

LINDETEVES-JACOBURG LIMITED

First Quarter Unaudited Financial Statement And Dividend 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 statement for the 3 months ended 31 March 2006:

These figures have not been audited

	Group		
	S\$'000		%
	31 March 2006	31 March 2005	Increase/ (Decrease)
Sales	69,083	78,903	(12.4)
Cost of sales	(57,802)	(68,082)	(15.1)
Gross profit	11,281	10,821	4.3
Other operating income	1,286	1,439	(10.6)
Selling and distribution expenses	(8,073)	(12,396)	(34.9)
Administrative expenses	(7,903)	(9,391)	(15.8)
Other operating expenses	(1,297)	(1,106)	17.3
Finance income	20	5	300.0
Finance costs	(2,100)	(3,282)	(36.0)
Exceptional income (Note 1)	67,659	1,298	5,112.6
Profit / (Loss) before tax	60,873	(12,612)	N/M
Tax	221	164	34.8
Profit / (Loss) after tax	61,094	(12,448)	N/M

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

	Group	
	31 March 2006	31 March 2005
	S\$'000	S\$'000
Depreciation expenses	5,200	5,072
Amortisation of development costs	245	508
Net provision for doubtful debts	(416)	(97)
Net provision for inventory obsolescence	177	133
Loss / (Gain) on disposal of property, plant and equipment	139	(44)
Foreign exchange (gain) / loss	(1,153)	449
Bad debts written off	33	5

Note 1: Refer to paragraph 8 for further details of the exceptional income.

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 Mar 2006 S\$'000	Group 31 Dec 2005 S\$'000	Company 31 Mar 2006 S\$'000	Company 31 Dec 2005 S\$'000
Fixed assets	186,879	192,439	1,262	1,275
Investment in subsidiaries	-	-	178,047	159,269
Investment in joint venture and associated companies	-	-	3,820	3,820
Development costs	4,892	5,199	-	-
Stocks	72,555	81,850	-	-
Trade Debtors	70,334	63,589	980	980
Due from joint venture / associates (trade)	1,068	1,085	-	-
Sundry debtors, deposits and prepayment	14,976	15,713	5,369	6,540
Bank and cash balances	6,648	14,434	113	693
Total Current Assets	165,581	176,671	6,462	8,213
Trade creditors	51,958	49,902	-	-
Other creditors and accruals	63,997	91,828	8,126	32,163
Factoring liabilities	4,639	8,326	-	-
Due to joint venture / associates (trade)	1,597	1,660	-	-
Obligations under hire purchase	310	325	-	-
Provision for taxation	66	91	-	-
Provision for warranty	2,750	2,783	-	-
Bank borrowings	27,693	231,167	-	142,588
Total Current Liabilities	153,010	386,082	8,126	174,751
Obligations under hire purchase	1,407	1,495	-	-
Bank borrowings	155,633	31,552	81,130	-
Pension obligations	35,329	35,319	-	-
Provision for employee benefits	321	329	-	-
Deferred tax	7,521	8,039	21	21
Total Non-Current Liabilities	200,211	76,734	81,151	21
Net Assets / (Liabilities)	4,131	(88,507)	100,314	(2,195)
Share capital (Note a)	124,287	90,969	124,287	90,969
Capital reserve	-	-	9,840	9,840
Foreign exchange translation reserves	(6,553)	(4,779)	-	-
Revenue reserves	(113,603)	(174,697)	(33,813)	(103,004)
Share Capital & Reserves	4,131	(88,507)	100,314	(2,195)

Notes:

(a) Following the amendments brought about by the Companies (Amendment) Act 2005 which came into operation on 30 January 2006, any amount standing to the credit of the Company's share premium as at 29 January 2006 shall become part of the Company's share capital on 30 January 2006.

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 31/03/2006		As at 31/12/2005	
S\$'000		S\$'000	
Secured	Unsecured	Secured	Unsecured
10,289	17,404	50,628	180,539

(b) Amount repayable after one year

As at 31/03/2006		As at 31/12/2005	
S\$'000		S\$'000	
Secured	Unsecured	Secured	Unsecured
65,159	90,474	31,392	160

Details of any collateral

Borrowings by certain subsidiaries are secured by

- Floating charge on accounts receivable of S\$36,941,000 (31 Dec 2005: S\$40,685,000)
- Mortgage over plant and machinery of S\$4,399,000 (31 Dec 2005 : S\$5,042,000)
- Mortgage over all assets of the two subsidiaries of S\$34,108,000 (31 Dec 2005 : S\$36,293,000)

