Hiap Hoe Limited

(Registration No. : 199400676Z)

Full Year Financial Statement for the Year Ended 31 December 2005

1(a) Income Statement for the Group for the Year Ended 31 December 2005

Unaudited results for the year ended 31 December 2005

(All figures in $'000)	The Group		
	FY2005	FY2004	%
Revenue	22,763	38,179	(40.4)
Cost of sales [1]	(21,030)	(31,757)	(33.8)
Gross profit	1,733	6,422	(73.0)
Distribution and selling expenses	(646)	(802)	(19.5)
Administrative expenses	(3,193)	(4,026)	(20.7)
Other income [1] / (expenses)	1,119	(204)	NM
(Loss) / Profit from operating activities	(987)	1,390	NM
Financial expenses	(1,331)	(931)	43.0
Financial income	24	266	(91.0)
(Loss) / Profit from ordinary activities before taxation	(2,294)	725	NM
Taxation	(302)	386	NM
Net (loss) / profit for the year	(2,596)	1,111	NM
Attributable to :			
Shareholders of the Company	(2,596)	1,111	NM

Notes:

1) The comparative figures for cost of sales and write back of provision for foreseeable losses on development properties (classified under other income) have been reclassified to conform to current year presentation.
2) NM – Not meaningful

Additional Information

(Loss) / Profit from operation is determined after charging :

(All figures in $'000)	The Group		
	01.01.05 to 31.12.05	01.01.04 to 31.12.04	%
Bad debts written off (trade)	1	-	NM
Compensation expense	-	860	(100.0)
Depreciation of fixed assets	290	316	(8.2)
Dividend income from quoted investments	(10)	(4)	NM
Loss on disposal of fixed assets	30	3	NM
Gain on disposal of quoted investment	-	(3)	(100.0)
Provision for contingency	-	1,030	(100.0)
Provision for doubtful receivables -trade receivables	76	-	NM
Share options expenses	127	-	NM
Provision for / (Write back of) impairment in value of investment properties	71	(41)	NM
Impairment loss in quoted investments	-	29	(100.0)
Provision for / (Write back of) impairment loss on fixed assets, net	44	(116)	NM
Write back of quoted investment to market value	(33)	-	NM
Write back of provision for impairment in value of other investments	-	(227)	(100.0)
Write back of provision for foreseeable losses on development properties	(2,716)	(4,894)	(44.5)

1(b)(i) Balance Sheet as at 31 December 2005

(All figures in $’000)

The Group

(All figures in $'000)	31.12.05	31.12.04	%
ASSETS LESS LIABILITIES			
Non-Current Assets			
Fixed assets	4,292	4,770	-10.0%
Investment properties	9,946	10,016	-0.7%
	14,238	14,786	-3.7%
Current Assets			
Cash, bank balances & fixed deposits	383	1,625	-76.4%
Other investments	214	153	39.9%
Trade receivables	2,331	4,156	-43.9%
Other receivables, deposits and prepayments	119	3,720	-96.8%
Development properties	99,706	71,896	38.7%
Work-in-progress	117	481	-75.7%
	102,870	82,031	25.4%
Current Liabilities			
Trade payables	500	541	-7.6%
Other payables and accruals	2,564	4,114	-37.7%
Due to related companies (non-trade)	38	-	NM
Bank overdrafts	171	-	NM
Interest-bearing loans and borrowings	9,618	34,201	-71.9%
Provision for taxation	594	119	399.2%
	13,485	38,975	-65.4%
Net Current Assets	**89,385**	**43,056**	107.6%
Non-Current Liabilities			
Interest-bearing loans and borrowings	46,899	60	NM
Deferred taxation	19	-	NM
Net Assets	**56,705**	**57,782**	-1.9%
EQUITY			
Share Capital	27,733	27,644	0.3%
Reserves	28,972	30,138	-3.9%
Total Equity	**56,705**	**57,782**	-1.9%

The Company

(All figures in $'000)

