

Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the group".

GREATRONIC LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 197500621N)

Half-Year Financial Statements And Dividend Announcement for the Period Ended 30 June 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**

	Group		
	1.1.2005 to	1.1.2004 to	Increase /
	30.6.2005	30.6.2004	(decrease)
	S\$'000	S\$'000	%
	(Refer note 1)		
Revenue	90	5,888	(98.5)
Cost of sales	(96)	(4,766)	(98.0)
Gross profit	(6)	1,122	n.m.
Other income	364	368	(1.1)
Distribution costs	(1)	(215)	n.m.
Administrative expenses	(1,713)	(1,333)	28.5
Other operating expenses	405	(323)	n.m.
(Loss) from operating activities	(951)	(381)	149.6
Finance income	1	12	n.m.
Finance costs	(12)	(2)	n.m.
(Loss) from ordinary activities before taxation	(962)	(371)	159.3
Taxation	-	(11)	n.m.
(Loss) from ordinary activities after taxation	(962)	(382)	151.8
Minority interests	2	(123)	n.m.
Net (loss) for the period	(960)	(505)	90.1

n.m. – not meaningful

Notes to the income statement

- (1) Group income statement for the current period excludes results of Greatronic Technology (M) Sdn Bhd. Please refer to paragraph 4.

(2) Additional information

	Group		
	1.1.2005 to	1.1.2004 to	Increase /
	30.6.2005	30.6.2004	(decrease)
	S\$'000	S\$'000	%
Depreciation and impairment	(752)	(187)	302.1
Directors fees not approved	151	-	n.m
Professional fees paid to auditors and consultants for investigation	(800)	-	n.m
Provision in dim in value of marketable securities	-	(60)	(100.0)
Re-assignment of profit from a shareholder of a subsidiary company	-	202	(100.0)
Loss on disposal of a subsidiary company	-	(21)	(100.0)
Provision for impairment loss on property, plant and equipment	565	-	n.m.

1(b2)(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		Company	
	30.6.2005	31.12.2004	30.6.2005	31.12.2004
	S\$'000	S\$'000	S\$'000	S\$'000
	Refer note below			
ASSETS LESS LIABILITIES				
Non-Current Assets				
Property, plant and equipment	8,921	9,104	83	93
Associates companies	-	-	5,455	5,455
	8,921	9,104	5,538	5,548
Current Assets				
Cash and bank balances	303	333	1	-
Fixed deposits	315	410	6	100
Trade and other receivables	3,320	2,657	300	259
Marketable securities	-	5	-	5
Inventories	1,784	2,257	-	-
	5,722	5,662	307	364
Current Liabilities				
Trade and other payables	4,957	3,208	2,710	1,266
Interest bearing loans and borrowings	274	383		101
Provision for taxation	120	141	2	18
	5,351	3,732	2,712	1,385

Net Current Assets	371	1,930	(2,405)	(1,021)
Non-Current Liabilities				
Interest bearing loans and borrowings	548	548	-	-
Deferred tax liabilities	9	7	-	-
	557	555	-	-
Net Assets	8,735	10,479	3,133	4,527
EQUITY				
Share capital	6,872	6,872	6,872	6,872
Reserves	(3,747)	(2,787)	(3,739)	(2,345)
	3,125	4,085	3,133	4,527
Minority interests	5,610	6,394	-	-
	8,735	10,479	3,133	4,527

Note - the subsidiary, Greatronic Technology (M) Sdn Bhd, is consolidated based on its audited balance sheet at 31.12.2004. Please refer to paragraph 4.

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

Amount repayable in one year or less, or on demand

As at 30.6.2005		As at 31.12.2004	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
274*	nil	383	nil

Amount repayable after one year

As at 30.6.2005		As at 31.12.2004	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
548*	nil	548*	nil

* Term loan relates to Greatronic Technology (M) Sdn Bhd and is secured on the factory cum office building in Malaysia.

Details of any collateral

Term loan facilities of a subsidiary are secured by the subsidiary's factory cum office building in Malaysia.

