



INTER-ROLLER ENGINEERING LIMITED
Company Registration No. 197900230M

UNAUDITED RESULTS FOR THE 3 MONTHS ENDED 31 MARCH 2006

- 1(a) **An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

STATEMENT OF PROFIT AND LOSS FOR THE 3 MONTHS ENDED 31 MARCH 2006

	The Group		Change %
	2006 1 st Qtr \$'000	2005 1 st Qtr \$'000	
Turnover	30,568	16,689	83
Investment and interest income	136	57	138
Other operating income	329	49	571
Materials, subcontract & other direct cost	(16,949)	(8,171)	107
Staff cost	(6,855)	(4,839)	42
Depreciation and amortization expense	(349)	(301)	16
Other operating cost	(1,446)	(706)	105
Profit from operations	5,434	2,778	96
Finance cost	(53)	(48)	10
Profit before taxation	5,381	2,730	97
Taxation	(718)	(411)	75
Profit after taxation	4,663	2,319	101

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 SHEETS

	GROUP		COMPANY	
	31 Mar 06	31 Dec 05	31 Mar 06	31 Dec 05
	\$'000	\$'000	\$'000	\$'000
SHARE CAPITAL AND RESERVES				
Share capital	34,266	32,732	34,266	32,732
Other reserves	17,553	15,924	16,960	15,564
Retained profits	16,886	14,687	13,831	11,781
	68,705	63,343	65,057	60,077
NON-CURRENT LIABILITIES				
Deferred tax liabilities	253	338	0	0
Hire purchase creditors	607	383	0	0
Bank borrowings	8,376	3,413	0	0
	9,236	4,134	0	0
CURRENT LIABILITIES				
Trade payables	29,253	34,762	27,324	32,089
Other payables	682	788	247	291
Amounts owing to subsidiary companies	0	0	2,408	2,829
Provision for taxation	3,630	2,882	3,367	2,604
Hire purchase creditors	186	117	0	0
Bank borrowings	8,232	808	7,500	0
	41,983	39,357	40,846	37,813
TOTAL EQUITY AND LIABILITIES	119,924	106,834	105,903	97,890
NON-CURRENT ASSETS				
Property, plant and equipment	22,147	21,747	12,809	12,917
Long-term investments	72	72	62	62
Investment properties	16,669	0	0	0
Investment in subsidiary companies	0	0	7,594	7,594
Amounts owing by subsidiary companies	0	0	16,915	4,433
Other receivables	84	84	84	84
Goodwill on consolidation	2,989	2,989	0	0
Deferred tax assets	107	126	105	125
	42,068	25,018	37,569	25,215
CURRENT ASSETS				
Inventories	5,305	3,965	2,637	2,152
Contract work-in-progress	35,719	37,027	33,956	33,562
Trade receivables	28,551	17,118	27,160	15,896
Other receivables	3,558	3,036	1,630	2,057
Short-term investments	329	527	0	0
Cash and cash equivalents	4,394	20,143	2,951	19,008
	77,856	81,816	68,334	72,675
TOTAL ASSETS	119,924	106,834	105,903	97,890

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	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
732	7,500	808	-

Amount repayable after one year

As at 31/03/2006		As at 31/12/2005	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
8,376	-	3,413	-

	31/03/2006	31/12/2005
	\$'000	\$'000
Total secured borrowings	9,108	4,221
Total unsecured borrowings	7,500	-
Total secured and unsecured borrowings	16,608	4,221

Details of any collateral

As at 31 March 2006, the total borrowings of \$16.6 million were secured against the Group's factory at Pontian, Malaysia and an investment property.

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

STATEMENT OF CASH FLOWS FOR THE 3 MONTHS ENDED 31 MARCH 2006

	Q1 2006	Q1 2005
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,381	2,730
Adjustment for:		
Depreciation of property, plant and equipment	349	301
Foreign exchange differences	264	395
Share-based payment expense	155	55
Reclassification of share option reserve to share capital on options exercised	(104)	-
Profit on disposal of property, plant and equipment	-	(48)
Provision for diminution in value of investments no longer required	-	7
Unrealised holding gain of financial assets held for trading	(58)	-
Profit on disposal of equity investments	(18)	(64)
Dividend income	-	-
Interest income	(61)	(1)
Interest expense	53	48
Operating profit before working capital changes	5,961	3,423
(Increase)/decrease in trade and other receivables	(11,955)	(15,091)
(Increase)/decrease in inventories and contract work-in-progress	(32)	4,913
(Decrease)/Increase in trade and other payables	(5,322)	12,177
Income tax paid	(39)	(5)
Net cash (used in)/generated from operating activities	(11,387)	5,417
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of quoted equity investments	274	173
Proceeds from sale of property, plant and equipment	-	231
Purchase of property, plant and equipment	(778)	(622)
Purchase of quoted equity investments	-	(168)
Purchase of investment properties	(16,669)	-
Interest income	61	1
Net cash (used in)/generated from investing activities	(17,112)	(385)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issue of shares	416	14,910
Increase/(decrease) in bank borrowings	12,387	(11,207)
Interest paid	(53)	(48)
Payment to hire purchase creditors	-	(6)
Net cash generated from financing activities	12,750	3,649
Net increase/(decrease) in cash and cash equivalents	(15,749)	8,681
Cash and cash equivalents at beginning of period	20,143	1,471
Cash and cash equivalents at end of period	4,394	10,152