	31.12.05	31.12.04	%
ASSETS LESS LIABILITIES			
Non-Current Assets			
Fixed assets	199	266	-25.2%
Investments in subsidiary companies	46,685	46,685	0.0%
	46,884	46,951	-0.1%
Current Assets			
Cash, bank balances & fixed deposits	39	24	62.5%
Other receivables, deposits and prepayments	142	43	NM
Due from subsidiary companies (non-trade)	28	107	-73.8%
Due from subsidiary companies (trade)	416	-	NM
	625	174	NM
Current Liabilities			
Trade payables	13	46	-71.7%
Other payables and accruals	554	568	-2.5%
Due to subsidiary companies (non-trade)	12,666	15,458	-18.1%
Due to subsidiary companies (trade)	140	-	NM
Interest-bearing loans and borrowings	10	10	0.0%
Provision for taxation	11	11	0.0%
	13,394	16,093	-16.8%
Net Current Liabilities	**(12,769)**	**(15,919)**	-19.8%
Non-Current Liability			
Interest-bearing loans and borrowings	49	59	-16.9%
Net Assets	**34,066**	**30,973**	10.0%
EQUITY			
Share Capital	27,733	27,644	0.3%
Reserves	6,333	3,329	90.2%
Total Equity	**34,066**	**30,973**	10.0%

1 (b)(ii) Aggregate amount of Group's borrowings and debts securities.

Amount repayable in one year or less, or on demand

($'000)

As at 31.12.05		As at 31.12.04	
Secured	Unsecured	Secured	Unsecured
9,789	-	34,201	-

Amount repayable after one year

($'000)

As at 31.12.05		As at 31.12.04	
Secured	Unsecured	Secured	Unsecured
46,899	-	60	-

Details of any collateral

The above borrowings are secured by :

1) Mortgage on subsidiaries' leasehold properties and / or development properties
2) Mortgage on subsidiaries' investment properties and freehold properties
3) Legal assignment of balance of 15% sale proceeds to the bank
4) Assignment of all rights and benefits under
    - (i) The Sales and Purchase agreement and/or tenancy agreement;
    - (ii) Insurance policies taken up
    - (iii) Performance bonds in relation to the Project.
5) An assignment of the building contracts and drawings.
6) An assignment of the proceeds of the Project account and the rental account maintained with the bank.
7) Corporate guarantees given by the holding company

1(c) Consolidated Cash Flow Statement of the Group

(All figures in $'000)

	01.01.05 to 31.12.05	01.01.04 to 31.12.04
Cash flows from operating activities :		
(Loss) / Profit from ordinary activities before taxation	(2,294)	725
Adjustments :		
Depreciation of fixed assets	290	316
Interest expenses	1,331	931
Interest income	(24)	(266)
Dividend income from quoted investments	(10)	(4)
Loss on disposal of fixed assets	30	3
Gain on disposal of quoted investment	-	(3)
Provision for doubtful receivables (trade)	76	-
Share options expenses	127	-
Provision for contingency	-	1,030
Impairment loss in quoted investments	-	29
Write back of quoted investment to market value	(33)	-
Write back of provision for impairment in value of other investments	-	(227)
Provision for / (Write back of) impairment loss on fixed assets, net	44	(116)
Provision for / (Write back of) impairment in value of investment properties	71	(41)
Write back of provision for foreseeable losses on development properties	(2,716)	(4,894)
Operating loss before working capital changes	**(3,108)**	**(2,517)**
(Increase)/decrease in :		
Development properties	(25,094)	(4,288)
Trade receivables	1,749	5,215
Other receivables, deposits and prepayments	3,706	(321)
Work-in-progress	364	266
Increase / (Decrease) in :		
Trade payables	(41)	274
Other payables and accruals	(1,550)	(598)
Due from related companies	38	-
Operating loss after working capital changes	**(23,936)**	**(1,969)**
Income tax paid	(489)	(1,248)
Compensation for tax losses transferred	684	-
Net cash used in operating activities	**(23,741)**	**(3,217)**
Cash flows from investing activities :		
Dividend income received	8	4
Interest income received	24	252
Proceeds from disposal of fixed assets	172	60
Proceeds from disposal of quoted investment	-	952
Proceeds from disposal of unquoted investment	-	18,750
Proceeds from disposal of Joint Venture	-	828
Purchase of fixed assets	(58)	(70)