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	
	1.1.2005 to 30.6.2005	1.1.2004 to 30.6.2004
	S\$'000	S\$'000
Cash flow from operating activities:		
(Loss)/Profit from ordinary activities before taxation	(960)	(371)
Adjustments for:		
Depreciation and impairment	752	187
Gain/(Loss) on disposal of property, plant and equipment	(5)	1
Provision for impairment loss written back	(565)	-
Reassignment of profit from a shareholder of a subsidiary company	-	(202)
Exchange differences arising on consolidation	-	115
Interest expense	12	2
Interest income	(1)	(12)
Discontinued - China operations	(782)	-
Bad debts written off	-	3
Loss from distribution on marketable securities	-	25
Provision in dim in value of marketable securities	-	60
Loss on disposal of a subsidiary company	-	21
Operating loss before reinvestment in working capital	(1,549)	(171)
Increase in receivables	(663)	(522)
Increase in inventories	473	(418)
Increase in payables	1,750	207
Cash used in operations	11	(904)
Income tax paid	(21)	(272)
Net cash used in operating activities	(10)	(1,176)
Cash flow from investing activities:		
Net cash inflow on acquisition of subsidiary companies	-	-
Proceeds from sales of marketable securities	-	207
Purchase of property, plant and equipment	-	(113)
Proceeds from disposal of property, plant and equipment	-	1
Interest income received	1	12
Net cash inflow from disposal of a subsidiary company	-	143
Net cash generated from investing activities	1	250
Cash flow from financing activities:		
Payments to finance lease creditors	-	(5)
Repayments of secured loans	-	83
Interest expense paid	(12)	(2)
Dividend paid	-	(275)
Net cash used in financing activities	(12)	(199)

Net (decrease)/increase in cash and cash equivalents	(21)	(1,125)
Cash and cash equivalents at the beginning of the period	495	2,034
Cash and cash equivalents at the end of the period	474	909

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 distribution to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share capital	Share premium	Capital reserves	Currency translation reserves	Accumulated (losses)/ profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group						
At 1 January 2004	6,872	4,029	(4,726)	(107)	1,686	7,754
Arising from reserve acquisition						
Exchange difference arising from:						
Translation of financial statements of overseas subsidiary companies	-	-	-	91		91
Translation of loans to subsidiary companies	-	-	-	(40)	-	(40)
Loss for the period	-	-	-	-	(780)	(780)
At 30 June 2004	6,872	4,029	(4,726)	(56)	906	7,025
At 1 January 2005	6,872	4,029	(4,726)	(506)	(1,584)	4,085
Exchange difference arising from:						
Translation of financial statements of overseas subsidiary companies						
Translation of loans to subsidiary companies						
Dividend paid						
Loss for the period					(960)	(960)
At 30 June 2005	6,872	4,029	(4,726)	(506)	(2,544)	3,125

	Share capital	Share premium	Capital reserves	Currency translation reserves	Accumulated (losses)/ profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company						
At 1 January 2004	6,872	7,557	-	-	(1,414)	13,015
Issued of share capital	-	-	-	-	(275)	(275)
Loss for the period	-	-	-	-	(281)	(281)
At 30 June 2004	6,872	7,557			(1,970)	12,459
At 1 January 2005	6,872	7,557	-	-	(9,902)	4,527
Issued of share capital						
Dividend paid						
Loss for the period					(1,394)	(1,394)
At 30 June 2005	6,872	7,557	-	-	(11,296)	3,133

- 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 the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There were no changes in the company's share capital since 31 December 2004.

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

Financial results for half years ended 30 June 2004 and 2005 are not audited or reviewed. However, it should be noted that Messrs Ernst & Young in the Auditors Report to the Members of Greatronic Limited dated 7 April 2005 had qualifications that may have bearing in the half yearly reports referred above. Shareholders are advised to read the entire text of the Auditors' Report as set out in the Company's Annual Report 2004, available in the SGX Website or from the Company's Share Registrars. In summary the Audit Report mentioned that, due to certain matters, the Auditors were not in a position to, and did not express an opinion on the Company's Consolidated financial statements for financial year 2004. These matters relate to:-

- a) the investigation of certain receivables amounting to \$1.3 million outstanding since FY 2002 and FY 2003 arising from transactions entered into by a subsidiary of the Company with companies which were related to the former Chairmen of the Company. Further investigation might uncover other information, which might require adjustments to be made to the financial statements.

