

HLG Enterprise Limited (formerly known as LKN-Primefield Limited)

Company Registration No.: 196100131N

Unaudited Third Quarter and Nine-Month Financial Statement Announcement for the Period ended 30 September 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.**

	Notes	Group					
		3Q 2006 \$'000	3Q 2005 \$'000	Change %	YTD 3Q 2006 \$'000	YTD 3Q 2005 \$'000	Change %
Continuing Operations							
Sales		9,250	9,978	(7.3)	25,565	29,732	(14.0)
Cost of sales		(4,316)	(4,475)	(3.6)	(12,226)	(14,422)	(15.2)
Gross profit		4,934	5,503	(10.3)	13,339	15,310	(12.9)
Other income	(i)	9,905	221	4,381.9	21,955	873	2,414.9
Expenses							
- Selling and marketing		(260)	(283)	(8.1)	(726)	(814)	(10.8)
- Administrative	(ii)	(158)	(325)	(51.4)	(1,257)	(1,095)	14.8
- Finance (net)	(iii)	(1,420)	1,194	(218.9)	(7,238)	2,824	(356.3)
- Others	(iv)	(3,479)	(3,496)	(0.5)	(11,819)	(10,394)	13.7
Profit from operations		9,522	2,814	238.4	14,254	6,704	112.6
Share of results of associates		(2)	21	(109.5)	13	204	(93.6)
Profit before tax		9,520	2,835	235.8	14,267	6,908	106.5
Income tax expense	(v)	(96)	(412)	(76.7)	(879)	(1,250)	(29.7)
Profit from continuing operations		9,424	2,423	288.9	13,388	5,658	136.6
Discontinued Operations							
Loss from discontinued operations	(vi)	(69)	(624)	(88.9)	(1,368)	(1,889)	(27.6)
Total profit for the period		9,355	1,799	420.0	12,020	3,769	218.9
Attributable to:							
Equity holders of the Company		9,355	1,878	398.1	12,020	3,979	202.1
Minority interest of discontinued operations		-	(79)	(100.0)	-	(210)	(100.0)
		9,355	1,799	420.0	12,020	3,769	218.9

3Q: Three months ended 30 September

YTD 3Q: Nine months ended 30 September

Notes:**(i) Other income**

	Group					
	3Q 2006 \$'000	3Q 2005 \$'000	Change %	YTD 3Q 2006 \$'000	YTD 3Q 2005 \$'000	Change %
Sundry income	117	19	515.8	205	77	166.2
Amount recovered from a subsidiary /joint venture liquidated in prior years	-	18	(100.0)	-	301	(100.0)
Gain on disposal of an investment property (net)	-	-	-	9,578	-	NM
Gain on disposal of subsidiaries (net)	(vi) 9,327	-	NM	10,231	-	NM
Write back of provision for impairment of receivables/bad debts recovered	-	-	-	316	-	NM
Write back of debts owing to creditors by subsidiaries	186	-	NM	785	-	NM
Interest income	275	184	49.5	840	495	69.7
Other income	9,905	221	4,381.9	21,955	873	2,414.9

The gain on disposal of an investment property is net of the loss on disposal of \$167,000 in connection with the plant and equipment related to the building.

NM: Not meaningful

(ii) Administrative expenses

The increase in the administrative expenses for YTD 3Q 2006 was due mainly to the legal and consultation fees incurred for the rights issue of \$131,427,461 in principal amount of zero coupon unsecured non-convertible bonds due 2009 and 197,141,190 non-redeemable convertible cumulative preference shares completed on 4 July 2006.

(iii) Finance expenses (net)

	Group					
	3Q 2006 \$'000	3Q 2005 \$'000	Change %	YTD 3Q 2006 \$'000	YTD 3Q 2005 \$'000	Change %
Interest expense	(2,217)	(1,047)	111.7	(3,855)	(2,959)	30.3
Currency exchange (loss)/gain-net	797	2,241	(64.4)	(3,383)	5,783	(158.5)
	(1,420)	1,194	(218.9)	(7,238)	2,824	(356.3)

The net foreign currency exchange loss of \$3.4 million for YTD 3Q 2006 was due mainly to the revaluation of foreign currency net assets resulting from the strengthening of the Singapore dollars against the United States dollars, Malaysia Ringgit and Renminbi. A substantial portion of these losses are unrealised.

