

LINDETEVES-JACOBURG LIMITED
Unaudited Full Year Financial Statement Announcement
PART 1 – 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

Income statements for the three months and full year ended 31 December 2005:

These figures have not been audited

| | Group | | | | | |
|--|----------|----------|-------------------------|-------------|-------------|-------------------------|
| | S\$'000 | | % | S\$'000 | | % |
| | 4Q 2005 | 4Q 2004 | Increase/ (Decrease) | YTD 2005 | YTD 2004 | Increase/ (Decrease) |
| Sales | 59,137 | 78,160 | (24.3) | 254,192 | 368,352 | (31.0) |
| Cost of sales | (65,424) | (75,870) | (13.8) | (244,497) | (296,982) | (17.7) |
| Gross (loss) / profit | (6,287) | 2,290 | N/M | 9,695 | 71,370 | (86.4) |
| Other operating income | 405 | 2,737 | (85.2) | 3,127 | 4,987 | (37.3) |
| Selling and distribution expenses | (8,528) | (11,033) | (22.7) | (39,354) | (50,211) | (21.6) |
| Administrative expenses | (5,419) | (13,771) | (60.6) | (34,434) | (43,262) | (20.4) |
| Other operating expenses | (27,527) | (5,760) | 377.9 | (49,117) | (21,855) | 124.7 |
| Finance income | 36 | 11 | 227.3 | 44 | 50 | (12.0) |
| Finance costs | (7,671) | (4,269) | 79.7 | (17,900) | (14,911) | 20.0 |
| Exceptional loss (Note 1) | (20,535) | (31,256) | (34.3) | (24,500) | (36,088) | (32.1) |
| Loss before tax & amortisation of negative goodwill | (75,526) | (61,051) | 23.7 | (152,439) | (89,920) | 69.5 |
| Amortisation of negative goodwill | - | 463 | N/M | - | 2,268 | N/M |
| Loss before tax | (75,526) | (60,588) | 24.7 | (152,439) | (87,652) | 73.9 |
| Income tax | (4,289) | (3,417) | 25.5 | (4,095) | (4,125) | (0.7) |
| Loss after tax | (79,815) | (64,005) | 24.7 | (156,534) | (91,777) | 70.6 |

Loss before tax has been arrived at after (crediting) / charging:

| | Group | | | |
|--|---------|---------|-------------|-------------|
| | 4Q 2005 | 4Q 2004 | YTD 2005 | YTD 2004 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| | | | | |
| Depreciation expenses | 5,382 | 7,428 | 21,543 | 22,454 |
| Amortisation of deferred expenditure | 571 | 915 | 1,918 | 3,313 |
| Net provision for doubtful trade debts | 6,161 | 5,759 | 9,630 | 5,330 |
| Net provision for inventory | 9,802 | 2,103 | 12,673 | 2,501 |
| (Gain) / Loss on disposal of property, plant and equipment | (56) | 1,334 | (2,048) | 1,279 |
| Foreign exchange gain (net) | (378) | (2,390) | (1,486) | (4,680) |
| Bad debts written off | 915 | 104 | 916 | 182 |

Note 1: Refer to paragraph 8 for further details of the exceptional income / (expenses).

Certain comparatives have also been reclassified to conform with the current year's presentation

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at end of the immediately preceding financial year