- b) the enforceability of the right of set-off in relation to the \$1.38 million payable to a supplier that was set off in arriving at the trade receivables of \$0.94 million which was due from one of the companies that was a party to the abovementioned transactions.
- c) the uncertainty regarding the carrying amount of Greatronic's property, plant and equipment of S\$5.9 million which might lead to a recognition of an impairment loss.
- d) doubt about the ability of the Group to continue in operational existence for the foreseeable future.

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 Company and the Group used the same accounting policies and methods of computation as compared with the audited financial statements for the year ended 31 December 2004 except that Greatronic Technology Malaysia Sdn Bhd (GTM Malaysia) is consolidated based on the audited balance sheet as at 31 December 2004 for reasons stated under paragraph 5 below. Latest available unaudited income statement of GTM Malaysia is for the period of two months ended 28 February 2005, which showed a net loss of S\$58K. This has not been taken into the consolidated income of the Group for the 6 months ended 30 June 2005. The Company was not able to obtain GTM Malaysia's latest financial statements for consolidation purposes.

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 changes.

Greatronic Technology (M) Sdn Bhd (GTM Malaysia), a 30% subsidiary of Company's wholly owned subsidiary M&V Holdings (S) Pte. Ltd), was consolidated in half year ended 30 June 2004 and financial year ended 31 December 2004 on the basis that the Company is able to control 100% voting rights in GTM. This was pursuant to a '**Voting Agreement**' and Deed of Assignment of Earnings ("**Earnings Assignment**") both dated 23 April 2003, signed by the Company and Mr. Lim Kok Koon (LKK), the shareholder/ former director of the Company, being the shareholder of the other 70% shareholding in GTM.

LKK assigned in favour of the company, all his respective rights and entitlements to all income, dividends and other payments or distribution made by GTM Malaysia with effect from 25 March 2002 and for as long as LKK owns shares in GTM Malaysia pursuant to the "**Earnings Assignment**". On this basis 70% of the results of GTM Malaysia was included in the income statement in 2004 and the 70% interest in the equity of GTM Malaysia, was included in the minority interest on the consolidated balance sheet at 31 December 2004.

The Company has also previously entered into a '**Call Option agreement**' on 23 April 2003, that in March 2005, both Company and LKK mutually agreed to terminate.

LKK has claimed that by reason of the Company terminating the 'Call Option', the Company has given up its right to acquire GTM Malaysia as a wholly- owned subsidiary, and that accordingly the 'Earnings Assignment' and the 'Voting Agreement' have been discharged by reason of the company electing not to acquire the remaining 70% of GTM Malaysia from LKK.

The Company has been advised that the recent developments including the termination of the Call option do not invalidate either the 'Earnings Assignment' or the 'Voting Agreement'. The Company position is that both the 'Earnings Agreement' and 'Voting agreement' continue to be in force notwithstanding the cancellation of the 'Option Agreement'. Directors are unable to determine at this point of time the financial effects of the outcome of the dispute with the 70% shareholder of GTM Malaysia.

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	
	30.06.2005	30.06.2004
	Cents	Cents
Earning per ordinary share for the period based on :		
(i) Existing issued share capital	(0.70)	(0.37)
(ii) On a fully diluted basis	(0.70)	(0.37)

7. Net asset value (for the issuer and the group) per ordinary share based on issued share capital of the issuer at the end of the:

- (a) current period reported; and
(b) immediately preceding financial year

	Group		Company	
	30.06.2005	31.12.2004	30.06.2005	31.12.2004
	Cents	Cents	Cents	Cents
Net asset value per ordinary share	2.27	2.98	2.28	3.30

The net asset value per ordinary share for the Group and the Company is computed based on 137,443,281 shares for period/year ended 30 June 2005 and 31 December 2004.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group 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**

Group performance

For the first 6 months of 2005, the Group achieved revenue of S\$0.09 mil as compared with S\$5.89 mil for the previous corresponding period in 2004. This was mainly due to non-consolidation of income statements of Greatronic Technologies (M) Sdn Bhd for reasons stated in paragraph 5 and cessation and reduced level of operations of other subsidiaries.

