

SGXNET Announcement
Dated: 14 February 2006

EI-NETS LTD
(Reg. No.199905255E)

Unaudited Half Year Financial Statement And Dividend Announcement For The Period Ending 31/12/2005

**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

	01/07/05 To 31/12/05 S\$'000	01/07/04 To 31/12/04 S\$'000	Change + / (-) %
Revenue	993	337	194.7%
Cost of sales	(527)	(249)	111.6%
Gross profit	466	88	429.5%
Other operating income	14	14	-
Distribution costs	(68)	(70)	-2.9%
Administrative expenses	(815)	(1,267)	-35.7%
Other operating expenses	(4)	(7)	-42.9%
Loss from operations	(407)	(1,242)	-67.2%
Exceptional items	-	-	-
Finance costs	(8)	(6)	33.3%
Loss before income tax	(415)	(1,248)	-66.7%
Income tax	-	-	
Net loss for the year	(415)	(1,248)	-66.7%

Additional information for Income Statement above		
Loss before income tax is arrived after crediting/(charging) the following: -	01/07/05 to	01/07/04 to
	31/12/05	31/12/04
	S\$'000	S\$'000
Interest income	2	1
Interest on borrowings	(5)	(4)
Foreign exchange loss	(4)	(1)
Depreciation	(4)	(52)

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

	Group As at 31/12/05 \$'000	Group As at 30/06/05 \$'000	Company As at 31/12/05 \$'000	Company As at 30/06/05 \$'000
<u>ASSETS</u>				
Current assets:				
Cash	209	213	-	4
Trade receivables	23	43	6	-
Other receivables, deposits and prepayments	60	97	1,249	1,164
Inventories	12	-	-	-
Total current assets	304	353	1,255	1,168
Non-current assets:				
Plant and equipment	4	7	-	-
Investments in subsidiaries	-	-	28	28
Other receivables	-	-	-	-
Total non-current assets	4	7	28	28
Total assets	308	360	1,283	1,196
<u>LIABILITIES AND EQUITY</u>				
Current liabilities:				
Bank overdraft	63	205	-	-
Trade payables	490	720	284	416
Other payables	1,799	1,461	1,392	1,041
Advance from shareholders	179	179	179	179
Advance from potential investors	450	700	450	700
Total current liabilities	2,981	3,265	2,305	2,336
Capital and reserves:				
Issued capital	8,000	7,420	8,000	7,420

Share premium	1,069	997	1,069	997
Accumulated losses	(11,719)	(11,304)	(10,091)	(9,557)
Currency translation deficit	(23)	(18)	-	-
(Capital deficiency) Total equity	(2,673)	(2,905)	(1,022)	(1,140)
Total liabilities and equity	308	360	1,283	1,196

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

Amount repayable in one year or less, or on demand

As at 31/12/05	As at 30/06/05
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Secured	Unsecured	Secured	Unsecured
\$63,000	-	\$ 205,000	-

Amount repayable after one year

As at 31/12/05	As at 30/06/05
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Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

Secured loan comprise of the bank overdraft of a subsidiary and is secured by a fixed deposit of another subsidiary.

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

	Half Year Ended	
	31/12/05 \$'000	31/12/04 \$'000
Cash flows from operating activities:		
Loss before income tax	(415)	(1,248)
Adjustment for:		
Loss/(Gain) on disposal of plant and equipment	-	31
Depreciation expense	3	52
Interest expense	6	4
Interest income	(2)	(1)
Operating loss before working capital changes	(408)	(1,162)
Changes in working capital	(97)	1,052
Cash used in operations	(505)	(110)

Interest paid	(6)	(4)
Interest received	2	1
Net cash used in operating activities	(509)	(113)
Cash flows from investing activities:		
Purchase of plant and equipment	-	-
Proceeds on disposal of plant and equipment	-	-
Cash used in investing activities	-	-
Cash flows from financing activities:		
Proceeds from issuing shares	652	-
Net cash from financing activities	652	-
Net effect of exchange rate changes in consolidating subsidiary	(5)	8
Net increase (decrease) in cash	138	(105)
Cash at beginning of year	8	128
Cash at end of year	146	23

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

	Issued	Share	Accumulated	Currency	Total
	Capital	Premium	Losses	Translation	
	\$'000	\$'000	\$'000	\$'000	\$'000
Group					
Balance at 1 July 2005	7,420	997	(11,304)	(18)	(2,905)
Issue of shares	580	133			713
Share issue expenses		(61)			(61)
Currency translation differences				(5)	(5)
Net loss for the year			(415)		(415)
					-
Balance at 31 December 2005	8,000	1,069	(11,719)	(23)	(2,673)
Balance at 1 July 2004	7,420	29,950	(37,903)	(11)	(544)
Capital Reduction Restructure		(28,953)	28,953		-
Currency translation differences				8	8
Net loss for the year			(1,248)		(1,248)
					-
Balance at 31 December 2004	7,420	997	(10,198)	(3)	(1,784)

