

**GES INTERNATIONAL LIMITED (Company Registration No: 198601427R)**  
**Unaudited 3<sup>rd</sup> Qtr Financial Statement for the Period Ended 31/03/2006**

**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.**

	Group S\$'000 FY2006 3rd Qtr 1 Jan 2006 to 31 Mar 2006	Group S\$'000 FY2005 3rd Qtr 1 Jan 2005 to 31 Mar 2005 Restated	+ /(-) %	Group S\$'000 FY2006 3rd Qtr 1 Jul 2005 to 31 Mar 2006	Group S\$'000 FY2005 3rd Qtr 1 Jul 2004 to 31 Mar 2005 Restated	+ /(-) %
Turnover	157,140	141,318	11%	497,612	456,891	9%
Cost of sales	(133,884)	(120,394)	11%	(424,962)	(391,525)	9%
<b>Gross profit</b>	<b>23,256</b>	<b>20,924</b>	<b>11%</b>	<b>72,650</b>	<b>65,366</b>	<b>11%</b>
<b>Other income</b>	<b>239</b>	<b>24</b>	<b>n.m.</b>	<b>515</b>	<b>283</b>	<b>82%</b>
Distribution and selling expenses	(2,160)	(2,284)	-5%	(7,467)	(6,914)	8%
Administrative and other operating expenses	(8,548)	(8,262)	3%	(25,519)	(23,945)	7%
<b>Operating expenses</b>	<b>(10,708)</b>	<b>(10,546)</b>	<b>2%</b>	<b>(32,986)</b>	<b>(30,859)</b>	<b>7%</b>
<b>Profit from operations</b>	<b>12,787</b>	<b>10,402</b>	<b>23%</b>	<b>40,179</b>	<b>34,790</b>	<b>15%</b>
Financial income/(expenses), net	738	413	79%	2,656	273	n.m.
<b>Profit from operations before share of results of joint venture</b>	<b>13,525</b>	<b>10,815</b>	<b>25%</b>	<b>42,835</b>	<b>35,063</b>	<b>22%</b>
Share of results of joint venture company	(1)	-	n.m.	(1)	-	n.m.
<b>Profit before taxation</b>	<b>13,524</b>	<b>10,815</b>	<b>25%</b>	<b>42,834</b>	<b>35,063</b>	<b>22%</b>
Taxation	(431)	(1,138)	-62%	(2,995)	(3,851)	-22%
<b>Profit after taxation</b>	<b>13,093</b>	<b>9,677</b>	<b>35%</b>	<b>39,839</b>	<b>31,212</b>	<b>28%</b>
Minority interests	-	2	n.m.	-	2	n.m.
<b>Net profit attributable to shareholders</b>	<b>13,093</b>	<b>9,679</b>	<b>35%</b>	<b>39,839</b>	<b>31,214</b>	<b>28%</b>
<b>Attributable to:</b>						
Shareholders of the company	13,093	9,677	35%	39,839	31,212	28%
Minority interests	-	2	n.m.	-	2	n.m.

<b>Group</b>	<b>Group</b>	<b>+ / (-)</b>	<b>Group</b>	<b>Group</b>	<b>+ / (-)</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>FY2006</b>	<b>FY2005</b>		<b>FY2006</b>	<b>FY2005</b>	
<b>3rd Qtr</b>	<b>3rd Qtr</b>		<b>3rd Qtr</b>	<b>3rd Qtr</b>	
<b>1 Jan 2006 to</b>	<b>1 Jan 2005 to</b>		<b>1 Jul 2005 to</b>	<b>1 Jul 2004 to</b>	
<b>31 Mar 2006</b>	<b>31 Mar 2005</b>		<b>31 Mar 2006</b>	<b>31 Mar 2005</b>	
	<b>Restated</b>			<b>Restated</b>	

