CIH Ltd

CIH Limited
(Incorporated in the Republic of Singapore)
Co. Reg. No.199106357H

Third Quarter Financial Statement

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

Group Income Statement for the third quarter ended 31 December 2005.

	Q3 ended 31.12.2005 S$'000	*Restated** Q3 ended 31.12.2004 S$'000	% Change	Q3 YTD 2005 S$'000	*Restated* Q3 YTD 2004 S$'000	% Change
Revenue	38,057	31,316	21.53	106,293	99,746	6.56
Cost of sales	(25,725)	(23,672)	8.67	(73,808)	(69,973)	5.48
Gross profit	12,332	7,644	61.33	32,485	29,773	9.11
Other income	4,957	3,319	49.35	11,916	11,666	2.14
Distribution expenses	(7,316)	(8,191)	(10.68)	(20,957)	(22,468)	(6.73)
Administrative expenses	(8,702)	(6,102)	42.61	(22,404)	(18,407)	21.71
Foreign exchange (loss)/gain	(504)	4,422	N/M	610	1,017	(40.02)
Other expenses	(443)	(136)	225.74	(1,259)	(833)	51.14
Interest on borrowings	(1,866)	(732)	154.92	(3,465)	(2,990)	15.89
(Loss)/profit before exceptional items	(1,542)	224	N/M	(3,074)	(2,242)	37.11
Exceptional items	-	1	N/M	(33)	1	N/M
(Loss)/profit before share of results of associated companies	(1,542)	225	N/M	(3,107)	(2,241)	38.64
Share of results of associated companies	(13)	965	N/M	(67)	147	N/M
(Loss)/profit before taxation	(1,555)	1,190	N/M	(3,174)	(2,094)	51.58
Taxation	(668)	(328)	103.66	(1,824)	(921)	98.05
(Loss)/profit after taxation	(2,223)	862	N/M	(4,998)	(3,015)	65.77
Attributable to:						
Equity shareholders of the Company	(3,204)	652	N/M	(6,787)	(3,640)	86.46
Minority interests	981	210	367.14	1,789	625	186.24
	(2,223)	862	N/M	(4,998)	(3,015)	65.77

* - please refer to para 5a for the note on prior period adjustments and the effects on the Group and Company's financial statements

N/M – not meaningful

	Q3 ended 31.12.2005 S$'000	Q3 ended 31.12.2004 S$'000	Q3 YTD 2005 S$'000	Q3 YTD 2004 S$'000
Dividend income included in other income	-	-	493	2,224
Interest income included in other income (Note A)	2,600	2,337	7,698	6,496
Proceeds from disposal of obsolete inventory included in other income	1,700	-	1,700	-
Depreciation and amortisation	(1,900)	(1,858)	(5,774)	(6,214)
(Provision)/write-back of allowance for bad debts and bad debts written off (net)	(806)	(828)	(1,228)	(868)
(Provision)/write-back of allowance for stock obsolescence and stock written off (net)	(535)	921	(796)	1,625
(Loss)/gain on disposal/write-off of fixed assets (net)	(49)	(31)	(150)	244
Over/(under) provision for tax liabilities in respect of prior years	167	(130)	66	(217)
Discount on acquisition of a subsidiary	-	-	171	-

Note A - The higher interest income is mainly related to the balances receivable for the divestment of 21% equity interest in Gerard Corporation Pty Ltd since May 2005.

Exceptional Items

	Q3 ended 31.12.2005 S$'000	Q3 ended 31.12.2004 S$'000	Q3 YTD 2005 S$'000	Q3 YTD 2004 S$'000
Net loss on restructuring of operations	-	-	(33)	-
Cost of restructuring of operations pursuant to the transactions with Schneider Electric SA ("Schneider") to form Clipsal Asia Holdings Limited ("CAHL"), a 50:50 joint venture to develop, manufacture and distribute electrical wiring devices and installation systems ("EWDIS") in Asia	-	(6,161)	-	(6,161)
Net gain on the disposal of the Clipsal businesses and operations in Indonesia and Thailand as part of the transactions with Schneider	-	6,162	-	6,162
Total	-	1	(33)	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.