(iv) Other expenses

	Group					
	3Q 2006 \$'000	3Q 2005 \$'000	Change %	YTD 3Q 2006 \$'000	YTD 3Q 2005 \$'000	Change %
Depreciation of property, plant and equipment	(1,577)	(1,403)	12.4	(4,525)	(4,305)	5.1
Wages and salaries (mainly directors' remuneration and administrative staff)	(986)	(1,150)	(14.3)	(2,748)	(3,002)	(8.5)
Net loss on disposal of associated companies	-	-	-	(1,246)	-	NM
Others	(916)	(943)	(2.9)	(3,300)	(3,087)	6.9
Other operating expenses	(3,479)	(3,496)	(0.5)	(11,819)	(10,394)	13.7

NM: Not meaningful

(v) Income tax expense**Amount of any adjustment for under or overprovision of tax in respect of prior years**

There were underprovisions for tax recorded for YTD 3Q 2006 in relation to certain subsidiaries amounting to \$48,000 in respect of the prior year. The taxation charge is lower than the statutory income tax rate of 20% mainly because the gains on disposal of investment property and subsidiaries are not subject to tax.

(30/9/2005: There was an overprovision of group taxation amounting to \$9,000)

(vi) Discontinued operations

Following the completion of the disposal of Primefield Company Pte Ltd to DBS Bank Ltd (the "Primefield Disposal") on 30 September 2006, the Group has divested its IT and computer operations business.

The net gain on disposal of Primefield Company Pte Ltd is recorded as other income under note (i).

The results of Primefield Company Pte Ltd and its subsidiaries are presented separately in the income statement as "Discontinued Operations". An analysis of the results of Discontinued Operations is as follows:

	Group					
	3Q 2006 \$'000	3Q 2005 \$'000	Change %	YTD 3Q 2006 \$'000	YTD 3Q 2005 \$'000	Change %
Sales	2,838	1,240	128.9	7,257	3,686	96.9
Cost of sales	(1,587)	(687)	131.0	(3,929)	(2,034)	93.2
Gross profit	1,251	553	126.2	3,328	1,652	101.5
Other income	30	2	1,400.0	95	65	46.2
Expenses						
- Selling and marketing	(33)	(37)	(10.8)	(84)	(53)	58.5
- Administrative	(55)	(128)	(57.0)	(83)	(144)	(42.4)
- Finance (net)	(261)	(206)	26.7	(771)	(546)	41.2
- Others	(1,001)	(808)	23.9	(3,095)	(2,863)	8.1
Loss before tax from discontinued operations	(69)	(624)	(88.9)	(610)	(1,889)	(67.7)
Income tax expense	-	-	-	(758)	-	NM
Loss after tax from discontinued operations	(69)	(624)	(88.9)	(1,368)	(1,889)	(27.6)
Minority interest	-	79	(100.0)	-	210	(100.0)
	(69)	(545)	(87.3)	(1,368)	(1,679)	(18.5)

The impact of the discontinued operations on the cash flows of the Group is as follows:

	3Q 2006	3Q 2005	YTD 3Q 2006	YTD 3Q 2005
	\$'000	\$'000	\$'000	\$'000
Operating cash flows	236	89	905	824
Investing cash flows	(151)	(122)	(339)	(662)
Financing cash flows	-	-	-	-
Total cash flows	85	(33)	566	162

Where necessary, comparative figures have been adjusted to conform to the changes in presentation in the current period.

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.

	Notes	Group 30/9/2006 \$'000	Group 31/12/2005 \$'000	Company 30/9/2006 \$'000	Company 31/12/2005 \$'000
ASSETS					
Current assets					
Cash and cash equivalents		35,297	28,423	19,544	3,173
Trade and other receivables	1	8,487	9,158	9,667	78,343
Development properties		17,426	18,997	-	-
Inventories		456	792	-	-
Other current assets		484	694	163	129
		<u>62,150</u>	<u>58,064</u>	<u>29,374</u>	<u>81,645</u>
Investment property classified as held for sale	2	-	42,360	-	42,360
		<u>62,150</u>	<u>100,424</u>	<u>29,374</u>	<u>124,005</u>
Non-current assets					
Trade and other receivables		9,519	10,119	22,017	22,949
Other investments		150	150	-	-
Investments in associated companies	3	7,226	23,017	-	1,643
Investments in subsidiaries	1	-	-	86,684	22,451
Investment properties		7,046	7,210	-	-
Property, plant and equipment	4	91,533	109,656	29	209
		<u>115,474</u>	<u>150,152</u>	<u>108,730</u>	<u>47,252</u>
Total assets		177,624	250,576	138,104	171,257
LIABILITIES					
Current liabilities					
Trade and other payables	5	18,411	28,110	3,046	7,069
Current income tax liabilities		1,624	3,056	-	200
Borrowings	6	2,278	32,321	-	-
		<u>22,313</u>	<u>63,487</u>	<u>3,046</u>	<u>7,269</u>
Non-current liabilities					
Borrowings	6	165,912	207,349	158,073	200,759
Deferred income tax liabilities		871	897	-	-
		<u>166,783</u>	<u>208,246</u>	<u>158,073</u>	<u>200,759</u>
Total liabilities		189,096	271,733	161,119	208,028
NET LIABILITIES		(11,472)	(21,157)	(23,015)	(36,771)
Capital and reserves attributable to the Company's equity holders					
Share capital:					
- Ordinary Shares	7	104,387	32,857	104,387	32,857
- Non-Cumulative Convertible Preference Shares	7	3,942	-	3,942	-
Share premium		-	71,529	-	71,529
Special reserve		8,529	8,529	12,471	12,471
Other reserves		(4,974)	3,397	-	9,569
Accumulated losses		(123,356)	(137,469)	(143,815)	(163,197)
		<u>(11,472)</u>	<u>(21,157)</u>	<u>(23,015)</u>	<u>(36,771)</u>
Minority interests		-	-	-	-
TOTAL EQUITY		(11,472)	(21,157)	(23,015)	(36,771)

