006 from \$17.0 million in the previous corresponding period.

Due to the high raw material cost and the increasingly competitive market, the gross profit margin of the Group stayed at about 11.9% in the second quarter of FY2006 as compared to 10.7% in the previous corresponding period. The Group's gross profit declined by 14.5% to \$3.5 million for the second quarter in FY2006 as compared to \$4.1 million in the previous corresponding quarter.

The Group's loss before tax of \$876,000 in the second quarter of FY 2006 as compared to the profit before tax of \$1.3 million in the previous corresponding period, after charging and accounting for the following:

- (1) A rise in other income by 6.2% to \$291,000 compared to the previous corresponding quarter of \$274,000, mainly from sales of raw material at gain.
- (2) An increase of about 50.9% in selling, general and administration expenses from \$2.7 million in FY2005 compared with FY2006, including the incurred of additional legal costs in defending a litigation.
- (3) A rise in financing cost due mainly to an increase in interest borrowing cost by 88.4% to \$567,000 in the second quarter of FY2006 as compared with \$301,000 in the previous corresponding period.

The Group experienced a net loss after tax of \$942,000 in the second quarter under review as compared to the net profit after tax of approximately \$1.2 million in the previous corresponding period, after accounting for income tax expense of \$66,000.

## **FIRST HALF YEAR:**

Group revenue for the first half-year ended 30 June 2006 fall by 20.0% to \$60.7 million as compared to the revenue of \$75.9 million in the previous corresponding period. This was mainly attributable to a decline of 23.1% in sales of wire harness products to Japan from \$44.1 million in the first half of 2005 to \$31.8 million in the first half of 2006, and a plunge of 15.8% in sales of electrical lighting products from \$31.7 million in the first half of 2005 to \$26.7 million in the first half of 2006.

As a result of the soar in raw material cost and the increasingly competitive market, the gross profit margin of the Group for the first half FY2006 declined to about 11.7% as compared to 12.0% in the previous corresponding period. The Group's gross profit reduced by 21.7% to \$7.1 million for the first half in FY2006 as compared to \$9.1 million in the previous corresponding period.

The Group's loss before tax of \$2,000 for the first half of FY2006 declined by 100.1% as compared to the profit before tax of the first half of FY2005 of \$3.4 million, after accounting for other income, selling, general and administration expenses, finance cost and share of loss of an associated company.

Net loss after tax of \$309,000 for the first half of FY2006 as compared to net profit after tax of \$3.1 million in the previous corresponding period after accounting for \$307,000 income tax expense.

Total current assets decreased by \$3.9 million mainly due to a decrease in cash and bank balances of \$1.2 million, a decrease in amounts due from related parties and other debtors of \$2.7 million, together with a decline in inventories of \$2.3 million and an increase in trade debtors of \$2.5 million.

Cash and cash equivalents decreased from \$7.1 million as at 31 December 2005 to \$5.9 million as at 30 June 2006. The decrease was mainly due to utilization of funds for working capital and payment of dividend.

Total current liabilities increased by \$700,000 from \$57.7 million as at 31 December 2005 to \$58.4 million as at 30 June 2006, mainly due to an increase in short-term bank loans by \$2.9 million as a result of new borrowing and increase in trade creditors account by \$3.7 million from \$19.0 million as at 31 December 2005 to \$22.7 million as at 30 June 2006, offset by decrease in amounts due to related parties of \$5.4 million from \$8.8 million as at 31 December 2005 to \$3.4 million as at 30 June 2006.

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

In respect of the Group's profit guidance and profit warning announcements made on 4 May 2006 and 1 August 2006, the first quarter and the second quarter results of 2006 were substantially lower compared to the corresponding quarters in 2005. The Group also disclosed in the profit warning that there was a loss resulting from 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, plus the incurred of additional legal costs.

**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 increasing high cost of raw materials, particularly the price of copper, a widely used raw material for our core products, has exerted pressure on the sale of our electrical lighting and wire harness products. Notwithstanding the high cost of raw materials, the demand from China domestic and international markets for electrical lighting and wire harness products remain strong. With the recent success of our R&D efforts in substituting copper wire with aluminum wire for our electrical ballast, the management is confident to achieve significant cost savings as well as fulfillment of customers' orders at a profitable margin. The management is also in negotiation with its key Japanese customer for wire harness products to resume orders to normal level towards the end of this year.

The management is of the opinion that the external operating environment continues to remain competitive. The Group will focus its R&D efforts to commercialize its newly developed energy saving induction lamps and at the same time to aggressively market its electrical lighting products into new international market in East Asia and North America.

Barring any unforeseen circumstances, the Board viewed the third quarter to remain challenging and the contributions from the sale of aluminum wired ballast and wire harness to be recognized by the end of this year.

**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 second quarter ended 30 June 2006.

**13. Interested Person Transactions for the Financial Period Ended 30 June 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	397	686
Juan Kuang Pte Ltd	99	273

**BY ORDER OF THE BOARD**

Ang Chiong Chai  
Executive Chairman  
8/08/2006