	Note	Group		Company	
		31.12.2005 S$'000	31.3.2005 S$'000	31.12.2005 S$'000	31.3.2005 S$'000
Fixed assets	1	36,802	32,627	481	599
Interest in subsidiaries		-	-	175,289	196,071
Interest in associated companies	3	333	9,726	-	-
Interest in joint venture		-	-	101,946	101,946
Interest in unlisted equity shares	2	55,870	58,080	-	-
Other investments	3	13,038	2,403	194	194
Non-current receivables	4	134,920	140,274	8,161	6,665
Deferred tax assets		560	844	-	-
Intangible assets		11,524	10,626	-	-
		253,047	254,580	286,071	305,475
Current assets		253,538	264,182	52,219	33,861
Current liabilities		(137,160)	(148,930)	(34,342)	(44,419)
Net current assets/(liabilities)		116,378	115,252	17,877	(10,558)
Non-current liabilities	5	(18,784)	(3,540)	(16,503)	(1,500)
		350,641	366,292	287,445	293,417
Represented by:					
Share capital		38,777	38,280	38,777	38,280
Reserves		305,338	322,517	248,668	255,137
		344,115	360,797	287,445	293,417
Minority interests		6,526	5,495	-	-
		350,641	366,292	287,445	293,417

Note

1. The increase in fixed assets is mainly related to the expansion of manufacturing facilities held by the joint-venture with Schneider Electric SA in Huizhou, China.

2. The decrease in interest in unlisted equity shares is due to the weakening of the Australian dollar against the Singapore dollar on conversion of our investment denominated in the Australian dollar.

3. During the previous quarter, the Group's effective interest in an associated company was diluted pursuant to the restructuring of that company which was then reclassified to "Other investments".

4. The decrease in non-current receivables is mainly due to part of the balances being transferred to current receivables during the quarter and the decrease in the Singapore dollar equivalent of receivables denominated in Australian dollar which has weakened against the Singapore dollar.

5. The increase in non-current liabilities is mainly due to the draw-down of the Company's Transferable Loan Facility to finance the Group's investments and working capital.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31.12.2005		As at 31.3.2005	
Secured	Unsecured	Secured	Unsecured
227,000	47,412,000	259,000	64,284,000

Amount repayable after one year

As at 31.12.2005		As at 31.3.2005	
Secured	Unsecured	Secured	Unsecured
226,000	16,015,000	372,000	823,000

Details of any collateral

The total net book value of the Group's fixed assets held under finance leases and hire purchase contracts amounted to S$155,000 (as at 31.3.2005: S$233,000).

The total net book value of the Group's leasehold land and buildings pledged to banks as securities for mortgage loan facilities granted by the banks to the Group amounted to S$2,261,000 (as at 31.3.2005: S$2,264,000).

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

	Q3 ended 31.12.2005 S$'000	*Restated** Q3 ended 31.12.2004 S$'000
Cash flows from operating activities:		
(Loss)/profit before share of results of associated companies (after EI)	(1,542)	225
Adjustments not involving cash flows:		
Amortisation of deferred expenditure and other intangible assets	693	383
Impairment loss in goodwill	407	-
Amortisation of goodwill	-	31
Depreciation of fixed assets	1,207	1,444
Fixed assets written off	154	35
Fair value gain on derivative financial instruments	(3,847)	-
Interest expense	1,866	732
Interest income	(2,600)	(2,337)
Net exceptional gain on transactions with Schneider	-	(1)
Gain on disposal of fixed assets (net)	(105)	(4)
Operating (loss)/profit before working capital changes	(3,767)	508
Stocks and work-in-process	(150)	3,071
Debtors and prepayments	20,202	27,535
Creditors and accrued charges	(4,084)	371
Amount due to ultimate holding company	723	(149)
Cash from operations	12,924	31,336
Income tax paid	(163)	(348)
Interest paid	(1,043)	(732)
Interest received	508	2,337
Net cash from operating activities	12,226	32,593
Cash flows from investing activities:		
Investment in an associated company	(100)	-
Consideration from transactions with Schneider	-	7,964
Advances to Gerard Corporation	-	(10,979)
Payment for deferred expenditure and other intangible assets	(205)	(184)
Proceeds from disposal of fixed assets	2,063	305
Payments for purchase of fixed assets	(3,741)	(4,044)
Net cash used in investing activities	(1,983)	(6,938)
Cash flows from financing activities:		
Net repayment of short-term bank borrowings	(12,978)	(17,390)
Proceeds from long-term bank borrowings	5,293	909
Repayments of long-term bank borrowings	(135)	(718)
Dividends paid to shareholders of the Company	(10,280)	-
Dividends paid to minority interests	-	(52)
Issue of shares, net of expenses	3,600	-
Obligations under finance leases and hire purchase contracts	(13)	(18)
Net cash used in financing activities	(14,513)	(17,269)
Currency realignments	3,356	(6,417)
Net (decrease)/increase in cash held	(914)	1,969
Cash at beginning of period	59,328	86,074
Cash at end of period	58,414	88,043
Cash at end of period comprised:		
Net bank balances, deposit and cash	60,360	89,827
Bank overdrafts	(1,946)	(1,784)
Cash at end of period	58,414	88,043