**I) Profit before taxation is determined after crediting/(charging) the following :**

(a) Interest on borrowings	<b>(233)</b>	(103)	<b>126%</b>	<b>(633)</b>	(376)	<b>68%</b>
(b) Depreciation and amortisation	<b>(2,206)</b>	(2,344)	<b>-6%</b>	<b>(8,031)</b>	(6,908)	<b>16%</b>
(c) Writeback of/(Allowance for) doubtful debts net of bad debts written off	<b>132</b>	(3)	<b>n.m.</b>	<b>138</b>	5	<b>n.m.</b>
(d) Writeback of/(Provision for) stocks obsolescence	<b>(278)</b>	(115)	<b>142%</b>	<b>(367)</b>	(524)	<b>-30%</b>
(e) Foreign exchange gain/(loss)	<b>(20)</b>	318	<b>-106%</b>	<b>635</b>	223	<b>185%</b>
(f) Gain/(Loss) on disposal of fixed assets	<b>40</b>	(33)	<b>-221%</b>	<b>72</b>	(44)	<b>-264%</b>

**n.m. - not meaningful**

**II) During the nine months ended 31 Mar 2006, there was an adjustment in overprovision for tax in respect of prior years of S\$0.5m (31 Mar 2005:S\$0.4m).**

**III) The comparatives for FY2005 had been restated to take into account retrospective adjustments relating to changes in accounting policies as disclosed in item 5 of this announcement.**

**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</b> <b>S\$'000</b> <b>31-Mar-06</b>	Group S\$'000 30-Jun-05 <b>Restated</b>	<b>Company</b> <b>S\$'000</b> <b>31-Mar-06</b>	Company S\$'000 30-Jun-05 <b>Restated</b>
<b>NON - CURRENT ASSETS</b>				
Property, plant and equipment	<b>67,187</b>	71,541	-	-
Interest in subsidiaries	-	-	<b>174,230</b>	174,230
Interest in joint venture company	<b>2,491</b>	2,587		
Other investments	<b>105</b>	479	<b>1</b>	1
Deferred tax assets	<b>822</b>	867	-	-
Goodwill	<b>11,752</b>	11,752	-	-
<b>CURRENT ASSETS</b>				
Stocks	<b>123,456</b>	92,923	-	-
Trade debtors	<b>109,711</b>	112,630	-	-
Other debtors, deposits and prepayments	<b>4,724</b>	4,393	<b>98</b>	26
Other investments	<b>5,057</b>	5,057	<b>5,057</b>	-
Due from subsidiaries (non-trade)	-	-	<b>4,711</b>	3,202
Fixed deposits	<b>65,924</b>	42,695	<b>625</b>	-
Cash and bank balances	<b>20,837</b>	44,456	<b>686</b>	451
	<b>329,709</b>	<b>302,154</b>	<b>11,177</b>	<b>3,679</b>
<b>CURRENT LIABILITIES</b>				
Trade creditors	<b>107,033</b>	78,773	<b>32</b>	11
Other creditors and accruals	<b>32,864</b>	29,539	<b>707</b>	598
Due to subsidiaries (non-trade)	-	-	<b>15</b>	22,015
Provision for taxation	<b>2,096</b>	3,862	<b>53</b>	53
Short-term bank loans, unsecured	<b>17,982</b>	13,448	-	-
Finance lease liabilities, current	<b>402</b>	676	-	-
	<b>160,377</b>	<b>126,298</b>	<b>807</b>	<b>22,677</b>
<b>NET CURRENT ASSETS</b>	<b>169,332</b>	<b>175,856</b>	<b>10,370</b>	<b>(18,998)</b>
<b>NON - CURRENT LIABILITIES</b>				
Deferred tax liabilities	<b>196</b>	204	-	-
Finance lease liabilities, non current	<b>187</b>	593	-	-
	<b>383</b>	<b>797</b>	-	-
<b>NET ASSETS</b>	<b>251,306</b>	<b>262,285</b>	<b>184,601</b>	<b>155,233</b>
<b>EQUITY</b>				
Share capital	<b>148,208</b>	146,998	<b>148,208</b>	146,998
Share premium	<b>6,010</b>	5,091	<b>6,010</b>	5,091
Share option reserve	<b>2,061</b>	1,124	<b>2,061</b>	1,124
Accumulated profits	<b>97,102</b>	101,644	<b>28,322</b>	2,020
Translation reserve	<b>(2,107)</b>	7,396	-	-
	<b>251,274</b>	<b>262,253</b>	<b>184,601</b>	<b>155,233</b>
Minority interests	<b>32</b>	32	-	-
<b>EQUITY AND MINORITY INTERESTS</b>	<b>251,306</b>	<b>262,285</b>	<b>184,601</b>	<b>155,233</b>

**Note:** The comparatives for the year ended 30 June 2005 have been restated to take into account retrospective adjustments relating to changes in accounting policies as disclosed in item 5 of this announcement.