| | Group 31 Dec 2005 S\$'000 | Group 31 Dec 2004 S\$'000 | Company 31 Dec 2005 S\$'000 | Company 31 Dec 2004 S\$'000 (restated)# |
|--|---------------------------------|---------------------------------|-----------------------------------|--|
| Fixed assets | 192,439 | 232,102 | 1,275 | 1,276 |
| Investment in subsidiaries | - | - | 159,269 | 139,466 |
| Investment in joint venture and associated companies | - | - | 3,820 | 3,820 |
| Goodwill | - | (2,010) | - | - |
| Development costs | 5,199 | 6,958 | - | - |
| Stocks | 85,628 | 123,087 | - | - |
| Trade Debtors | 59,256 | 113,444 | 423 | 978 |
| Due from joint venture / associates (trade) | 1,085 | 2,712 | - | 709 |
| Sundry debtors, deposits and prepayment | 16,268 | 23,927 | 7,097 | 9,141 |
| Property held for disposal | - | 29,670 | - | - |
| Bank and cash balances | 14,434 | 8,936 | 693 | 102 |
| Total Current Assets | 176,671 | 301,776 | 8,213 | 10,930 |
| Trade creditors | 49,902 | 66,989 | - | - |
| Other creditors and accruals | 96,988 | 41,261 | 32,163 | 2,577 |
| Factoring liabilities | 8,326 | 36,486 | - | - |
| Due to joint venture / associates (trade) | 1,660 | 2,582 | - | - |
| Obligations under hire purchase | 106 | 339 | - | 8 |
| Provision for taxation | 91 | 90 | - | - |
| Provision for warranty | 2,783 | 3,090 | - | - |
| Bank borrowings | 226,007 | 279,679 | 142,588 | 138,875 |
| Total Current Liabilities | 385,863 | 430,516 | 174,751 | 141,460 |
| Obligations under hire purchase | 1,714 | 2,268 | - | - |
| Bank borrowings | 31,552 | 824 | - | - |
| Pension obligations | 35,319 | 33,879 | - | - |
| Provision for employee benefits | 329 | 359 | - | - |
| Deferred tax | 8,039 | 6,300 | 21 | 21 |
| Total Non-Current Liabilities | 76,953 | 43,630 | 21 | 21 |
| | (88,507) | 64,680 | (2,195) | 14,011 |
| Share capital | 57,559 | 57,559 | 57,559 | 57,559 |
| Share premium | 33,410 | 33,410 | 33,410 | 33,410 |
| Foreign exchange translation reserves | (4,779) | (6,890) | - | - |
| Capital reserves | - | - | 9,840 | - |
| Revenue reserves | (174,697) | (19,399) | (103,004) | (76,958) |
| Share Capital & Reserves | (88,507) | 64,680 | (2,195) | 14,011 |

"Investment in subsidiaries" and "Other creditors and accruals" in the 31 December 2004 balance sheet of the Company was reduced by S\$5,565,000 respectively. The amounts represents adjustments made to the financial statements of a subsidiary to ensure consistent accounting policies with those of the Group which should not be recognised in the balance sheet of the Company. The 31 December 2004 Group balance sheet need not be restated.

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

(a) Amount repayable in one year or less, or on demand

| As at 31/12/2005 | | As at 31/12/2004 | |
|------------------|-----------|------------------|-----------|
| S\$'000 | | S\$'000 | |
| Secured | Unsecured | Secured | Unsecured |
| 50,628 | 175,379 | 72,984 | 206,695 |

(b) Amount repayable after one year

| As at 31/12/2005 | | As at 31/12/2004 | |
|------------------|-----------|------------------|-----------|
| S\$'000 | | S\$'000 | |
| Secured | Unsecured | Secured | Unsecured |
| 31,392 | 160 | 0 | 824 |

Details of any collateral

Borrowings by certain subsidiaries are secured by

- Mortgage over land and building of S\$Nil (31 Dec 2004: S\$23,911,000)
- Floating charge on accounts receivable of S\$40,685,000 (31 Dec 2004: S\$49,073,000)
- Mortgage over plant and machinery of S\$5,042,000 (31 Dec 2004 : Nil)
- Mortgage over all assets of the two subsidiaries of S\$36,293,000 (31 Dec 2004 : Nil)