1(c) Consolidated Cash Flow Statement of the Group (cont'd)

	01.01.05 to 31.12.05	01.01.04 to 31.12.04
Purchase of unquoted investment	-	(13,750)
Purchase of quoted investment	(2)	-
Net cash generated from investing activities	**144**	**7,026**
Cash flow from financing activities :		
Repayment of bank term loans	(18,700)	(22,737)
Borrowings from banks	40,643	40,626
Repayment to related companies	-	(40,585)
Repayment to ultimate holding company	-	(756)
Repayment of hire purchase	(60)	(62)
Interest paid	(959)	(1,950)
Issue of warrant (net of expenses)	1,171	-
Conversion of warrant to shares	89	-
Net cash generated from / (used in) financing activities	**22,184**	**(25,464)**
Net decrease in cash and cash equivalents	**(1,413)**	**(21,655)**
Cash and cash equivalents at beginning of year	**1,625**	**23,280**
Cash and cash equivalents at end of year	**212**	**1,625**

Note :		
Cash and bank balances	383	1,011
Fixed deposits	-	614
Less Bank overdrafts	(171)	-
	212	1,625

1(d)(i) Statement of Changes in Equity
(All figures in $'000)

	The Group		The Company	
	01.01.05 to 31.12.05	01.01.04 to 31.12.04	01.01.05 to 31.12.05	01.01.04 to 31.12.04
Issued Share Capital				
Balance at beginning of year	27,644	27,644	27,644	27,644
Issue of shares	89	-	89	-
Balance at end of year	27,733	27,644	27,733	27,644
Warrant Reserves				
Issued during the year [1]	1,171	-	1,171	-
Exercise during the year	(15)	-	(15)	-
Balance at end of year	1,156	-	1,156	-
Capital reduction reserve				
Balance at beginning / end of year	5,773	5,773	5,773	5,773
Share premium				
Balance at beginning of year	71,013	71,013	71,013	71,013
Issue of shares	15	-	15	-
Balance at end of year	71,028	71,013	71,028	71,013
Capital reserve				
Balance at beginning / end of year	(81,003)	(81,003)	-	-
Other reserve				
Balance at beginning of year, as previously stated	-	-	-	-
-FRS 102, transitional adjustment	163	-	163	-
Balance at beginning of year, restated	163	-	163	-
Cost of share-based payment	127	-	127	-
Net fair value changes on cash flow hedge	105	-	105	-
Balance at end of year	395	-	395	-
Dividend reserve				
Balance at beginning of year	-	-	-	-
Transfer from unappropriated profit	1,387	-	1,387	-
Balance at end of year	1,387	-	1,387	-
Accumulated Profits / (losses)				
Balance at beginning of year, as previously stated	34,355	33,244	(73,457)	(73,306)
FRS 39 & 102, transitional adjustments	(136)	-	(163)	-
Balance at beginning of year, restated	34,219	33,244	(73,620)	(73,306)
(Loss) / Profit for the year	(2,596)	1,111	1,601	(151)
Transfer to dividend reserve	(1,387)	-	(1,387)	-
Balance at end of year	30,236	34,355	(73,406)	(73,457)
Equity at end of year	56,705	57,782	34,066	30,973

Note 1 : Proceeds from the issuance of warrants of $1.17m is after deducting the directly attributable expenses of $211k.

1(d)(ii) Details of 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 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.

As at 31 December 2005, there were unexercised options for 8,600,000 (31 December 2004: 10,000,000) of unissued ordinary shares of $0.025 each under Employees' Stock Options Scheme.