Note:

- The increase in the investment in subsidiaries was due to the capitalisation of certain loans to subsidiaries (previously classified as part of trade and other receivables) during 3Q 2006.
- Transfer of net book value of investment property to income statement upon the completion of sale of LKN Building on 3 January 2006.
- Decrease in investments in associated companies was mainly due to the sale of shares in Hotel Equatorial (M) Sdn Bhd completed on 20 June 2006.
- The decrease in the Group's property, plant and equipment was mainly due to the Primefield Disposal, completed on 30 September 2006.
- The substantial drop in trade and other payables was mainly due to:
 - the deposit of approximately \$4.3 million related to the sale of LKN Building entered in 2005 being transferred to income statement in 2006;
 - the write back of debts owing by subsidiaries to certain creditors which amounted to \$785,000; and
 - the deconsolidation of Primefield Company Pte Ltd and its subsidiaries upon the completion of the Primefield Disposal.
- The reduction in borrowings under current liabilities was due to loan repayments, deconsolidation of borrowings pursuant to Primefield Disposal and reclassification of certain long term loans from current to non-current liabilities. The substantial drop in the borrowings under non-current liabilities was mainly due to the full redemption of secured bonds of \$131.1 million as at 30 June 2006, certain loan repayments and partial redemption of series A and series B convertible redeemable preference shares. At the same time, the Company has issued zero coupon unsecured non-convertible bonds of \$131.4 million due July 2009 in July 2006.
- Refer to further details in Section 1(d)(ii).

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

(a) the amount repayable in one year or less, or on demand;

(b) the amount repayable after one year;

(c) whether the amounts are secured or unsecured; and

(d) details of any collaterals.

Amount repayable in one year or less, or on demand

	30/9/2006	31/12/2005
	\$'000	\$'000
Secured	169	25,612
Unsecured	2,109	6,709

Amount repayable after one year

	30/9/2006	31/12/2005
	\$'000	\$'000
Secured	7,834	178,452
Unsecured	158,078	28,897

Details of any collateral

The Group's secured long-term loan as at 30 September 2006 was secured on a joint venture's freehold land and building.

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

	Group			
	3Q 2006	3Q 2005	YTD 3Q 2006	YTD 3Q 2005
	S\$'000	S\$'000	S\$'000	S\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit after taxation	9,355	1,799	12,020	3,769
Adjustments for:				
Income tax	96	412	1,637	1,250
Write off/ down of inventory	-	-	-	98
Provision for impairment of receivables/trade debts written off	39	-	39	-
Write back of provision for impairment of receivables/ bad debts recovered	-	-	(322)	-
Amount recovered from a subsidiary/ joint venture liquidated in prior years	-	(18)	-	(301)
Share of results of associates	2	(21)	(13)	(204)
Depreciation of property, plant and equipment	1,921	1,822	5,598	5,531
Property, plant and equipment written off	6	59	8	74
Loss/(gain) on disposal of property, plant and equipment	2	(4)	1	(18)
Bad debts written off	-	2	-	83
Impairment loss of property, plant and equipment	1	-	1	-
Gain on disposal of investment property	-	-	(9,745)	-
Loss on disposal of associated companies	-	-	1,246	-
Gain on disposal of subsidiaries (net)	(9,327)	-	(10,231)	-
Interest expense	2,478	1,261	4,626	3,570
Interest income	(305)	(186)	(910)	(500)
Foreign exchange (losses)/gain-net	(133)	(2,100)	3,452	(4,911)
Operating cash flows before working capital changes	4,135	3,026	7,407	8,441
Changes in operating assets and liabilities				
Inventories	45	(105)	166	7
Construction work-in-progress	-	(285)	-	117
Development properties	362	120	1,080	356
Trade and other receivables	(6,859)	928	(619)	1,715
Trade and other payables	6,571	1	(381)	(1,805)
Cash generated from operations	4,254	3,685	7,653	8,831
Tax paid	(551)	(426)	(2,055)	(1,599)
Interest paid	(558)	(1,127)	(4,141)	(3,598)
Net cash generated from operating activities	3,145	2,132	1,457	3,634