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 4Q 2005 S\$'000 | Group 4Q 2004 S\$'000 | Group 2005 S\$'000 | Group 2004 S\$'000 |
|--|-----------------------------|-----------------------------|--------------------------|--------------------------|
| Cash flows from operating activities | | | | |
| Loss before tax | (75,526) | (60,588) | (152,439) | (87,652) |
| Adjustments for: | | | | |
| Depreciation | 5,382 | 7,428 | 21,543 | 22,454 |
| Interest expense | 7,671 | 4,269 | 17,900 | 14,911 |
| Interest income | (36) | (11) | (44) | (50) |
| Amortisation of deferred expenditure | 571 | 915 | 1,918 | 3,313 |
| Impairment of fixed asset | 9,483 | 6,590 | 9,483 | 6,590 |
| Impairment of inventory | 12,682 | 6,144 | 12,682 | 6,144 |
| Impairment of trade debtors | 7,008 | - | 7,008 | - |
| Loss on devaluation of fixed asset | - | 7,020 | - | 7,020 |
| Amortisation of goodwill | - | (463) | - | (2,268) |
| Gain on disposal of subsidiary | - | - | - | (7,800) |
| (Gain) / Loss on disposal of property, plant and equipment | (56) | 1,334 | (2,048) | 1,279 |
| Operating profit before working capital changes | (32,821) | (27,362) | (83,997) | (36,059) |
| Changes in operating assets and liabilities, net of effects from acquisition of subsidiaries | | | | |
| Inventories | 1,910 | 23,360 | 26,565 | 36,987 |
| Trade and other receivables | (6,685) | (6,712) | 53,052 | 10,045 |
| Amount due from associates | 1,400 | (271) | 705 | (360) |
| Trade and other payables | 12,865 | (1,782) | 16,804 | 2,334 |
| Effect of foreign currency translation | 4,820 | (16,351) | 10,137 | (18,207) |
| Cash used in operations | (18,511) | (29,118) | 23,266 | (5,260) |
| Interest received | 36 | 11 | 44 | 50 |
| Tax (paid) / refund | (2,267) | 841 | (2,355) | (649) |
| Net cash from / (used in) operating activities | (20,742) | (28,266) | 20,955 | (5,859) |
| Cash flows from investing activities | | | | |
| Proceeds from disposal of subsidiaries, net of cash foregone | - | - | - | 8,607 |
| Deferred expenditure incurred | (9) | (485) | (15) | (485) |
| Purchase of property, plant and equipment | (259) | (3,659) | (5,862) | (5,864) |
| Proceeds from disposal of property, plant and equipment | 997 | 55 | 36,316 | 1,576 |
| Net cash used in investing activities | 729 | (4,089) | 30,439 | 3,834 |
| Cash flows from financing activities | | | | |
| Obligations under hire purchase | (296) | (12) | (787) | (307) |
| Interest paid | (8,040) | (4,269) | (18,674) | (14,911) |
| Proceeds / (payments) from factoring of trade debtors | 1,878 | 48,833 | (28,160) | 48,833 |
| Proceeds from ATB | 24,668 | - | 24,668 | - |
| Proceeds from bank borrowings, net of repayments | 13,654 | (4,222) | (21,797) | (36,537) |
| Net cash generated from financing activities | 31,864 | 40,330 | (44,750) | (2,922) |
| Net change in cash and cash equivalents | 11,851 | 7,975 | 6,644 | (4,947) |
| Cash and cash equivalents at the beginning of the financial period | (56,331) | (59,099) | (51,124) | (46,177) |
| Cash and cash equivalents at the end of the financial period (Note A) | (44,480) | (51,124) | (44,480) | (51,124) |

Note A:

Cash and cash equivalents consist of:

| | 4Q 2005 S\$'000 | 4Q 2004 S\$'000 |
|-----------------------|--------------------|--------------------|
| Cash and bank balance | 14,434 | 8,936 |
| Bank overdraft | (58,914) | (60,060) |
| | (44,480) | (51,124) |

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

STATEMENT OF CHANGES IN EQUITY – GROUP

| | Share Capital S\$'000 | Share Premium S\$'000 | Asset Revaluation Reserve S\$'000 | Foreign Currency Translation Reserve S\$'000 | Revenue Reserves S\$'000 | Total S\$'000 |
|---|-----------------------------|-----------------------------|--|--|--------------------------------|------------------|
| Balance at 1 January 2005 | 57,559 | 33,410 | - | (6,890) | (19,399) | 64,680 |
| First time application of FRS 39 (revised 2004) # | - | - | - | - | (774) | (774) |
| First time application of FRS 103# | - | - | - | - | 2,010 | 2,010 |
| Currency translation differences | - | - | - | (3,082) | - | (3,082) |
| Net loss not recognised in income statement | - | - | - | (3,082) | 1,236 | (1,846) |
| Net loss for the financial period | - | - | - | - | (12,448) | (12,448) |
| Total recognised gains and losses for the financial period | - | - | - | (3,082) | (11,212) | (14,294) |
| Dividends | - | - | - | - | - | - |
| Balance at 31 March 2005 | 57,559 | 33,410 | - | (9,972) | (30,611) | 50,386 |
| Currency translation differences | - | - | - | 56 | - | 56 |
| Net gain not recognised in income statement | - | - | - | 56 | - | 56 |
| Net loss for the financial period | - | - | - | - | (23,681) | (23,681) |
| Total recognised gains and losses for the financial period | - | - | - | 56 | (23,681) | (23,625) |
| Dividends | - | - | - | - | - | - |
| Balance at 30 June 2005 | 57,559 | 33,410 | - | (9,916) | (54,292) | 26,761 |
| Currency translation differences | - | - | - | 3,502 | - | 3,502 |
| Net gain not recognised in income statement | - | - | - | 3,502 | - | 3,502 |
| Net loss for the financial period | - | - | - | - | (40,590) | (40,590) |
| Total recognised gains and losses for the financial period | - | - | - | 3,502 | (40,590) | (37,088) |
| Dividends | - | - | - | - | - | - |
| Balance at 30 September 2005 | 57,559 | 33,410 | - | (6,414) | (94,882) | (10,327) |
| Currency translation differences | - | - | - | 1,635 | - | 1,635 |
| Net gain not recognised in income statement | - | - | - | 1,635 | - | 1,635 |
| Net loss for the financial period | - | - | - | - | (79,815) | (79,815) |
| Total recognised gains and losses for the financial period | - | - | - | 1,635 | (79,815) | (78,180) |
| Dividends | - | - | - | - | - | - |
| Balance at 31 December 2005 | 57,559 | 33,410 | - | (4,779) | (174,697) | (88,507) |