* - please refer to para 5a for the note on prior period adjustments and the effects on the Group's financial statements.

Note: Certain comparative figures have also been adjusted to conform with the current period's presentation.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	------------------------------- Attributable to shareholders of the Company ------------------------------										
	Share Capital S$'000	Share Premium S$'000	Revaluation Reserve S$'000	(Goodwill)/ Capital Reserve S$'000	Translation Reserve S$'000	Retained Profits S$'000	Dividend Reserve S$'000	Fair Value Reserve S$'000	Sub-Total S$'000	Minority Interests S$'000	Total S$'000
Group											
Balance at 1.10.2004 (as previously reported)	38,272	159,257	17	(15,531)	4,355	176,306	-	-	362,676	4,283	366,959
Change in accounting policies (para 5a)	-	-	-	-	(2,457)	2,457	-	-	-	-	-
Balance at 1.10.2004 (as restated)	38,272	159,257	17	(15,531)	1,898	178,763	-	-	362,676	4,283	366,959
Reversal on disposal of interest in associated company	-	-	13	-	-	-	-	-	13	-	13
Dividends paid to minority interest	-	-	-	-	-	-	-	-	-	(52)	(52)
Translation loss (restated)	-	-	-	-	(4,234)	-	-	-	(4,234)	(373)	(4,607)
Profit for the period (restated)	-	-	-	-	-	652	-	-	652	210	862
Balance at 31.12.2004	38,272	159,257	30	(15,531)	(2,336)	179,415	-	-	359,107	4,068	363,175
Balance at 1.10.2005	38,331	159,623	171	(7,030)	1,796	158,921	10,280	(1,813)	360,279	5,648	365,927
Issue of 1,487,709 ordinary shares upon distribution of scrip dividend at S$2.42 per share	446	3,154	-	-	-	-	-	-	3,600	-	3,600
Fair value gain – available-for-sale financial assets	-	-	-	-	-	-	-	265	265	-	265
Translation loss for the period	-	-	-	-	(6,545)	-	-	-	(6,545)	(103)	(6,648)
(Loss)/profit for the period	-	-	-	-	-	(3,204)	-	-	(3,204)	981	(2,223)
Dividends paid	-	-	-	-	-	-	(10,280)	-	(10,280)	-	(10,280)
Balance at 31.12.2005	38,777	162,777	171	(7,030)	(4,749)	155,717	-	(1,548)	344,115	6,526	350,641

		-------------------------------- Reserves --------------------------------					
	Share Capital S$'000	Share Premium S$'000	Translation Reserve S$'000	Retained Profits S$'000	Dividend Reserve S$'000	Sub-Total S$'000	Total S$'000
Company							
Balance at 1.10.2004 (as previously reported)	38,272	159,257	2,653	81,548	-	243,458	281,730
Change in accounting policies (para 5a)	-	-	(2,653)	2,653	-	-	-
Balance at 1.10.2004 (as restated)	38,272	159,257	-	84,201	-	243,458	281,730
Profit for the period (restated)	-	-	-	12,780	-	12,780	12,780
Balance at 31.12.2004	38,272	159,257	-	96,981	-	256,238	294,510
Balance at 1.10.2005	38,331	159,623	-	86,968	10,280	256,871	295,202
Issue of 1,487,709 ordinary shares upon distribution of scrip dividend at S$2.42 per share	446	3,154	-	-	-	3,154	3,600
Loss for the period	-	-	-	(1,077)	-	(1,077)	(1,077)
Dividends paid	-	-	-	-	(10,280)	(10,280)	(10,280)
Balance at 31.12.2005	38,777	162,777	-	85,891	-	248,668	287,445

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.