**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 30/06/2005	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
402	17,982	676	13,448

**Amount repayable after one year**

As at 31/03/2006		As at 30/06/2005	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
187	-	593	-

**Details of any collateral**

Secured borrowings relate to hire purchase and finance lease arrangements.

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

	<b>Group Jan 06 to Mar 06 S\$'000</b>	Group Jan 05 to Mar 05 S\$'000	<b>Group Jul 05 to Mar 06 S\$'000</b>	Group Jul 04 to Mar 05 S\$'000
<b>Cash flows from operating activities</b>				
Receipts from customers	186,208	178,890	<b>542,631</b>	522,804
Payments to suppliers and employees	(157,421)	(133,628)	<b>(496,585)</b>	(467,598)
Income tax refund	0	135	-	385
Income tax paid	(1,320)	(1,835)	<b>(4,592)</b>	(3,841)
Interest paid	(233)	(103)	<b>(633)</b>	(376)
Interest income	1,039	234	<b>2,791</b>	530
<b>Net cash generated from operating activities</b>	<b>28,273</b>	<b>43,693</b>	<b>43,612</b>	<b>51,904</b>
<b>Cash flows from investing activities</b>				
Proceeds from minority shareholders	-	-	-	<b>2,473</b>
Payments for property, plant and equipment	(3,757)	(757)	<b>(6,272)</b>	(5,708)
Proceeds from sale of property, plant and equipment	40	143	<b>72</b>	132
Proceeds from sale of investments	0	0	<b>338</b>	-
Payments for other investments	-	-	-	(2,473)
<b>Net cash used in investing activities</b>	<b>(3,717)</b>	<b>(614)</b>	<b>(5,862)</b>	<b>(5,576)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of shares	562	134	<b>2,129</b>	1,962
Proceeds from borrowings	4,683	2,033	<b>11,179</b>	13,191
Repayment of borrowings	(3,361)	0	<b>(6,387)</b>	(12,580)
Repayment of finance lease obligation	(115)	(340)	<b>(680)</b>	(914)
Payment of dividends	(29,604)	(10,981)	<b>(44,381)</b>	(21,926)
<b>Net cash used in financing activities</b>	<b>(27,835)</b>	<b>(9,154)</b>	<b>(38,140)</b>	<b>(20,267)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(3,279)</b>	<b>33,925</b>	<b>(390)</b>	<b>26,061</b>
Cash and cash equivalents at beginning of financial period	90,040	22,531	87,151	30,395
<b>Cash and cash equivalents at end of financial period</b>	<b>86,761</b>	<b>56,456</b>	<b>86,761</b>	<b>56,456</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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Group	Share capital	Share premium	Share Option reserve	Accum profits	Translation reserve	Total	Minority Interest	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance as at 1 July 2005, previously reported</b>	146,998	5,091	-	112,917	(4,496)	<b>260,510</b>	32	<b>260,542</b>
Impact of change in accounting policies	-	-	1,124	(11,273)	11,892	<b>1,743</b>	-	<b>1,743</b>
<b>Balance as at 1 July 2005, as restated</b>	146,998	5,091	1,124	101,644	7,396	<b>262,253</b>	32	<b>262,285</b>
Issue of ordinary shares	1,210	919	-	-	-	<b>2,129</b>	-	<b>2,129</b>
Profit attributable to shareholders	-	-	-	39,839	-	<b>39,839</b>	-	<b>39,839</b>
Cost of share-based payment	-	-	937	-	-	<b>937</b>	-	<b>937</b>
Dividends paid	-	-	-	(44,381)	-	<b>(44,381)</b>	-	<b>(44,381)</b>
Currency translation differences	-	-	-	-	(9,503)	<b>(9,503)</b>	-	<b>(9,503)</b>
<b>Balance as at 31 Mar 2006</b>	<b>148,208</b>	<b>6,010</b>	<b>2,061</b>	<b>97,102</b>	<b>(2,107)</b>	<b>251,274</b>	32	<b>251,306</b>
<b>Balance as at 1 July 2004, previously reported</b>	145,319	3,919	-	89,516	(885)	<b>237,869</b>	98	<b>237,967</b>
Impact of change in accounting policies	-	-	291	(10,831)	12,905	<b>2,365</b>	-	<b>2,365</b>
<b>Balance as at 1 July 2004, as restated</b>	145,319	3,919	291	78,685	12,020	<b>240,234</b>	98	<b>240,332</b>
Issue of ordinary shares	1,172	791	-	-	-	<b>1,963</b>	2,473	<b>4,436</b>
Profit attributable to shareholders	-	-	-	31,838	-	<b>31,838</b>	(2)	<b>31,836</b>
Cost of share-based payment	-	-	624	(624)	-	<b>-</b>	-	<b>-</b>
Dividends paid	-	-	-	(21,926)	-	<b>(21,926)</b>	-	<b>(21,926)</b>
Currency translation differences	-	-	-	-	(8,193)	<b>(8,193)</b>	-	<b>(8,193)</b>
<b>Balance as at 31 Mar 2005</b>	<b>146,491</b>	<b>4,710</b>	<b>915</b>	<b>87,973</b>	<b>3,827</b>	<b>243,916</b>	2,569	<b>246,485</b>