| | Share Capital S\$'000 | Share Premium S\$'000 | Asset Revaluation Reserve S\$'000 | Foreign Currency Translation Reserve S\$'000 | Revenue Reserves S\$'000 | Total S\$'000 |
|---|-----------------------------|-----------------------------|--|--|--------------------------------|------------------|
| Balance at 1 January 2004 | 57,559 | 33,410 | 13,077 | (8,179) | 71,786 | 167,653 |
| Currency translation differences | - | - | - | (4,493) | - | (4,493) |
| Net loss not recognised in income statement | - | - | - | (4,493) | - | (4,493) |
| Net loss for the financial period | - | - | - | - | (25,955) | (25,955) |
| Total recognised losses for the financial period | - | - | - | (4,493) | (25,955) | (30,448) |
| Dividends | - | - | - | - | - | - |
| Balance at 31 March 2004 | 57,559 | 33,410 | 13,077 | (12,672) | 45,831 | 137,205 |
| Currency translation differences | - | - | - | 4,012 | - | 4,012 |
| Net gain not recognised in income statement | - | - | - | 4,012 | - | 4,012 |
| Net loss for the financial period | - | - | - | - | (1,667) | (1,667) |
| Total recognised gains and losses for the financial period | - | - | - | 4,012 | (1,667) | 2,345 |
| Dividends | - | - | - | - | - | - |
| Balance at 30 June 2004 | 57,559 | 33,410 | 13,077 | (8,660) | 44,164 | 139,550 |
| Currency translation differences | - | - | - | (122) | - | (122) |
| Net loss not recognised in income statement | - | - | - | (122) | - | (122) |
| Net loss for the financial period | - | - | - | - | (150) | (150) |
| Total recognised losses for the financial period | - | - | - | (122) | (150) | (272) |
| Dividends | - | - | - | - | - | - |
| Balance at 30 September 2004 | 57,559 | 33,410 | 13,077 | (8,782) | 44,014 | 139,278 |
| Currency translation differences | - | - | - | 1,892 | - | 1,892 |
| Net gain not recognised in income statement | - | - | - | 1,892 | - | 1,892 |
| Deficit on revaluation reserve | - | - | (12,485) | - | - | (12,485) |
| Net loss for the financial period | - | - | - | - | (64,005) | (64,005) |
| Total recognised gains and losses for the financial period | - | - | (12,485) | 1,892 | (64,005) | (74,598) |
| Transfer from asset revaluation reserves to accumulated losses | - | - | (592) | - | 592 | - |
| Dividends | - | - | - | - | - | - |
| Balance at 31 December 2004 | 57,559 | 33,410 | - | (6,890) | (19,399) | 64,680 |