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 FOR THE GROUP

THE GROUP (\$'000)	Share Capital	Share Premium	Revaluation Reserve	Share Option Reserve	Exchange Fluctuation Reserve	Statutory Reserve	Dividend Reserve	Retained Profits	Total
Balance at 1 Jan 2006	32,732	1,119	6,713	113	(271)	67	8,183	14,687	63,343
Share option expense for 1 st quarter 2006				155					155
Issue of shares – options exercised	311								311
Reclassification of share premium to share capital following amendments to the Companies Act	1,119	(1,119)							-
Reclassification of share option reserve to share capital on options exercised	104			(104)					-
Exchange difference arising from translation of investment in foreign subsidiary companies not recognized in income statement					234	(1)			233
2006 first quarter interim one-tier tax-exempt dividend of 1.5 cents per share proposed							2,464	(2,464)	-
Net profit for the period								4,663	4,663
As at 31 March 2006	34,266	-	6,713	164	(37)	66	10,647	16,886	68,705

THE GROUP (\$'000)	Share Capital	Share Premium	Revaluation Reserve	Share Option Reserve	Exchange Fluctuation Reserve	Statutory Reserve	Dividend Reserve	Retained Profits	Total
Balance at 1 Jan 2005	15,309	3,303	6,701	275	(1,832)	66	4,593	8,880	37,295
Share option expense for 2005				55					55
Issue of shares – rights issue	7,719	6,153							13,872
Issue of shares – options exercised	302	736							1,038
Exchange difference arising from translation of investment in foreign subsidiary not recognized in income statement			19		86	1			106
Exchange difference arising from hedging instrument not recognized in income statement					380				380
Net profit for the period								2,319	2,319
As at 31 March 2005	23,330	10,192	6,720	330	(1,366)	67	4,593	11,199	55,065

STATEMENT OF CHANGES IN EQUITY FOR THE COMPANY

THE COMPANY (\$'000)	Share Capital	Share Premium	Revaluation Reserve	Share option Reserve	Exchange Fluctuation Reserve	Dividend Reserve	Retained Profits	Total
Balance at 1 Jan 2006	32,732	1,119	6,149	113	-	8,183	11,781	60,077
Share option expense for 1 st quarter 2006				155				155
Issue of shares – options exercised	311							311
Reclassification of share premium to share capital following amendments to the Companies Act	1,119	(1,119)						-
Reclassification of share option reserve to share capital on options exercised	104			(104)				-
2006 first quarter interim one-tier tax-exempt dividend of 1.5 cents per share proposed						2,464	(2,464)	-
Net profit for the period							4,514	4,514
As at 31 March 2006	34,266	-	6,149	164	-	10,647	13,831	65,057

THE COMPANY (\$'000)	Share Capital	Share Premium	Revaluation Reserve	Share Option Reserve	Exchange Fluctuation Reserve	Dividend Reserve	Retained Profits	Total
Balance at 1 Jan 2005	15,309	3,303	6,149	275	(1,501)	4,593	6,714	34,842
Share option expense for 2005				55				55
Issue of shares - rights issue	7,719	6,153						13,872
Issue of shares – options exercised	302	736						1,038
Exchange difference arising from hedging instrument not recognized in income statement					380			380
Net profit for the period							1,484	1,484
As at 31 March 2005	23,330	10,192	6,149	330	(1,121)	4,593	8,198	51,671

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

During the first 3 months of 2006, the Company issued and allotted 630,700 ordinary shares pursuant to the exercise of share options granted to the Executives under the Inter-Roller Executives' Share Option Scheme. The shares so allotted ranked pari passu in all respects with the existing issued ordinary shares in the capital of the Company. The exercise price ranged from \$0.20 to \$0.51 per share and the average exercise price was \$0.49 per share.

As at 31 March 2006, total share options outstanding amounted to 2,769,000 unissued ordinary shares. The exercise price of these unissued shares ranged from \$0.51 to \$1.47 per share and the average exercise price was \$1.21 per share.

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

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

NA

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 reporting period compared with 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.

Please see paragraph 4 above.

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 dividend

EARNINGS PER ORDINARY SHARE (EPS)

	3 months ended	
EPS for the period based on net profit attributable to Shareholders:	31/3/2006	31/3/2005
(i) (a) Based on weighted average number of ordinary shares in issue - cents	2.84	2.01
(b) Weighted average number of ordinary shares in issue	163,980,498	115,338,348
(ii) (a) On a fully diluted basis and based on weighted average number of ordinary shares in issue - cents	2.83	2.00
(b) Weighted average number of ordinary shares in issue	164,488,577	115,764,748
(iii) (a) Based on total number of shares as at 31 March 2006 of 164,298,898 - cents	2.84	1.41

Earnings per ordinary share on the existing issued share capital were computed based on the weighted average number of shares in issue of 163,980,498 (31/3/2005: 115,338,348).