	Group			
	3Q 2006 S\$'000	3Q 2005 S\$'000	YTD 3Q 2006 S\$'000	YTD 3Q 2005 S\$'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of investment in associates	-	-	16,909	-
Amount recovered from a subsidiary/ joint venture liquidated in prior years	-	18	-	301
Net cash inflow on sale of subsidiaries	4,486	-	4,482	-
Legal fee and consultation fees in relation to the Primefield Disposal	(438)	-	(438)	-
Proceeds from redemption of preference shares in associate	584	-	584	-
Proceeds from disposal of property, plant and equipment	3	29	171	47
Proceeds from disposal of an investment property	-	-	42,536	-
Purchase of property, plant and equipment	(2,593)	(983)	(6,003)	(2,733)
Interest received	305	186	910	500
Dividends received	-	-	-	258
Net cash generated from/(used in) investing activities	2,347	(750)	59,151	(1,627)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from rights issue	135,370	-	135,370	-
Repayment of borrowings	(121,402)	(157)	(183,609)	(566)
Net cash (used in)/ generated from financing activities	13,968	(157)	(48,239)	(566)
NET INCREASE IN CASH AND CASH EQUIVALENTS	19,460	1,225	12,369	1,441
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	15,837	18,819	22,928	18,603
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	35,297	20,044	35,297	20,044
Note: The above cashflow includes activities for subsidiaries which have been disposed.				
Net assets/(liabilities) disposed on sale of subsidiaries were as follows:				
Property, plant and equipment	15,329	-	15,560	-
Other receivables and prepayments	223	-	408	-
Trade receivables	955	-	955	-
Cash and bank balances	(4,486)	-	(4,482)	-
Inventories	-	-	170	-
Bank borrowings	(13,274)	-	(13,274)	-
Trade and other payables	(8,923)	-	(10,405)	-
Net liabilities disposed	(10,176)	-	(11,068)	-
Foreign currency translation reserve transferred from shareholders' equity	-	-	(12)	-
Adjusted net liabilities disposed	(10,176)	-	(11,080)	-
Gain on disposal of subsidiaries (net)	9,327	-	10,231	-
Add: bad debts written off arising from the Primefield Disposal	411	-	411	-
Add: legal and consultation fees in relation to the Primefield Disposal	438	-	438	-
	10,176	-	11,080	-
Cash proceeds received	-	-	-	-
Less: Cash and cash equivalent in subsidiaries disposed (this includes overdrafts drawn by subsidiaries)	4,486	-	4,482	-
Net cash inflow on sale of subsidiaries	4,486	-	4,482	-

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	Attributable to equity holders of the Company							Total \$'000
	Ordinary shares \$'000	Share premium \$'000	Preference shares \$'000	Special reserve \$'000	Capital and other reserves \$'000	Accumulated losses \$'000	Minority interest \$'000	
Balance at 1 January 2006	32,857	71,529	-	8,529	3,397	(137,469)	-	(21,157)
Currency translation differences	-	-	-	-	400	-	-	400
Transfer of exchange translation reserve to income statement arising from the sale of an associate	-	-	-	-	11,098	-	-	11,098
Transfer of revaluation surplus to income statement arising from the sale of an investment property and an associate	-	-	-	-	(17,766)	-	-	(17,766)
Gain on dilution of investment/ premium attributable to minority interest arising from dilution of interest in AXS InfoComm Pte Ltd (AXS) due to issue of performance shares	-	-	-	-	-	2,093	(2,093)	-
Net (losses)/gains recognised directly in equity	-	-	-	-	(6,268)	2,093	(2,093)	(6,268)
Net profit for the period	-	-	-	-	-	2,665	-	2,665
Total recognised (losses)/ gains for the period	-	-	-	-	(6,268)	4,758	(2,093)	(3,603)
Transfer of share premium to share capital (see 1d(ii))	71,529	(71,529)	-	-	-	-	-	-
Adjustment arising from the issue of performance shares by AXS	-	-	-	-	(2,093)	-	2,093	-
Balance at 30 June 2006	104,386	-	-	8,529	(4,964)	(132,711)	-	(24,760)
Balance at 1 July 2006	104,386	-	-	8,529	(4,964)	(132,711)	-	(24,760)
Currency translation differences	-	-	-	-	71	-	-	71
Adjustments arising from the sale of equity in Primefield Company Pte Ltd	-	-	-	-	(81)	-	-	(81)
Net losses recognised directly in equity	-	-	-	-	(10)	-	-	(10)
Net profit for the period	-	-	-	-	-	9,355	-	9,355
Total recognised (losses)/ gains for the period	-	-	-	-	(10)	9,355	-	9,345
Issuance of non-redeemable convertible cumulative preference shares ("NCCPS")	-	-	3,943	-	-	-	-	3,943
Conversion of NCCPS	1	-	(1)	-	-	-	-	-
Balance at 30 September 2006	104,387	-	3,942	8,529	(4,974)	(123,356)	-	(11,472)