STATEMENT OF CHANGES IN EQUITY - COMPANY

| | Share Capital S\$'000 | Share Premium S\$'000 | Foreign Currency Translation Reserves S\$'000 | Capital Reserves S\$'000 | Revenue Reserves S\$'000 | Total S\$'000 |
|---|-----------------------------|-----------------------------|---|--------------------------------|--------------------------------|------------------|
| Balance at 1 January 2005 as previously reported | 57,559 | 33,410 | (2,460) | - | (74,498) | 14,011 |
| Effect of adopting FRS 21 (revised 2004) | - | - | 2,460 | - | (2,460) | - |
| As restated | 57,559 | 33,410 | - | - | (76,958) | 14,011 |
| First time application of FRS39 (revised 2004) # | - | - | - | - | (774) | (774) |
| Net loss for the financial period | - | - | - | - | (1,372) | (1,372) |
| Total recognised gains and losses for the financial period | - | - | - | - | (2,146) | (2,146) |
| Dividends | - | - | - | - | - | - |
| Balance at 31 March 2005 | 57,559 | 33,410 | - | - | (79,104) | 11,865 |
| Net loss for the financial period | - | - | - | - | (5,336) | (5,336) |
| Total recognised gains and losses for the financial period | - | - | - | - | (5,336) | (5,336) |
| Dividends | - | - | - | - | - | - |
| Balance at 30 June 2005 | 57,559 | 33,410 | - | - | (84,440) | 6,529 |
| Net loss for the financial period | - | - | - | - | (3,447) | (3,447) |
| Total recognised gains and losses for the financial period | - | - | - | - | (3,447) | (3,447) |
| Dividends | - | - | - | - | - | - |
| Balance at 30 September 2005 | 57,559 | 33,410 | - | - | (87,887) | 3,082 |
| Net loss for the financial period | - | - | - | - | (5,277) | (5,277) |
| Transfer from revenue reserve to capital reserve | - | - | - | 9,840 | (9,840) | - |
| Total recognised gains and losses for the financial period | - | - | - | 9,840 | (15,117) | (5,277) |
| Dividends | - | - | - | - | - | - |
| Balance at 31 December 2005 | 57,559 | 33,410 | - | 9,840 | (103,004) | (2,195) |
| Balance at 1 January 2004 as previously reported | 57,559 | 33,410 | (2,115) | - | (17,059) | 71,795 |
| Effect of adopting FRS 21 (revised 2004) | - | - | 2,115 | - | (2,115) | - |
| As restated | 57,559 | 33,410 | - | - | (19,174) | 71,795 |
| Net loss for the financial period | - | - | - | - | (1,537) | (1,537) |
| Total recognised gains and losses for the financial period | - | - | - | - | (1,537) | (1,537) |
| Dividends | - | - | - | - | - | - |
| Balance at 31 March 2004 | 57,559 | 33,410 | - | - | (20,711) | 70,258 |
| Net loss for the financial period | - | - | - | - | (45,756) | (45,756) |
| Total recognised gains and losses for the financial period | - | - | - | - | (45,756) | (45,756) |
| Dividends | - | - | - | - | - | - |
| Balance at 30 June 2004 | 57,559 | 33,410 | - | - | (66,467) | 24,502 |
| Net loss for the financial period | - | - | - | - | (239) | (239) |
| Total recognised gains and losses for the financial period | - | - | - | - | (239) | (239) |
| Dividends | - | - | - | - | - | - |
| Balance at 30 September 2004 | 57,559 | 33,410 | - | - | (66,706) | 24,263 |
| Net loss for the financial period | - | - | - | - | (10,252) | (10,252) |
| Total recognised gains and losses for the financial period | - | - | - | - | (10,252) | (10,252) |
| Dividends | - | - | - | - | - | - |
| Balance at 31 December 2004 | 57,559 | 33,410 | - | - | (76,958) | 14,011 |

In accordance with the transitional provision of FRS 39 (revised 2004) and FRS 103, the comparative statements for 2004 are not restated. Instead, the changes have been accounted for by adjusting the opening balances in the balance sheets of the Company and the Group as at 1 January 2005.

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 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

There were no changes in the company's share capital during this current reporting period.

There were no outstanding warrants as at 31 Dec 2005. (31 Dec 2004: NIL)

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 Group's 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 applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2004, except as described 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

(a) Financial Reporting Standards ("FRS")

In 2005, the Group and the Company has adopted the new and revised Financial Reporting Standards ("FRS") that became effective for the financial years beginning on or after 1 January 2005. The 2005 financial statements have been prepared in accordance with the relevant transitional provisions in the respective FRS. The following are the FRS that are relevant to the Group:

FRS 1 (revised 2004) Presentation of Financial Statements
FRS 2 (revised 2004) Inventories
FRS 8 (revised 2004) Accounting Policies, Changes in Accounting Estimates and Errors
FRS 10 (revised 2004) Events after the Balance Sheet Date
FRS 16 (revised 2004) Property, Plant and Equipment
FRS 17 (revised 2004) Leases
FRS 21 (revised 2004) The Effects of Changes in Foreign Exchange Rates
FRS 24 (revised 2004) Related Party Disclosure
FRS 27 (revised 2004) Consolidated and Separate Financial Statements
FRS 28 (revised 2004) Investments in Associates
FRS 31 (revised 2004) Interests in Joint Venture
FRS 32 (revised 2004) Financial Instruments: Disclosure and Presentation
FRS 33 (revised 2004) Earnings per Share
FRS 36 (revised 2004) Impairment of Assets
FRS 38 (revised 2004) Intangible Assets
FRS 39 (revised 2004) Financial Instruments: Recognition and Measurement
FRS 103 Business Combinations
FRS 105 Non-current Assets Held for Sale and Discontinued Operations

Included below are those FRS that affect the Group's financial statements for the current reporting period:

FRS 21 (revised 2004) The Effects of Changes in Foreign Exchange Rates
FRS 39 (revised 2004) Financial Instruments: Recognition and Measurement
FRS 103 Business Combinations

(b) Effect of changes to the financial statements

Arising from the adoption of the new and revised FRS, the 2004 comparatives have been amended where as required, in accordance with the relevant transitional provisions in the respective FRS.