Earnings per ordinary share on a fully diluted basis were computed based on the weighted average number of shares of 164,488,577 (31/3/2005: 115,764,748) during the year adjusted to assume conversion of all potential dilutive ordinary shares.

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

Group	31/3/2006	31/3/2005
Net asset value per ordinary share based on issued share capital at end of the financial period/year	41.8 cents	47.3 cents

Company	31/3/2006	31/3/2005
Net asset value per ordinary share based on issued share capital at end of the financial period/year	39.6 cents	44.4 cents

The number of ordinary shares of the Company increased from 163,659,198 at 31 December 2005 to 164,298,898 at 31 March 2006 (31/3/2005: 116,331,181) following the issue of 630,700 new shares arising from share options exercised pursuant to the Inter-Roller Executives' Share Option Scheme.

- 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 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. Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

The Group achieved improved results for the first quarter of 2006 compared with the corresponding period last year. The turnover of \$30.6 million was 83% higher than that for the first quarter of 2005. Profit after tax increased by 101% to \$4.7 million compared with \$2.3 million for the first quarter of 2005.

Investment and interest income rose to \$136,000 compared with \$57,000 in the first quarter of 2005. The increase is due mainly to gains on disposal of part of the short-term investments and fair value adjustment of the investment portfolio held as at 31 March 2006. Other operating income of \$329,000 relates to foreign exchange gain in the first quarter of 2006.

Materials, subcontract and other direct costs increased as more projects are in the production and installation phases with intense procurement and subcontracting activities. Staff cost comprises of both direct and indirect staff cost. The increase in staff costs was due mainly to a higher number of staff employed during the reporting period.

Trade receivables increased by \$11.4 million as a result of higher billings. Trade payables decreased by \$5.5 million from \$34.8million at 31 December 2005 to \$29.3 million at 31 March 2006. For the first quarter of 2006, net cash used in operations was \$11.4 million compared with net cash generated from operating activities of \$5.4 million in the corresponding period last year. A short-term unsecured bank borrowing of \$7.5 million was taken to meet the fluctuation in working capital.

The Group has invested part of the cash surplus at the beginning of the year to improve yield. Two investment properties were acquired at total consideration of \$16.7 million. They were financed partly by a long-term secured bank loan of \$5 million and partly by cash of \$11.7 million. At the company level, interest-free loans were extended to two subsidiary companies for the purchase of investment properties. This has resulted in the increase in amount owing by subsidiary companies in the Company's balance sheet 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**

No quarterly forecast was previously given. In the 4th quarter 2005 results announcement, it was announced that the performance of the Group for 2006 is expected to be better than 2005.

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

In the first quarter of this year, the Group secured new orders of \$42 million. After taking into account the turnover for the first quarter, the Group has outstanding orders of \$189 million as at 31 March 2006. The performance for the whole year therefore appears to be on track and better results can be expected for 2006 compared with 2005.

Industry players continue to forecast growth for both air cargo and passenger traffic. In the longer term, demand for airport logistics systems can be expected to continue to grow. However, orders will depend on the timing for airport projects and pricing strategies of competitors. Future orders are therefore expected to be lumpy.

The present high oil price and the possibility of its continuing increase could however disrupt or slow down the air transport industry. Other factors that could affect the industry include terrorism or the spread of diseases like SARS or the avian flu.

Directors are pleased to announce that at the last Extraordinary General Meeting, the Memorandum & Articles of Association of the Company was amended to allow for the payment of quarterly dividends. In view of our good results for the first quarter 2006, Directors propose a one-tier tax-exempt interim dividend of 1.5 cents per share for the first quarter 2006 with total dividends payable amounting to approximately \$2.46 million. No dividend was paid for the first quarter of 2005.

Directors have also proposed a share split (sub-division) of every one existing share into two shares. The proposed sub-division of shares is subject to the approval of the SGX-ST and our shareholders at an EGM to be convened. A separate announcement and circular will be issued.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes.

Name of Dividend	Interim for Q1 2006
Dividend Type	Cash
Dividend amount per share (in cents)	1.5 cents net per ordinary share
Tax rate	One-tier tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

The proposed interim dividends for Q1 2006 will be paid on 9 June 2006

(d) Books closure date

Notice is hereby given that the Share Transfer Book and Register of Members of the Company will be closed on 26 May 2006 (the 'Books Closure Date') to determine members' entitlements to the proposed dividends. Duly completed transfers must be received by the Company's Registrar, Kon Choon Kooi Pte Ltd, 47 Hill Street, #06-02 Chinese Chamber of Commerce & Industry Building, Singapore 179365 on or before the close of business at 5.00 pm on 25 May 2006 for entitlement to the proposed interim dividends. Members whose securities accounts are with The Central Depository (Pte) Ltd ('CDP') will be credited with ordinary shares in the capital of the Company at 5 pm on the Books Closure Date and will be entitled to the interim dividends.

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

N.A.

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

N.A.

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

Please refer to paragraph 8.

15. A breakdown of sale

N.A.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

N.A.

BY ORDER OF THE BOARD

LOW CZE SOO
Company Secretary
9 May 2006