Group	<-----Attributable to equity holders of the Company----->							Total \$'000
	Ordinary shares \$'000	Share premium \$'000	Preference shares \$'000	Special reserve \$'000	Capital and other reserves \$'000	Accumulated losses \$'000	Minority interest \$'000	
Balance at 1 January 2005	46,000	8,230	-	8,529	1,685	(176,664)	-	(112,220)
Currency translation differences	-	-	-	-	78	-	-	78
Gain on dilution of investment/ premium attributable to minority interest arising from debt restructuring exercise	-	-	-	-	-	2,828	(2,828)	-
Net gains/(losses) recognised directly in equity	-	-	-	-	78	2,828	(2,828)	78
Net profit /(loss) for the period	-	-	-	-	-	2,101	(131)	1,970
Total recognised gains/ (losses) for the period	-	-	-	-	78	4,929	(2,959)	2,048
Adjustment after capital reduction exercise	(34,499)	-	-	-	-	34,499	-	-
Adjustment arising from debt restructuring exercise	-	-	-	-	(38)	-	38	-
Shares issued to bondholders under debt restructuring exercise	21,356	63,299	-	-	-	-	3,000	87,655
Balance at 30 June 2005	32,857	71,529	-	8,529	1,725	(137,236)	79	(22,517)
Balance at 1 July 2005	32,857	71,529	-	8,529	1,725	(137,236)	79	(22,517)
Currency translation differences	-	-	-	-	12	-	-	12
Net gains recognised directly in equity	-	-	-	-	12	-	-	12
Net profit /(loss) for the period	-	-	-	-	-	1,878	(79)	1,799
Balance at 30 September 2005	32,857	71,529	-	8,529	1,737	(135,358)	-	(20,706)
Company	Ordinary shares \$'000	Share premium \$'000	Preference shares \$'000	Special reserve \$'000	Capital and other reserves \$'000	Accumulated losses \$'000	Minority interest \$'000	Total \$'000
Balance at 1 January 2006	32,857	71,529	-	12,471	9,569	(163,197)	-	(36,771)
Transfer of revaluation surplus to income statement arising from the sale of an investment property	-	-	-	-	(9,569)	-	-	(9,569)
Net profit for the period	-	-	-	-	-	21,799	-	21,799
Total recognised (losses)/ gains for the period	-	-	-	-	(9,569)	21,799	-	12,230
Transfer of share premium to share capital	71,529	(71,529)	-	-	-	-	-	-
Balance at 30 June 2006	104,386	-	-	12,471	-	(141,398)	-	(24,541)
Balance at 1 July 2006	104,386	-	-	12,471	-	(141,398)	-	(24,541)
Net loss for the period	-	-	-	-	-	(2,417)	-	(2,417)
Total recognised losses for the period	-	-	-	-	-	(2,417)	-	(2,417)
Issuance of non-redeemable convertible cumulative preference shares ("NCCPS")	-	-	3,943	-	-	-	-	3,943
Conversion of NCCPS	1	-	(1)	-	-	-	-	-
Balance at 30 September 2006	104,387	-	3,942	12,471	-	(143,815)	-	(23,015)

Company	Ordinary shares \$'000	Share premium \$'000	Preference shares \$'000	Special reserve \$'000	Capital and other reserves \$'000	Accumulated losses \$'000	Minority interest \$'000	Total \$'000
Balance at 1 January 2005	46,000	8,230	-	12,471	7,809	(196,519)	-	(122,009)
Net profit for the period	-	-	-	-	-	1,023	-	1,023
Adjustment after capital reduction exercise	(34,499)	-	-	-	-	34,499	-	-
Shares issued to bondholders under debt restructuring exercise	21,356	63,299	-	-	-	-	-	84,655
Balance at 30 June 2005	32,857	71,529	-	12,471	7,809	(160,997)	-	(36,331)
Balance at 1 July 2005	32,857	71,529	-	12,471	7,809	(160,997)	-	(36,331)
Net loss for the period	-	-	-	-	-	(256)	-	(256)
Balance at 30 September 2005	32,857	71,529	-	12,471	7,809	(161,253)	-	(36,587)

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.