| | Increase / (decrease) | | |
|--|--|--------------------|--|
| | FRS 21 (revised 2004) S\$'000 | FRS 103 S\$'000 | FRS 39 (revised 2004) S\$'000 |
| <u>2005</u> | | | |
| <u>Consolidated balance sheet as at 31 December 2005</u> | | | |
| Derivative financial instruments (liability) | - | - | - |
| Revenue reserves | - | - | - |
| <u>Consolidated balance sheet as at 1 January 2005</u> | | | |
| Negative goodwill | - | (2,010) | - |
| Revenue reserves | - | 2,010 | (774) |
| Derivative financial instruments (liability) | - | - | 774 |
| <u>Consolidated income statement for the three months ended 31 December 2005</u> | | | |
| Gain on derivative financial instruments | - | - | 369 |
| Basic and diluted earning per share (cents) | - | - | N/M |
| <u>Balance sheet as at 31 December 2005</u> | | | |
| Derivative financial instruments (liability) | - | - | - |
| Investment in subsidiaries | - | - | (9,840) |
| Revenue reserves | - | - | 9,840 |
| <u>Balance sheet as at 1 January 2005</u> | | | |
| Revenue reserves | (2,460) | - | (774) |
| Derivative financial instruments (liability) | - | - | 774 |
| Foreign currency translation reserves | 2,460 | - | - |

| | Increase / (decrease) | | |
|---|--|--------------------|--|
| | FRS 21 (revised 2004) S\$'000 | FRS 103 S\$'000 | FRS 39 (revised 2004) S\$'000 |
| <u>2004</u> | | | |
| <u>Balance sheet as at 31 December 2004</u> | | | |
| Revenue reserves | (2,460) | - | - |
| Foreign currency translation reserves | 2,460 | - | - |
| <u>Balance sheet as at 1 January 2004</u> | | | |
| Revenue reserves | (2,115) | - | - |
| Foreign currency translation reserves | 2,115 | - | - |

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 Figures

| | 4Q 2005 | 4Q 2004 | YTD 2005 | YTD 2004 |
|--|--------------|--------------|--------------|--------------|
| 6. Earnings per ordinary share of the group for the financial year, after deducting any provision for preference dividends:- | | | | |
| (i) Based on weighted average number of ordinary shares in issue | (27.7) cents | (22.2) cents | (54.4) cents | (31.9) cents |
| (ii) On a fully diluted basis | (27.7) cents | (22.2) cents | (54.4) cents | (31.9) cents |

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 | |
|---|------------------|------------------|------------------|------------------|
| | 31 December 2005 | 31 December 2004 | 31 December 2005 | 31 December 2004 |
| Net asset value per ordinary share based on issued share capital of the issuer at the end of the financial period | (30.8) cents | 22.5 cents | (0.8) cents | 4.9 cents |
| Number of existing issued share capital at end of period | 287,797,353 | 287,797,353 | 287,797,353 | 287,797,353 |

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 followings:-

- (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.

The Group recorded sales of \$59.1m in 4Q05 a decline of 24.3% or \$19.0m from the corresponding period in 2004 but an increase of \$6.3m over 3Q05. For YE05, overall Group sales of \$254.2m were recorded compared to \$368.4m in YE04. As a result, net losses of \$79.8m were incurred in 4Q05 compared to \$64.0m in 4Q04. For the year as a whole net losses were \$156.5m

The liquidity problems of the Group which were extensively reported on in YE04 and in the first 3 quarters of 2005 did not improve in the quarter under review resulting in continued low output levels and hence revenues. The Group as part of its program to solve its liquidity problems had on 27 August 2005 announced that ATB Austria Antriebstechnik AG would subscribe for \$24.7m ordinary shares representing 29.9% of the enlarged share capital of the Company as well as providing short term advances of an equivalent amount to be subsequently converted to share capital upon successful completion of the said subscription. The Company also had on 12 November 2005 announced that Citigroup Global Markets Limited would subscribe for US\$25.0 m floating rate note. As anticipated in 3Q05 announcement, most of the funds from these initiatives were received in December 2005, too late to have a positive impact on the performance in 4Q05 and YE05.

The Group's performance was also affected by exceptional expenses of \$24.5m for YE05 of which \$20.5m were incurred or provided for in 4Q05:

| | 4Q05 \$(m) | YE05 \$(m) |
|--|---------------|---------------|
| Onerous leases & relocation costs | 0.9 | 1.0 |
| Impairment of fixed assets | 11.3 | 11.3 |
| Legal & professional fees & costs related to restructuring of borrowings | 1.3 | 2.4 |
| Penalties for late payments | 1.2 | 1.3 |
| Redundancies mainly at Blackheath, UK | 4.2 | 5.3 |
| Loss on sale of fixed assets | 1.6 | 3.2 |
| TOTAL | <u>20.5</u> | <u>24.5</u> |

The redundancies at Blackheath for YE05 are \$5.3m and for 4Q05 \$4.2m. In the course of the final quarter it was decided to 'downsize' the plant more severely.