Since 30.9.2005, the issued share capital has increased as follows:

	No of shares	S$'000
As at 30.9.2005	127,768,618	38,331
- Issue of new ordinary shares of S$0.30 each at S$2.42 per share upon election of scrip dividend by shareholders pursuant to the CIH Limited Scrip Dividend Scheme	1,487,709	446
As at 31.12.2005	129,256,327	38,777

Status of outstanding Share Options

	31.12.2005	31.12.2004
CIHL Share Option Scheme 1999	504,000	750,000

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

The figures have not been audited or reviewed.

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.

Other than the adoption of certain revisions to various existing Financial Reporting Standards ("FRS") and the new FRSs that are mandatory on the Group commencing from the current financial year, the Group has adopted the same accounting policies and methods of computation for the financial period reported on as those adopted for the audited financial statements for the 15 months ended 31 March 2005. The effects of adoption of these revised or new FRSs are disclosed in paragraph 5 below.

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 effects of the adoption of the various revised and new FRSs are summarised as follows:

(a) FRS 21 – The Effects of Changes in Foreign Exchange Rates

Exchange differences arising from monetary items that form part of the Group's net investment in a foreign operation are charged to the profit and loss account in the individual entity's financial statements. Such exchange differences are reclassified to reserves in the consolidated financial statements of the Group, except for exchange differences arising from monetary items which are denominated in currencies other than the functional currencies of the investor and investee entities.

The impact of adoption of FRS 21 on the translation reserve and on the opening retained earnings of the Group and the Company for the quarter reported on is reflected in note 1d(i).

The effects of prior period adjustments on the Group and Company's financial statements from the adoption of FRS 21 are as follows:

	Group			Company		
	Previously reported S$'000	Prior period adjustments S$'000	As restated S$'000	Previously reported S$'000	Prior period adjustments S$'000	As restated S$'000
Quarter ended 31.12.2004						
Balance Sheet Items						
Translation reserve						
At 1.10.2004	4,355	(2,457)	1,898	2,653	(2,653)	-
Currency translation differences	(4,707)	473	(4,234)	(925)	925	-
At 31.12.2004	(352)	(1,984)	(2,336)	1,728	(1,728)	-
Retained profits						
At 1.10.2004	176,306	2,457	178,763	81,548	2,653	84,201
Gain/(loss) for the period	1,125	(473)	652	13,705	(925)	12,780
At 31.12.2004	177,431	1,984	179,415	95,253	1,728	96,981
Profit and Loss Items						
Exchange gain/(loss)	4,895	(473)	4,422	4,845	(925)	3,920

(b) FRS 39 – Financial Instruments: Recognition and Measurement

The Group has re-designated its "marketable securities" and "investments in listed and unlisted securities" as available-for-sale financial assets effective 1 April 2005. Accordingly effective 1 April 2005:

(i) For securities listed in an active market, published price quotations are used for measurement;

(ii) The carrying value of the Group's available-for-sale financial assets as at 1 April 2005 will be subject to a fair value assessment;

(iii) Changes in fair value of the available-for-sale financial assets commencing 1 April 2005 will be dealt with in the reserves until disposal, at which time they will be included in the profit and loss account.

FRS 39 also requires that changes in the fair value of any derivative financial instruments that do not qualify for hedge accounting to be recognised in the profit and loss account.

For the quarter reported on, upon fair value assessments, the adoption of FRS 39 resulted in a credit of S$265,000 to fair value reserve in respect of available-for-sale financial assets and a gain of S$3,847,000 in the profit and loss account in respect of derivative financial instruments.

(c) FRS 103 – Business Combinations

Under FRS 103, goodwill previously recognised would cease to be amortised and accumulated amortisation would be eliminated by offsetting against the cost of goodwill with effect from 1 April 2005. From the current financial year onwards, goodwill will be tested annually for impairment before the end of each financial year, as well as when there are indications of impairment.

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.