(A) Issue of Non-Redeemable Convertible Cumulative Preference Shares ("NCCPS")

The Company issued 197,141,190 NCCPS at an issue price of S\$0.02 each on 4 July 2006.

The NCCPS shall, subject to the terms and conditions thereof, carry the right to receive, out of the profits of the Company available for payment of dividends, a fixed cumulative preferential dividend of 10% per annum of the issue price for each NCCPS (the "Preference Dividend").

Other than the Preference Dividend, the NCCPS Holders shall have no further right to participate in the profits or assets of the Company.

NCCPS Holders shall have no voting rights except under certain circumstances referred to in the Companies Act, Chapter 50 of Singapore set out in the terms of the NCCPS.

The NCCPS are not listed and quoted on the Official List of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). However, the holders of the NCCPS are able to exercise their rights to convert the NCCPS into new ordinary shares at a 1 for 1 ratio, subject to the terms and conditions of the NCCPS. Such new ordinary shares will be listed and quoted on the Official List of the SGX-ST when issued.

(B) Movements in the Share Capital

During the three months ended 30 September 2006, 51,000 NCCPS were converted into 51,000 new ordinary shares at an issue price of \$0.02 each.

(i) Ordinary Shares

	Number of Shares	Share Capital (S\$'000)
Balance as at 1 January 2006	657,137,309	32,857
Transfer of share premium to share capital under the Companies (Amendment) Act 2005	-	71,529
Balance as at 1 July 2006	657,137,309	104,386
New ordinary shares issued arising from the conversion of NCCPS	51,000	1
Balance as at 30 September 2006	657,188,309	104,387

(ii) NCCPS

	Number of Shares	Share Capital (S\$'000)
Balance as at 1 July 2006	-	-
Issue of NCCPS on 4 July 2006	197,141,190	3,943
Conversion of NCCPS to new ordinary shares	(51,000)	(1)
Balance as at 30 September 2006	197,090,190	3,942

(C) Redeemable Convertible Preference Shares ("RCPS")

	Number of Shares	
	30/09/2006	1/07/2006
Series A RCPS	14,202,139	14,202,139
Series B RCPS	102,171,415	102,171,415

In accordance with Financial Reporting Standard, the outstanding Series A and Series B RCPS are classified as borrowings.

As at 30 September 2006, the maximum number of ordinary shares that may be issued upon full conversion of all the NCCPS, Series A and Series B RCPS is 313,463,744 ordinary shares (30 September 2005: 125,169,011).

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 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.

The Group has applied the same accounting policies and methods of computation as in the Group's most recently audited annual financial statements.

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 financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per share for profit from continuing operations attributable to equity holders of the Company	Group			
	3Q 2006 €	3Q 2005 €	YTD 3Q 2006 €	YTD 3Q 2005 €
(i) Basic earnings per share				
Based on the weighted average number of Ordinary Shares on issue (YTD 3Q 2006: 657,139,551; YTD 3Q 2005: 539,791,361; 3Q 2006: 657,143,961; 3Q 2005: 657,137,309)	1.43	0.37	2.04	1.05
(ii) Diluted earnings per share				
Based on the weighted average number of Ordinary Shares, NCCPS and Series A RCPS and Series B RCPS on issue (YTD 3Q 2006: 843,579,538; 30/09/2005: 630,573,282; 3Q 2006: 964,223,536; 3Q 2005: 657,137,309)	0.98	0.37	1.59	0.90
Loss per share for loss from discontinued operations attributable to equity holders of the Company				
(i) Basic earnings per share				
Based on the weighted average number of Ordinary Shares on issue (YTD 3Q 2006: 657,139,551; YTD 3Q 2005: 539,791,361; 3Q 2006: 657,143,961; 3Q 2005: 657,137,309)	(0.01)	(0.08)	(0.21)	(0.31)
(ii) Diluted loss per share				
Based on the weighted average number of Ordinary Shares, NCCPS and Series A RCPS and Series B RCPS on issue (YTD 3Q 2006: 843,579,538; 30/09/2005: 630,573,282; 3Q 2006: 964,223,536; 3Q 2005: 657,137,309)	(0.01)	(0.08)	(0.16)	(0.27)
Total earnings per share attributable to equity holders of the Company				
(i) Basic earnings per share	1.42	0.29	1.83	0.74
(YTD 3Q 2006: 657,139,551; YTD 3Q 2005: 539,791,361; 3Q 2006: 657,143,961; 3Q 2005: 657,137,309)				
(ii) Diluted earnings per share	0.97	0.29	1.43	0.63
(YTD 3Q 2006: 843,579,538; 30/09/2005: 630,573,282; 3Q 2006: 964,223,536; 3Q 2005: 657,137,309)				

- 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.