For the financial period under review, the Group recorded an operating loss before interest and taxation of S\$0.96 mil. This contrasts with a loss of S\$0.38 mil for the corresponding period in the previous financial year.

Greatronic Technology (Kunshan) Co Ltd (GTK), China

The Company did not invest the outstanding balance commitment of registered capital of US \$791,000, which was to be invested by end May 2005 in GTK, a subsidiary of Greatronics Marketing (S) Pte Ltd (GMSPL), which had not been profitable since inception. Due to labour and creditors problems the Kunshan Zhou Shi Zhen government Office had closed the factory. It has since filed an application to the court to have GTK wound up. The matter is still pending. However, the Company and GMSPL had fully provided in 2004 for the investment in GTK. The Group does not expect any further significant losses from the investment that is not already provided for.

MHE Electronics (India) Pte Ltd (MEI) India

MEI ceased operations in June 2005. Some of the equipment has been transferred to the company's other subsidiary in India, MHE Technologies (Pondy) Pte Ltd (MHEP). A loan of US\$ 45,000 from GTM was extended in May 2005 for working capital purposes. The Company and Group have fully provided for expected loss from this investment.

MHE Technologies (Pondy) Pte Ltd (MHEP) India

MHEP is currently break-even in terms of profitability, compared with a small profit in 2004.

The directors intend to re-structure MHEP during the next six months

Modern Handling Equipment Sdn Bhd (MH EQUIP SB), Malaysia

The subsidiary has sold its leasehold property in Malaysia in June 2005 for a profit before legal costs of RM5,000. The subsidiary is currently dormant and the directors intend to re-structure the company.

Modern Handling Engineering (M) Sdn Bhd (MH ENG SB), Malaysia

MH ENG SB derives rental income from its property in Malaysia. The property was valued at RM 6m (S\$ 2.6m) on 18 July 2005 compared to its net book value of RM 3.6m (S\$1.5m). The revaluation surplus of RM 1.1m (S\$ 0.5m), after writing back the impairment loss of RM 1.3m (S\$0.6m) provided in 2004, has not been taken into the company's books. Company has no other operations and the directors intend to re-structure the company during the next six months.

MHE Technologies Pte Ltd (MTPL) Singapore

MTPL and its subsidiary in India MEI ceased operations during the year. Full provision has been made for the cost of Company's investments. The directors intend to re-structure MTPL and MEI.

SMT Global Pte Ltd (SMT) Singapore

The subsidiary SMT is the holding company of MHEP India. The company is dormant except for its investment in MHEP India. Full provision has been made for the Company's investment in SMT.

M&V Holding (S) Pte Ltd (MV) Singapore

The subsidiary MV holds directly 30 % equity interest in Greatronics Technology (M) Sdn Bhd. (GTM Malaysia).

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

Nil.

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

Further to comments made in paragraphs 5 and 8 above, the Company has appointed James Hong Gee Ho as Chairman and Executive Director of the Company on 29 July 2005. As disclosed in the Circular to shareholders in relation to the Mandatory Conditional Cash Offer Statement by James Hong Gee Ho dated 25 July 2005, the Company intends to enter into negotiations on schemes of arrangements with the creditors.

The Company also intends to undertake a detail review of its current businesses and operations and explore new businesses or investment opportunities. In addition, the Company will seek to resolve the dispute with LKK in respect of GTM, Malaysia.

The Company does not intend to request for the suspension of the trading of the shares on the SGX-ST to be lifted until:-

- (a) all negotiations in relation to the schemes of arrangements with the creditors are concluded; and
- (b) the existing businesses of the Group are returned to profitability and / or upon the injection of new assets in the Company and / or 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 the 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

Not applicable.

14. In the review of the 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

Not applicable.

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

Not applicable.

BY ORDER OF THE BOARD

James Hong Gee Ho
Chairman

13/09/2005