Company	Share capital	Share premium	Share Option reserve	Accum profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance as at 1 July 2005, previously reported</b>	146,998	5,091	-	3,144	<b>155,233</b>
Cost of share-based payment	-	-	1,124	(1,124)	<b>-</b>
<b>Balance as at 1 July 2005, as restated</b>	146,998	5,091	1,124	2,020	<b>155,233</b>
Issue of ordinary shares	1,210	919	-	-	<b>2,129</b>
Profit attributable to shareholders	-	-	-	70,683	<b>70,683</b>
Cost of share-based payment	-	-	937	-	<b>937</b>
Dividends paid	-	-	-	(44,381)	<b>(44,381)</b>
<b>Balance as at 31 Mar 2006</b>	<b>148,208</b>	<b>6,010</b>	<b>2,061</b>	<b>28,322</b>	<b>184,601</b>
<b>Balance as at 1 July 2004</b>	145,319	3,919	-	2,417	<b>151,655</b>
Cost of share-based payment	-	-	291	(291)	<b>-</b>
<b>Balance as at 1 July 2004, as restated</b>	145,319	3,919	291	2,126	<b>151,655</b>
Issue of ordinary shares	1,172	791	-	-	<b>1,963</b>
Profit attributable to shareholders	-	-	-	22,807	<b>22,807</b>
Cost of share-based payment	-	-	624	(624)	<b>-</b>
Dividends paid	-	-	-	(21,926)	<b>(21,926)</b>
<b>Balance as at 31 Mar 2005</b>	<b>146,491</b>	<b>4,710</b>	<b>915</b>	<b>2,383</b>	<b>154,499</b>

**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.**

Pursuant to the exercise of options granted under the GES International Limited Employee's Share Option Scheme, the Company issued ordinary shares of \$0.20 each as follows:

<b>No of ordinary shares issued</b>		<b>Exercise Price</b>
<b>Jan 06 to Mar 2006</b>	<b>Jan 05 to Mar 2005</b>	
43,000	15,000	\$0.39
86,240	458,640	\$0.28
65,840	-	\$0.35
889,760	-	\$0.56
<b>1,084,840</b>	<b>473,640</b>	

As at 31 Mar 2006, there were 31,923,040 (31 Mar 2005: 41,141,220) unissued ordinary shares of S\$0.20 each in respect of options granted.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the Group auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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 item 5 of this announcement, the Group had adopted the same accounting policies and methods of computation in the financial statements for the current reporting period as those in the audited annual financial statements for the year ended 30 June 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.**

#### **Change in accounting policies**

The Group had adopted the new and revised Financial Reporting Standards (FRS) which became effective for financial years beginning on or after 1 January 2005.