	Group		Company	
	30/9/2006	31/12/2005	30/9/2006	31/12/2005
	\$	\$	\$	\$
Net liabilities value per existing issued share	(0.02)	(0.03)	(0.04)	(0.06)

Note:

The net liabilities value per existing issued share is computed based on:-

(a) 657,188,309 issued Ordinary Shares at 30 September 2006

(b) 657,137,309 issued Ordinary Shares at 31 December 2005

- 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.

9 months ended 30 September ("YTD 3Q") 2006

Following the completion of the sale of Primefield Company Pte Ltd ("Primefield") to DBS Bank Ltd on 30 September 2006, the Group has divested its IT and computer operations business. In accordance with the Singapore Financial Reporting Standards, the results of Primefield and its subsidiaries have been reclassified and presented separately in the income statement as "Discontinued Operations".

The Group's turnover from continuing operations for YTD 3Q 2006 declined from \$29.7 million to \$25.6 million, representing a decrease of approximately 14.0%. This was due mainly to the completion of the sale of LKN Building in January 2006 and the closure of the construction business which contributed to a decrease in the total turnover of \$3.5 million.

The hotel and restaurant sector recorded a marginal decline of \$1.0 million or 3.8% in turnover for the period. The overall soft hospitality market in Shanghai and the room renovations carried out in Hotel Equatorial Shanghai this year, completed in March 2006 for 208 rooms and August 2006 for 207 rooms, had accounted for a fall of \$1.9 million in revenue from Changning Equatorial Service Apartments and Hotel Equatorial Shanghai. However, this is offset by the \$0.9 million growth in the combined turnover of Hotel Equatorial Qingdao, Tristar Inn Singapore and Hotel Equatorial Cameron which have all improved their businesses in YTD 3Q 2006 over YTD 3Q 2005 on the back of a rise in occupancy rate and average room rate.

The Group's profit before tax of \$14.3 million from continuing operations for YTD 3Q 2006 was 106.5% higher than the \$6.9 million profit achieved in the corresponding period of last year. The Group's net loss from Discontinued Operations attributable to the shareholders for the period under review was \$1.4 million compared to a net loss of \$1.7 million recorded in the same period last year.

The substantial increase in the Group's results from continuing operations was mainly supported by gains recognized from the ongoing asset rationalization program undertaken by the Group to focus on the core businesses of hospitality, property development and investment holding. These gains include gains on disposal of LKN Building and Primefield amounting to \$9.6 million and \$10.2 million respectively. However, these gains were partially offset by a (i) loss on disposal of the 27.23% equity interest in Hotel Equatorial (M) Sdn Bhd amounting to \$1.9 million, (ii) net exchange loss recorded in the current period of \$3.4 million compared to a net exchange gain of \$5.8 million recorded in the prior period; and (iii) marginal decline of \$0.5 million in operating results from the hotel and restaurant sector due to the room renovations carried out at Hotel Equatorial Shanghai this year which affected its performance.

The net exchange loss recorded in YTD 3Q 2006 relates mainly to the revaluation of foreign currency net assets caused by the weakening of US dollar, Ringgit Malaysia and Renminbi against the Singapore dollar. The Company will continue to review the Group's exposure in its foreign currency net assets and would consider the feasibility of hedging such exposure after taking into account the prevailing market conditions.

3 months ended 30 September ("3Q") 2006

The decrease in the Group's 3Q 2006 turnover compared to 3Q 2005 turnover by 7.3% was mainly attributable to the sale of LKN Building and the closure of the construction business.

The hotel and restaurant sector registered a relatively flat revenue growth for 3Q 2006 compared to 3Q 2005 as the positive performance from most of the hotels was negated by the decline in revenue generated by the two properties in Shanghai, namely Hotel Equatorial Shanghai and Changning Equatorial Service Apartments.

The Group's profit before tax from continuing operations increased significantly from \$2.8 million in 3Q 2005 to \$9.5 million in 3Q 2006, mainly boosted by the gain on disposal of Primefield which was completed at the end of the current quarter. The increase was partially offset by a \$1.2 million increase in interest expense to \$2.2 million. The higher 3Q 2006 interest expense over 3Q 2005 was due to the higher interest rate accrued for the zero coupon unsecured non-convertible bonds issued in July 2006.