On 10 June 2005, the Company has announced a proposed renounceable non-underwritten rights issue of warrants to shareholders of the Company to subscribe for new ordinary shares of S$0.025 each in the capital of the Company. 276,439,689 warrants have been allotted and issued by the Company pursuant to the Warrants Issue. These warrants were listed and quoted on the Exchange on 23 August 2005. For the year ended 31 December 2005, 3,567,000 warrants had been exercised and converted into 3,567,000 ordinary shares of par value $0.025 each. The shares were issued ranking pari passu in all respects with the existing issued ordinary shares in the capital of the Company.

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

These figures have not been audited or reviewed by the auditor.

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 for those described in section 5 below, the Group and the Company have adopted the same accounting policies and methods of computation for the current financial year as those for the financial year ended 31 December 2004.

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.

The Group has adopted the following new Financial Reporting Standards (FRS) that are mandatory for financial years beginning on or after 1 January 2005 :

FRS 39	Financial Instruments: Recognition and Measurement
FRS 102	Share-based Payment

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

<u>FRS 39</u>
From 1 January 2005, the Group and the Company adopted FRS 39, Financial Instruments Recognition and Measurement. The Company has entered into an interest rate swap to manage the impact of interest fluctuations for one of its loans. The change in fair value adjusted to the cash flow hedge reserve for the year amount to approximately $105,000.

In accordance with the transitional provisions of FRS39, the effect of recognition, de-recognition and measurement of financial instruments, for the period prior to 1 January 2005, is not restated. Consequently, the comparative figures for 2004 have not been restated. On 1 January 2005, the following transitional adjustment was made :

	Retained earnings
For fair value of :	$'000
Quoted investments	27

<u>FRS 102</u>
This standard requires the recognition of a compensation cost arising from equity-based transactions with employees, over the period in which services are rendered that entitle the employees to receive the award.

The impact of adopting FRS102 is as follows:

Outstanding share options granted on 10 June 2004 are expensed off from this financial year onwards. A total of approximately $127,000 was charged to the profit and loss statement for the financial year under review. Adjustment to opening retained earning as at 1 January 2005 amounted to approximately $163,000.

Apart from the above, the Group adopted various revisions in FRS, applicable from 1 January 2005. These do not have a financial impact on the Group.

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.

The Group

Earning per share (cents)	31.12.05	31.12.04
Basic	(0.23)	0.10
Diluted	(0.23)	0.10

Earnings per share is calculated based on the net profit attributable to ordinary shareholders divided by the weighted average number of shares. Basic earnings per share for the year ended 31 December 2005 is calculated based on weighted average number of ordinary shares of 1,105,978,402, after taking into consideration of the conversion of warrants to shares.

Earnings per share for the year ended 31 December 2004 is calculated based on 1,105,758,758 ordinary shares.

The average price of the ordinary share during the year ended 31 December 2005 was below the exercise price of the option under the Hiap Hoe Limited Executives' Share Options Scheme 2004. Under FRS 33, these options are not considered to be dilutive during that year.

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

Net assets value per shares (cents)	31.12.05	31.12.004
The Group	5.11	5.23
The Company	3.07	2.80

NAV computed based on 1,109,325,758 and 1,105,758,758 shares as at 31 December 2005 and 31 December 2004 respectively.

8. 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.

<u>FINANCIAL HIGHLIGHTS</u>

Revenue decreased by 40.4%, from $38.2m in the financial year ended 31 December 2004 (“FY2004”) to $22.8m in the financial year ended 31 December 2005 (“FY2005”). A net loss of $2.6m was incurred for the year.

<u>Revenue</u>

Revenue from sales of residential development properties fell by 45.3% from $36.0m in FY2004 to $19.7m in FY2005, due to fewer units being sold for the period under review. At The Vines, 28 units were sold in FY2003 and FY2004, compared to 5 units sold in FY2005, leaving 2 units unsold. At Moonstone Residences, 32 units were sold in FY2004, compared to 10 units sold in FY2005. At Papillon, 9 units were sold in FY2004, versus 5 units sold in FY2005.