Company	Issued	Share	Accumulated	Currency	
	Capital	Premium	Losses	Translation	Total
	\$'000	\$'000	\$'000	Deficit	\$'000
Balance at 1 July 2005	7,420	997	(9,557)		(1,140)
Issue of shares	580	133			713
Share issue expenses		(61)			(61)
Currency translation differences	-				-
Net loss for the year			(534)		(534)
Balance at 31 December 2005	8,000	1,069	(10,091)	-	(1,022)
Balance at 1 July 2004	7,420	29,950	(36,204)		1,166
Capital Reduction Restructure		(28,953)	28,953		-
Currency translation differences					-
Net loss for the year			(690)		(690)
Balance at 31 December 2004	7,420	997	(7,941)	-	476

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 or 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

The following new shares were issued during the six months financial period ended 31 December 2005:
 In October 2005, the Company issued 38,000,000 shares of S\$0.01 each at S\$0.0135 per share for working capital.
 In November 2005, the Company issued 20,000,000 shares at S\$0.01 per share for the capitalization of the sum of S\$200,000 advanced by Ngo Gim Kang, the Executive Chairman, to the Company

There were no share options exercised during the financial period. As at 31 December 2005, there were 30,395,000 (31 December 2004: 28,585,000) unissued shares in respect of share options granted.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

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 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 adopted the same accounting policies and methods of computation as those in the recent audited financial statements for the financial year ended 30 June 2005.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable

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 dividends

	2005	2004
	Cents	Cents
Basic Earnings/(Loss) Per Share (EPS)	(0.06)	(0.17)
Diluted Earnings/(Loss) Per Share (EPS)	(0.06)	(0.17)

Basic and diluted loss per share is calculated based on the weighted average number of ordinary shares in issue of 751,006,666 (2004:742,000,000) during the period.

There is no dilution in respect of the outstanding share 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 period reported on and (b) immediately preceding financial year

Amount in cents	Group	Company
As at 31 December 2005	(0.33)	(0.13)
As at 30 June 2005	(0.39)	(0.15)

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Our Group's revenue for the 6 month period increased by 194.7% from S\$337,000 in the previous corresponding period to S\$993,000 in the current period. The increase in revenue was mainly due to the successful marketing and distribution of the wireless and wireline communications products and solutions by our subsidiary, Ei-Infocomm Pte Ltd.

The Group's net loss declined to S\$415,000, a decrease of 66.7% as compared to S\$1,248,000 for the previous corresponding period. This improvement was due to the higher revenue derived, as described above, and a significant decrease in administrative expenses.

Administrative expenses declined to S\$815,000, a 35.7% decrease from \$1,267,000 in the previous corresponding period. The main decrease were the staff cost, which decreased by \$159,000 or 19.9% to S\$641,000 as compared to the previous corresponding period of S\$800,000.

Increase in Share Capital by S\$580,000 is due to the Company issuing 58,000,000 new shares of S\$0.01 each during the current period. (Please refer to 1(d)(ii) for details of changes in Share Capital)

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 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

Our subsidiary, Ei-Infocomm Pte Ltd, is making good progress in the marketing and distribution of the wireless and wireline communications products and solutions, and the sale of these products will continue to contribute to the Group's revenue for the next 12 months.

On 14 September 2005, the Company entered into a non-binding preliminary agreement with China Changchun Economic Corporation Co. Ltd ("CCEC") and Shanghai Pacific Dominion Technology Co. Ltd which recorded the willingness of the parties thereto to cooperate on a project in Changchun, Jilin Province, for a proposed condominium development and an integrated industrial park development.

On 22 October 2005, the Company and CCEC entered into a joint venture agreement and a joint venture company, Changchun Global Real Estate & Development Co Ltd, was formed on 22 November 2005.

The Company is actively involved in these projects and is currently finalising agreement with strategic partners and financing avenues to jointly develop these projects which would result in significant material earnings for the Group.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared or recommended.

**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

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

15. A breakdown of sales

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

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year	Previous Full Year
Ordinary		
Preference		
Total:		

BY ORDER OF THE BOARD

Liau Beng Chye

Executive Deputy Chairman

Date: 14 February 2006