The Group also sustained non-recurring costs in YE05 of \$31.4m of which \$28.4m were incurred in 4Q05. These non-recurring costs comprised:

| | 4Q05 \$ (m) | YE05 \$ (m) |
|--|----------------|----------------|
| Cost of modification to existing inventory for resale | 5.2 | 5.2 |
| Redundant positions | 1.2 | 1.2 |
| Impairment and write offs of inventory | 9.9 | 12.7 |
| Provision for impairment of debtors | 7.0 | 7.0 |
| Increase in pension fund provisions | 5.1 | 5.3 |
| TOTAL | <u>28.4</u> | <u>31.4</u> |

Pension fund provisions in Schorch had to be increased by \$5.1m in 4Q05 and for YE05 \$5.3m necessitated by an annual actuarial assessment conducted at year end. This assessment took into account the changes in interest rates and the increased life expectancy of fund members.

Many of these exceptional and non-recurrent expenses were direct consequences of the Group's liquidity problems which caused it to adopt short-term measures to either accelerate receipts (e.g. settlement of disputes at unfavourable terms, offering discounts to customers, sale of fixed assets and inventory to realise cash), defer disbursements (resulting in penalties) or other similar actions to generate and/or balance cash flow.

Impairment provisions and write-offs of fixed assets and inventory (explained in the preceding paragraphs) together totaled \$21.2m in 4Q05. The carrying values of these assets were reassessed to take into account the decline in revenues, excess plant capacities at all manufacturing units and rising interest rates. Most of these impairments were made in 4Q05. However should these indicators improve in the future, the value of these assets will be then re-evaluated.

In the absence of these exceptionals of \$20.5m in 4Q05(\$24.5m inYE05), non-recurring costs (including impairment provisions) of \$28.4m in 4Q05(YE05: \$31.4m) together totaling \$48.9 in4Q05 (YE05:\$55.9), the Group's net results would have been in 4Q05 a net loss of \$30.9m and for the Group in YE05 \$100.6m.

The power plants operating performance was affected by lower contribution from the sale of fuel, higher depreciation and maintenance charges and a provision for doubtful debts.

The paragraphs that follow summarise the deviations between the 4Q05 and YE05 (where appropriate) and the corresponding periods in 2004:

INCOME STATEMENT

Overall, the low absorption of manufacturing overheads as a result of low output continued to depress gross margins both in 4Q05 and inYE05. These were also affected in 4Q05 by an increased reliance on modified motors for quick resale to generate cash contributing to the gross loss of \$6.3m in 4Q05. Stock losses due to obsolescence, discounts to customers and warranty expense also contributed to the poor gross margins 4Q05 and YE05.

Selling and distribution and administrative expenses continued to decline both in 4Q05 and for all of YE05, the consequence of the restructuring and rationalization exercises undertaken in prior years especially if the incidence of non-recurring expenses were excluded.

Other operating expenses increased to \$27.5m in 4Q05 from \$5.8m in the corresponding period in the previous year. However the entire increase was caused by non-recurring expenses of \$22.0m mainly for impairment of inventory and debtors as well as increase in pension fund provisions.

Finance costs rose to \$7.7m in 4Q05 from \$4.3m in 4Q04. This increase was caused primarily by higher borrowing costs and factoring charges.

A tax charge of \$2.0m was recognised in 4Q05 as a result of a tax reassessment at one of the Group's manufacturing subsidiaries.

BALANCE SHEET

Fixed Assets declined by S\$39.7m during the year due mainly to impairment and write-off of fixed assets.

Capital shortage, which curtailed production and sales throughout the year, resulted in lower inventory levels. Impairment of inventory and write-off also contributed to the decrease. Lower sales had resulted in the decline in trade debtors. Impairment and provisions for doubtful debts further reduced debtor levels.

Trade creditors declined by S\$17.1m owing to the lower level of activity across the Group. The Group had to purchase materials on cash terms as creditors refrained from extending credit to the Group.

Other creditor and accruals increased by S\$55.7m due to the \$24.7m advances made by ATB and the bridging loan granted by a financial institution to one of our subsidiaries. Factoring liabilities however declined by S\$28.2m, again as a result of reduced business activity.

Bank borrowings declined by S\$22.9m due to repayment of loan secured on the “property held for disposal” when the said property in Dalian, China was sold. The proceeds from the property sale were applied against the bank borrowings of S\$31.1m. In addition, a subsidiary issued a US\$25m Floating Rate Note during the year, to refinance existing debt and also raised new funding.