Revenue from construction business increased by $0.8m to $3.0m for FY2005. The revenue was generated mainly from the Sembawang Temporary Bus Interchange project, which took in about $2.7m. The completion of rectification works on another project brought in another $0.3m. This project is part of the eight which were taken over by the Group in the reverse take-over exercise in 2003. Currently, one project remains to be finalised.

Cost of sales decreased substantially, in line with the lesser sales generated from residential development projects. Cost of sales is net of the write-back of foreseeable loss, which was $2.7m for FY2005, against $4.9m for FY2004.

<u>Profit / Loss</u>

The substantial decrease in the gross profit on sales of development properties is mainly attributable to the higher write-back of provision for foreseeable loss in FY2004. The larger number of penthouses sold in FY 2005 also lowered gross profit as the penthouses were normally sold at a lower price per square foot compared to other units.

Distribution and selling expenses were reduced from $0.8m to $0.6m, mainly due to a cutback in marketing activities, as only one residential project was launched in FY 2005 (in the second quarter).

Administrative expenses were lowered by approximately $0.8m, to $3.2m for the year. This was mostly due to a $0.2m reduction in professional fees, and the non-recurrence of a one-time compensation expense of $0.9m made in FY 2004. The savings made was offset by an increase of $0.1m in bank charges for bank facilities granted; and a maintenance fee of about $0.1m and share option expense of about $0.1m.

Other income increased by $1.3m, led by a $0.4m increase in rental income; and the receipt of $0.3m being write back of provision pertaining to the stakeholder fund that was due to the Group from its sale of Bukit Panjang Plaza in 2003. There was also a one-off provision for contingency of about $1.0m in FY2004 that was not made in FY2005. The increase was partially reduced by the non-recurring income from the write-back of impairment loss on investment of approximately $0.2m in FY2004, against a provision for impairment loss of investment property and fixed assets amounting to approximately $0.1m in FY2005.

Financial expenses increased substantially by 43% to $1.3m. The acquisition of the new property at Angullia Park, on 1 February 2005, incurred an additional interest payment of $0.5m. Furthermore, when the Proximo obtained its Temporary Occupation Permit ("TOP") in April 2005, interest payment of $0.4m was expensed off to the profit and loss statement, whereas it was previously capitalized under development cost.

Financial income for the year was lower as the placement of fixed deposits was minimal. For FY2004, financial income had been derived from interest earned from short-term investment in commercial papers and fixed deposits, prior to the $40m loan repayment.

For the year under review, there was tax expense of approximately of $1.0m of which $0.7m was related to an under-provision in prior years. Despite that the Group has generated a loss in FY2005, it was still subject to tax mainly due to tax disallowable expenditures. In addition, the collection of the remaining sales proceeds on units sold in previous years was subject to full tax, as full development cost of these units has already being claimed in previous years. This tax expense was partially mitigated by the compensatory sum of $0.7m from the transfer of unabsorbed losses (which arose in FY2004), from the Group to ultimate holding company and related companies. As a result the group recorded a tax expense of $0.3m in FY2005.

In view of the above, the Group recorded a net loss after tax of approximately $2.6m in FY2005, compared to net profit after tax of $1.1m in FY2004.

Cash Flow

Investing activities registered a net cash inflow of approximately $0.1m, mainly due to net proceeds of $0.2m from the disposal of plants and machineries. The sale proceeds were partially used to purchase fixed assets of approximately $0.1m.

Financing activities registered a net cash inflow of $22.2m, primarily due to the draw-down of bank loans for the acquisition of Angullia Park and a development property at Moulmein Rise, which amounted to about $30.2m. An additional $10.5m of bank loans, were drawn down for working capital need. The issue of company warrants contributed to the increase of the cash inflow with net proceeds of approximately $1.2m. The total increase of $41.9m was partially offset by the net repayment of bank loans of about $18.7m and interest payment of approximately $1.0m.

Balance Sheet

The acquisition of the two properties at Angullia Park and Moulmein Rise in FY2005 saw to the increase in development properties of approximately $28m. Financing of the acquisitions came from bank borrowings, which consequently increased by about $22m.