The impact of the changes in accounting policies is as follows:

#### **FRS 21**

On 1 July 2005, the Group adopted FRS 21 "The Effects of Changes in Foreign Exchange Rates" and gave cognisance to the fact that the revised FRS 21 gives greater emphasis than INT FRS 19 gave to the currency of the economy that determines the pricing of our revenue transactions, as opposed to the currency in which transactions are denominated. As a result, the Group's subsidiaries GES Investment Pte Ltd (formerly known as Eltech Electronics Limited), GES Manufacturing Services (M) Sdn Bhd (formerly known as Eltech Electronics Technology (Malaysia) Sdn Bhd) and Shanghai GES Information

Technology Co., Ltd) have determined the United States dollar as their respective measurement currency.

Prior to adopting the revised FRS21, GES Investment Pte Ltd, GES Manufacturing Services (M) Sdn Bhd and Shanghai GES Information Technology Co Ltd, measurement currency were Singapore Dollars, Malaysian Ringgit and Reminbi respectively.

The change in accounting policy resulted in prior period adjustments to accumulated profits and translation reserve and are disclosed in item 1(d)(i) of this announcement.

### **FRS102**

On 1 July 2005, the Group adopted FRS 102 "Share-based Payment". The Group's share option schemes are equity settled, share-based compensation plans. FRS102 requires the Group to recognise an expense in the profit and loss account with a corresponding increase in the share option reserve for share options granted after 22 November 2002 and not vested as at 1 January 2005.

FRS102 requires share options to employees to be measured at fair value at the date of the grant and recognised as expense over the vesting period. The application of FRS102 is retrospective.

Accordingly the financial impact of FRS102 on the group's current and comparative financial statements is set out as follows:-

The company and the group	Increased/(Decreased)	
	S\$'000	
	<b>FY 2006</b>	<b>FY 2005</b>
Net Profit for the quarter	(313)	(208)
Opening retained earnings as at 1 July	(1,124)	(291)
Share Option reserve as at 1 July	1,124	291

The impact on both the Group's basic and diluted earnings per share for the 3rd Qtr 2006 is a decrease of 0.04 cents (3rd Qtr 2005: 0.03 cents).

### **FRS39**

On 1 July 2005, the Group adopted FRS 39 "Financial Instruments: Recognition and Measurement" which sets out the new requirements for the recognition, derecognition and measurement of the Group's financial instruments and hedge accounting. In accordance with the transitional provisions of FRS 39, the comparative financial statements are not restated. The adoption of FRS 39 does not have a material financial impact on the Group and the Company.

The financial effects of the adoption of the various FRS may be subject to adjustments when they are audited at the end of the financial year. Except as disclosed above, the adoption of the new and revised FRS does not have a material financial impact on the Group and the Company.

## **6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Jan 06 to Mar 06	Jan 05 to Mar 05 Restated	Jul 05 to Mar 06	Jul 04 to Mar 05 Restated
Earnings per share (cents)				
Basic	1.77	1.33	5.40	4.28
Diluted	1.76	1.32	5.36	4.26

Earnings per ordinary share is calculated by dividing the Group's profit after taxation and minority interest of S\$13.1m for 3rd Qtr 2006 and S\$39.8m for the nine months ended 31Mar 2006 respectively (3rd Qtr 2005:S\$9.7m and the nine months ended 31 Mar 2005:S\$31.2m) by the basic and diluted weighted average number of shares.

The calculation of Earnings Per Share is based on the number of shares as shown below.

	Number of Shares	
	31 Mar 06	31 Mar 05
Weighted average number of ordinary shares in issue during the year	738,086,310	729,639,433
Effects of dilutive securities: - Share options	<u>4,836,160</u>	<u>3,111,998</u>
Adjusted weighted average number of shares applicable to diluted earnings per share	<u>742,922,470</u>	<u>732,751,431</u>

**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 financial period reported on; and  
b) immediately preceding financial year.**

	<u>31 Mar 2006</u>	<u>30 June 2005</u> Restated
Net asset value	33.91 cents	35.68 cents

**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.**

The Directors are pleased to report that GES International Limited ("GES" or the "Group") had achieved a profit after tax for the 3<sup>rd</sup> quarter of the financial year ending 30 June 2006, of \$13.1m, an increase of 35% or \$3.4m from the \$9.7m reported for the same corresponding period of the previous financial year.

Revenue for the 3<sup>rd</sup> financial quarter ended 31 March 2006 grew 11% to \$157.1m.