There was a \$1.4 million reduction in net exchange gain to \$0.8 million in 3Q 2006 as compared to a net exchange gain of \$2.2 million in 3Q 2005.

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

The Group's performance for the period under review is in line with expectations as previously disclosed in our results announcement for the 6 months ended 30 June 2006.

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 Hotel Equatorial Shanghai completed the last phase of its room renovation program at the end of August 2006. To further enhance its competitiveness, the hotel plans to carry on with the renovation of its office tower and lounge bar, which have not been renovated since the hotel's opening in 1991, during December 2006 and January 2007.

The Hotel Equatorial Qingdao completed the renovation of 265 rooms in June 2006 and intends to renovate the remaining 188 rooms towards the end of the year which is a low trading season for this hotel.

Barring unforeseen circumstances, the Company is optimistic of the performance of the hotel and restaurant sector given that the hotel market trading conditions in Shanghai and Qingdao are expected to continue to strengthen in the next 12 months. Any positive contributions from Hotel Equatorial Shanghai and Hotel Equatorial Qingdao in the next 12 months is however likely to be offset by a higher interest expense payable with respect to the zero coupon unsecured non-convertible bonds due 2009 ("**Unsecured Bonds**"). As previously disclosed to shareholders in the circular dated 28 April 2006, the Unsecured Bonds were issued pursuant to a rights issue principally to redeem the previous secured bonds issued in March 2005 ("**Secured Bonds**") so that (subject to any redemption rights (if applicable) of the redeemable convertible preference shares) the Group is able to conserve the value of its assets, without being subject to the periodic payment obligations under the Secured Bonds which obliged the Group to dispose of certain assets within a certain period of time to redeem, *inter alia*, the Secured Bonds. While the Company will manage its finances prudently, the increase in the interest expense from the Unsecured Bonds may be mitigated if and to the extent that any such bonds are redeemed by the Company at its discretion during this period with its surplus cash.

The Group intends to continue with its ongoing asset rationalization program to dispose of non-performing and/or non-core assets and to pursue mergers and acquisitions opportunities as may be appropriate to grow the earnings base of the Group.

As a substantial portion of the Group's assets relate to hotel operations in China and Malaysia, it continues to be exposed to currency fluctuation risks.

**11 If a decision regarding dividend has been made:-
(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

None

**(b)(i) Amount per share cents (Optional) Rate: %
(ii) Previous corresponding period cents (Optional) Rate: %**

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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

No dividend is declared/ recommended for the quarter under review.

13 Segmented revenue and results for business 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.

	Construction and related activities \$'000	Hotel and restaurant operations \$'000	Property development \$'000	Investments \$'000	Others \$'000	Total for Continuing Operations \$'000	Discontinued operations \$'000
9 months ended September 2006							
REVENUE							
Total revenue	19	23,931	1,440	298	-	25,688	7,401
Inter-segment revenue	-	-	(123)	-	-	(123)	(144)
Revenue from outside parties	19	23,931	1,317	298	-	25,565	7,257
Segment result	400	4,125	312	16,678	(23)	21,492	161
Finance expenses (net)						(7,238)	(771)
Share of results of associates						13	-
Profit before tax						14,267	(610)
Income tax expense						(879)	(758)
Net profit/(loss) after tax						13,388	(1,368)
Minority interest						-	-
Net profit/(loss)						13,388	(1,368)
9 months ended September 2005							
REVENUE							
Total revenue	2,573	24,889	1,158	1,271	6	29,897	3,831
Inter-segment revenue	-	-	(132)	(33)	-	(165)	(145)
Revenue from outside parties	2,573	24,889	1,026	1,238	6	29,732	3,686
Segment result	190	4,584	(117)	(766)	(11)	3,880	(1,343)
Finance expenses (net)						2,824	(546)
Share of results of associates						204	-
Profit/(loss) before tax						6,908	(1,889)
Income tax expense						(1,250)	-
Net profit after tax						5,658	(1,889)
Minority interest						-	210
Net profit/(loss)						5,658	(1,679)

BY ORDER OF THE BOARD

Yeo Swee Gim, Joanne
Aw Siew Yen, Patricia
Company Secretaries

10 November 2006
Singapore

Confirmation by the Board pursuant to Rule 705(4) of the Listing Manual

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the Group's unaudited interim financial results for the third quarter and nine months ended 30 September 2006 to be false or misleading.

On behalf of the Board of Directors

Wong Hong Ren
Director

Neo Teck Pheng
Director

10 November 2006
Singapore