During the financial year, the company issued 276,439,689 warrants at $0.005 per warrant. Fully subscribed, the warrants generated net cash proceeds of $1.2m.

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

There was no financial forecast made in the Group's announcement dated 6 August 2005.

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.

The Singapore economy followed its improved performance in 2004 with a 6.4% GDP growth in 2005. The job market strengthened, bringing the overall unemployment rate down to 2.5% in December 2005.

Subsequent to the end of FY 2005, Westbuild Construction Pte Ltd, one of the Company's fully-owned subsidiaries, completed the sale of the freehold properties known as 41 Minbu Road and Lot 330C of TS29 Minbu Road (all of Lot Numbers 545A and 330C of TS29) at an approximate $8.6m. This transaction was completed on 1 Feb 2006 and it brings in an estimated gross gain of $3.9m.

Riding on the positive economic outlook, Management is looking towards a possible improvement in sentiments on the property market that may impact well on the Group's property projects. It therefore plans to launch the Group's new residential development project, known as "City Edge", in the first half of 2006. Marketing strategies to re-package its existing residential development projects will also be adopted over the coming months.

The Group's construction division is mainly responsible for the residential development projects within the corporation, and the construction sector in the Singapore economy has remained weak. Nonetheless, the Group will continue to seek out suitable civil engineering construction projects to enhance its returns.

Notwithstanding the above, Management is cautious of uncertainties, such as fluctuations in oil prices and the outbreak of avian flu, affecting the economy.

11. Dividend

(a) Current Financial Period Reported On

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

The Directors are pleased to announce a proposed dividend, subject to shareholders' approval for FY2005 as follows :

Name of dividend	:	First and Final
Type of dividend	:	Cash
Dividend amount	:	0.125 cents per ordinary share
Tax rate	:	One tier

(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

31 May 2006, subject to the approval of the shareholders at the Company's Annual General Meeting to be held on 21 April 2006.

(d) Book closure date

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Hiap Hoe Limited (the "Company") will be closed from 17 May 2006 to 18 May 2006 (both dates inclusive) for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Lim Associates (Pte) Ltd, 10 Collyer Quay #19-08 Ocean Building, Singapore 049315 up to 5.00 p.m. on 16 May 2006 will be registered to determine shareholders' entitlements to the said dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 16 May 2006 will be entitled to the proposed dividend.

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

Not applicable.

13. Segmental revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year.

01.01.05 to 31.12.05

	Construction	Development Properties	Investment Properties	Others	Elimination	Total
Segmental Revenue						
- External sales	3,037	19,726	-	-		22,763
- Inter-segment sales	1,601	-	-	1,268	(2,869)	-
Segmental results-(Loss)/Profit	264	(831)	(3,051)	2,320	311	(987)
Financial expenses - net						(1,307)
Taxation						(302)
Net loss for the year						(2,596)

01.01.04 to 31.12.04

	Construction	Development Properties	Investment Properties	Others	Elimination	Total
Segmental Revenue						
- External sales	2,168	36,011	-	-	-	38,179
- Inter-segment sales	3,377	-	-	1,301	(4,678)	-
Segmental results-(Loss)/Profit	(76)	3,545	(1,955)	(182)	58	1,390
Financial expenses - net						(665)
Taxation						386
Net profit for the year						1,111

There is no breakdown by geographical markets as the Group's operations and customers are mainly in Singapore.

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.

15. A breakdown of sales

$'000	31.12.05	31.12.04	% change
Sale reported for first half year	15,644	21,481	-27.2%
Operating (loss)/profit after tax before deducting minority interests reported in first half year	(394)	365	NM
Sale reported for second half year	7,119	16,698	-57.4%
Operating (loss)/profit after tax before deducting minority interests reported in second half year	(2,202)	746	NM

BY ORDER OF THE BOARD

Sophia Lim Siew Fay
Company Secretary
20/02/06