	Group			
	Q3 ended 31.12.2005	***Restated*** **Q3 ended 31.12.2004**	**Q3 YTD 2005**	***Restated*** **Q3 YTD 2004**
Earnings per ordinary share of S$0.30 each for the period:				
(a) Based on weighted average number of ordinary shares in issue	(2.48) cts	0.51 cts	(5.30) cts	(2.91) cts
(b) On a fully diluted basis	(2.48) cts	0.51 cts	(5.29) cts	(2.90) cts
Weighted average number of ordinary shares	128,949,083	127,574,618	128,142,846	125,226,040

For earnings per ordinary share calculation, the weighted average number of ordinary shares for the period of 128,949,083 (2004: 127,574,618) represents the number of ordinary shares in issue during the period. For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue had been adjusted to reflect the effect of all potentially dilutive ordinary shares from the exercise of all outstanding options.

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	
	As at 31.12.2005 S$	**As at 31.3.2005 S$**	**As at 31.12.2005 S$**	**As at 31.3.2005 S$**
Net asset value per ordinary share based on issued share capital at the end of the period	2.66	2.83	2.22	2.30

The decrease in net asset value per ordinary share was due to the distribution of final dividend of S$0.04 per ordinary share for the financial period ended 31 March 2005 and interim dividend of S$0.04 per ordinary share for the current financial year during the quarter, and losses incurred by the joint venture for the 9-month period ended 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.

During the quarter ended 31 December 2005, the Group registered a turnover of S$38.1 million, an increase of approximately 21.5 % over the same period last year. The improved sales performance was mainly achieved by the 50:50 joint venture with Schneider Electric SA, Clipsal Asia Holdings Limited ("CAHL").

The Group recorded an operating loss of S$1.5 million before exceptional items and share of results of associated companies compared to S$0.2 million profit in the corresponding quarter, despite an improvement of the gross profit margin from 24.4% to 32.4%. This was mainly due to the increase in administrative expenses at CAHL Group, higher interest expense and the net unrealised exchange loss incurred by the Company.

In China, CAHL continued to face keen competition. With the restructuring of the sales and manufacturing operations since the last quarter to better match the volume of its business, sales for the quarter grew satisfactorily. In Hong Kong, there was a continuing demand for electrical accessories products mainly from the retrofit market despite concerns over the increase in the prime lending rate for housing loans.

In Singapore, despite an improvement in the residential property market, competition remained stiff. The Malaysian market remained weak from fewer governmental infrastructure and commercial development expenditure. Demand mainly came from the residential sector.

The Middle East market continued to perform well with impressive sales growth. The Indonesian and Thailand markets also recorded satisfactory sales growth.

The sales turnover of light fittings in China was still fluctuating. The opening of our Shanghai manufacturing plant has enhanced our capability and competitiveness in the bidding of lighting projects, which requires a shorter lead time. We continued to develop and introduce new T5 and T8 ranges of energy saving fittings.

During the quarter, the Group recorded an interest income of S$1.2 million on balances receivable from the divestment of a 21% equity interest in Gerard Corporation Pty Ltd. As this interest income was subjected to a higher corporate tax rate of 30% in Australia, the taxation charge and effective tax rate for the quarter reported on were relatively higher.

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

Not applicable.

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.

On 12 January 2006, the Company announced the exercise of the put option in relation to the disposal of its entire 50% interest in CAHL to its joint venture partner, Schneider Electric SA. Completion is expected to be in March 2006 and the net proceeds after withholding US$2.95 million retention is approximately US$56 million. Upon completion, the Company will no longer be accounting for the results of CAHL with effect from the date of acceptance of the put option in January 2006.

On 3 February 2006, the Company jointly with GP Industries Limited ("GPIL"), its immediate holding company, announced a proposal to privatise the Company by way of a scheme of arrangement (the "Scheme"). Completion of the Scheme is subject to the approval of the relevant regulatory authorities and shareholders.

Under the Scheme, shareholders will have an opportunity to realise part of their investment in the Company for cash, through the special dividend, and thereafter would be able to either participate in the GPIL Group's larger core business as GPIL shareholders, or benefit from the increased liquidity of a stock with research coverage.

Meanwhile, the Group will continue to expand on its energy saving light fitting products and invest in promotional activities to strengthen the GP brand image. Further cost reduction measures are being implemented to improve operating results.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(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

Not applicable.

(d) Books closure date

Not applicable.

(e) Scrip Dividend Scheme

Not applicable.

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

Not applicable.

BY ORDER OF THE BOARD

Victor Lo Chung Wing
Chairman
8 February 2006

Member
Gold Peak Group