CASH FLOW

Despite the net losses incurred in YE05, the Group enjoyed net cash from operations of \$21.0m primarily from the disposal of inventory and the acceleration of debtor receipts.

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.

With the proceeds of the capital infusion from ATB and the subscription by Citibank Global Markets Limited of the floating rate notes, the liquidity of the Group has improved. The Group will consider various options of obtaining new funds as and when required. However, the Group's prospects will depend on achieving sufficient output in the forthcoming quarters at its plants in Germany, Poland and China in order to ensure a regular flow of working capital and satisfying customer demand.

On 27 February 2006, shareholders have approved at an Extraordinary General Meeting the issuance of the new shares to ATB and the Scheme Creditors. The proforma financial effect on the Balance Sheet of the Group as at 31 December 2005 would be as follows:

| | Before issuance of new shares S\$'000 | After issuance of new shares S\$'000 |
|---|---|--|
| Bank borrowings under current liabilities | 226,007 | 34,156 |
| Bank borrowings under non-current liabilities | 31,552 | 143,378 |
| Share Capital | 57,559 | 90,877 |
| Share Capital & Reserves | (88,507) | 14,965 |
| Net asset value per ordinary share | (30.8) cents | 3.0 cents |
| Number of existing issued share capital | 287,797,353 | 496,112,589 |

Based on the above, the Group's proforma net assets would be a positive S\$14,965,000.00

11. Dividend

(a) Current Financial Period Reported On

| | |
|--------------------------------------|-----|
| Name of Dividend | NIL |
| Dividend Type | NIL |
| Dividend Amount per Share (in cents) | NIL |
| Dividend Rate (in %) | NIL |
| Par value of shares | NIL |
| Tax Rate | NIL |

(b) Corresponding Period of the Immediately Preceding Financial Year

| | |
|--------------------------------------|-----|
| Name of Dividend | NIL |
| Dividend Type | NIL |
| Dividend Amount per Share (in cents) | NIL |
| Dividend Rate (in %) | NIL |
| Par value of shares | NIL |
| Tax Rate | NIL |

(c) *Date payable*

Not Applicable

(d) *Books closure date*

Not Applicable

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

No dividends are proposed for the year ended 31 December 2005.

**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 preceding year

The first two columns of figures reflect the Group revenue (GR) and the last two columns of figures reflect the Group profit before interest and taxation (GPBIT).

| Item description | GR Latest year \$'000 | GR Previous year \$'000 | GPBIT Latest year \$'000 | GPBIT Previous year \$'000 |
|---------------------------------|-----------------------------|-------------------------------|--------------------------------|----------------------------------|
| <u>By business activities</u> | | | | |
| Motors | 226,641 | 342,620 | (134,759) | (79,418) |
| Power generation | 27,551 | 25,732 | 703 | 7,197 |
| Others | 0 | 0 | (527) | (570) |
| | ----- | ----- | ----- | ----- |
| | 254,192 | 368,352 | (134,583) | (72,791) |
| | ----- | ----- | ----- | ----- |
| <u>By geographical segments</u> | | | | |
| Singapore | 1,710 | 3,817 | (13,963) | (8,283) |
| Asia (excluding Singapore) | 56,790 | 47,486 | (25,893) | (12,303) |
| Australia / New Zealand | 4,071 | 8,090 | (5,078) | (3,156) |
| United Kingdom | 37,400 | 54,224 | (26,015) | (46,289) |
| Europe and others | 154,221 | 254,735 | (63,634) | (2,760) |
| | ----- | ----- | ----- | ----- |
| | 254,192 | 368,352 | (134,583) | (72,791) |
| | ----- | ----- | ----- | ----- |

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earning by the business or geographical segments

Please refer to paragraph 8

15. A breakdown of sales

| | | Group | |
|-----|--|------------------|----------------------|
| | | S\$'000 | % |
| | | Latest full year | Previous full year |
| | | | Increase/ (Decrease) |
| (a) | Sales reported for first half year | 142,173 | 201,908 |
| | | | (29.6) |
| (b) | Operating profit after tax reported for first half year | (36,129) | (27,622) |
| | | | 30.8 |
| (c) | Sales reported for second half year | 112,019 | 166,444 |
| | | | (32.7) |
| (d) | Operating profit after tax reported for second half year | (120,405) | (64,155) |
| | | | 87.7 |

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

| | Latest Year (S\$'000) | Previous Year (S\$'000) |
|------------|-----------------------|-------------------------|
| Ordinary | - | - |
| Preference | - | - |
| Total | - | - |

BY ORDER OF THE BOARD

Lathika Devi Amma d/o K R Pillay
Company Secretary
28/02/2006