For the nine months ended 31 March 2006, the Group achieved an increase in profit after tax of 28% or \$8.6m to \$39.8m. Revenue grew 9% to \$497.6m

**(a)(i) Revenue Review**

**3<sup>rd</sup> Financial Quarter Revenue Review**

The Group's 3<sup>rd</sup> financial quarter revenue grew 11% to \$157.1m. This was attributable to:

- a 10% increase in original design and manufacture of Point of Sales System ("ODM-POS") revenue to \$105.2m; and
  - a 29% increase in OEM revenue to \$38.9m;
- which was off-set by:
- a 17% decline in original design and manufacture of Industrial Products ("ODM- Industrial Product") revenue to \$13.0m

## **ODM Activities**

ODM-POS activities continued to drive the Group's growth. As a result, the Group's revenue from its ODM-POS segment grew 10% to \$105.2m. ODM-POS now contribute 67% to the Group's revenue.

The Group continued to register growth for most of its ODM-Industrial Products, which include, industrial controllers, and metering products. However, the slowdown in the business of a particular customer caused the Group to record a decline of 17.5% in the ODM-Industrial Product segment to \$13.0m. ODM-Industrial Products now contributes 8% to the Group's revenue.

## **OEM Activities**

The Group's OEM segment grew 29% to \$38.9m in the 3<sup>rd</sup> financial quarter. Revenue from new customers contributed to the growth of the Group's OEM segment, which now includes medical test equipment and instrumentations as well as other industrial products.

The OEM segment contributed 25% to the Group's revenue in the 3<sup>rd</sup> financial quarter.

## **Profit Review**

The Group derived profit after tax of \$13.1m in the 3<sup>rd</sup> financial quarter after charging:

- Distribution and Selling expenses of \$2.2m (3<sup>rd</sup> financial quarter 2005:\$2.3m)
- Administrative expenses of \$8.5m (3<sup>rd</sup> financial quarter 2005:\$8.3m); and
- A provision for tax of \$0.4m (3<sup>rd</sup> financial quarter 2005:\$1.1m)

## **Operating Profit and Expenses Review**

Group profit from operations grew 23% to \$12.8m in the 3<sup>rd</sup> financial quarter, an increase of \$2.4m from the \$10.4m reported in the previous corresponding quarter.

The Group's operating expenses, increased at a much lower rate than revenue growth. This is attributable to increase in economies of scale of operations from the Group's Singapore, Malaysia and China.

The Group's effective tax rate declined to 3% in the 3<sup>rd</sup> financial quarter. This is due, primarily, to the pioneer tax exempt status enjoyed by the Group for its ODM activities and a write back in over provision for tax of \$0.5m in respect of prior years. The Group's China operation is also presently not taxable. Consequently, the Group enjoyed a reduction in its effective tax rate.

As a result, the Group achieved a 35% increase in profit after tax to \$13.1m for the 3<sup>rd</sup> quarter of the financial year ending 30 June 2006.

## **(b) Working Capital, asset and liability review**

As at the end of the 3<sup>rd</sup> financial quarter, inventory balances increased by \$30.5m to meet shipment expectations of the next quarter. The increase in inventory was mainly financed by an increase in trade creditors of \$28.3m.

The Group increased its short term borrowings by \$4.5m to finance the working capital requirements of its China operations.

For the quarter ended 31 March 2006, the Group generated cash from operations of \$28.3m.

Although the Group paid a special and an interim dividend amounting \$29.6m during the 3<sup>rd</sup> financial quarter, the Group's cash and cash equivalent remained at \$86.7m as at 31 March 2006.

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

In its announcement dated 26 January 2006, the Board of Directors stated that, barring unforeseen circumstances, the current financial year will be profitable. In line with the Directors' expectations, the Group reported a profit after tax of \$13.1m and \$39.8m for the 3<sup>rd</sup> financial quarter and the nine months ended 31 March 2006 respectively.

**10. A commentary at the date of the announcement of the significant trends and 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.**

Barring unforeseen circumstances, the Board of Directors continues to believe that the current financial year will be profitable.

**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 / recommended for the third quarter ended 31 Mar 2006.

**BY ORDER OF THE BOARD**

**Catherine Lau Wee Nah/Tan San-Ju  
Joint Company Secretaries  
26 March 2006**