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

	Group Mar 2006 S\$'000	Group Mar 2005 S\$'000
Cash flows from operating activities		
Profit / (Loss) after tax	61,094	(12,448)
Adjustments for:		
Tax	(221)	(164)
Depreciation	5,200	5,072
Interest expense	2,100	3,282
Interest income	(20)	(5)
Amortisation of deferred expenditure	245	508
Bank borrowings written off pursuant to the Scheme	(68,371)	-
Loss / (Gain) on disposal of property, plant and equipment	139	(1,660)
Operating profit before working capital changes	166	(5,415)
Changes in operating assets and liabilities, net of effects from acquisition of subsidiaries		
Inventories	6,427	3,331
Trade and other receivables	(4,361)	8,807
Amount due from associates	(46)	(522)
Trade and other payables	(1,143)	(3,958)
Effect of foreign currency translation	(2,373)	(305)
Cash from operations	(1,330)	1,938
Interest received	20	5
Tax paid	(323)	(105)
Net cash (used in) / from operating activities	(1,633)	1,838
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,928)	(1,843)
Proceeds from disposal of property, plant and equipment	618	3,633
Net cash (used in) / from investing activities	(2,310)	1,790
Cash flows from financing activities		
Obligations under hire purchase	(103)	(193)
Proceeds from bank borrowings, net of repayments	(1,957)	(3,480)
Proceeds from factoring	1,387	1,039
Interest paid	(2,100)	(3,509)
Net cash used in financing activities	(2,773)	(6,143)
Net change in cash and cash equivalents	(6,716)	(2,515)
Effect of the restructuring and write off of bank overdrafts included under the Scheme of Arrangement	51,902	-
Cash and cash equivalents at the beginning of the financial period	(44,480)	(51,124)
Cash and cash equivalents at the end of the financial period (Note A)	706	(53,639)

Note A:

Cash and cash equivalents consist of:

	Mar 2006 S\$'000	Mar 2005 S\$'000
Cash and bank balance	6,648	6,244
Bank overdraft	(5,942)	(59,883)
	706	(53,639)

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

STATEMENT OF CHANGES IN EQUITY - GROUP

	Share Capital S\$'000	Share Premium S\$'000	Foreign Currency Translation Reserve S\$'000	Revenue Reserves S\$'000	Total S\$'000
Balance at 1 January 2006	57,559	33,410	(4,779)	(174,697)	(88,507)
Currency translation differences	-	-	(1,774)	-	(1,774)
Net loss not recognised in income statement	-	-	(1,774)	-	(1,774)
Net profit for the financial period	-	-	-	61,094	61,094
Total recognised gains and losses for the financial period	-	-	(1,774)	61,094	59,320
Issued of ordinary share	33,318	-	-	-	33,318
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005	33,410	(33,410)	-	-	-
Dividends	-	-	-	-	-
Balance at 31 March 2006	124,287	-	(6,553)	(113,603)	4,131
Balance at 1 January 2005⁽¹⁾	57,559	33,410	(6,890)	(18,163)	65,916
Currency translation differences	-	-	(3,082)	-	(3,082)
Net loss not recognised in income statement	-	-	(3,082)	-	(3,082)
Net loss for the financial period	-	-	-	(12,448)	(12,448)
Total recognised gains and losses for the financial period	-	-	(3,082)	(12,448)	(15,530)
Dividends	-	-	-	-	-
Balance at 31 March 2005	57,559	33,410	(9,972)	(30,611)	50,386

STATEMENT OF CHANGES IN EQUITY - COMPANY

	Share Capital S\$'000	Share Premium S\$'000	Capital Reserve S\$'000	Revenue Reserves S\$'000	Total S\$'000
Balance at 1 January 2006	57,559	33,410	9,840	(103,004)	(2,195)
Net gain for the financial period	-	-	-	69,191	69,191
Total recognised gains and losses for the financial period	-	-	-	69,191	69,191
Issued of ordinary share	33,318	-	-	-	33,318
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005	33,410	(33,410)	-	-	-
Dividends	-	-	-	-	-
Balance at 31 March 2006	124,287	-	9,840	(33,813)	100,314
Balance at 1 January 2005⁽²⁾	57,559	33,410	-	(77,732)	13,237
Net loss for the financial period	-	-	-	(1,372)	(1,372)
Total recognised gains and losses for the financial period	-	-	-	(1,372)	(1,372)
Dividends	-	-	-	-	-
Balance at 31 March 2005	57,559	33,410	-	(79,104)	11,865

Note:

(1): The balances as at 1 January 2005 have been restated to take into account the adjustments arising from the adoption of various new/revised FRS and the changes in accounting policies detailed in page 28, Consolidated Statement of Changes in Shareholders' Equity of 2005 annual report of the Group

(2): The balances as at 1 January 2005 have been restated to take into account the adjustments arising from the adoption of various new/revised FRS and the changes in accounting policies detailed in Note 34 of 2005 annual report of the Group

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 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

Ordinary Shares	Number of shares	S\$'000
Balance at 31 December 2005	287,797,353	57,559
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005		33,410
Issued to creditor banks	59,533,511	9,871
Issued to ATB (net of expenses)	148,781,725	23,447
Balance at 31 March 2006	496,112,589	124,287

On 27 February 2006, the shareholders of the Company at an Extraordinary General Meeting approved the issue of 59,533,511 new shares to the participating creditor banks in accordance with the provisions of the scheme of arrangement and the issue of 148,781,725 new shares to ATB in consideration for the conversion of advances amounting to S\$24,668,000 received from ATB.

On 13 March 2006, the allotment and issue of new shares in the Company to ATB and the participating creditor banks was completed.

There were no outstanding warrants as at 31 March 2006 (31 March 2005: NIL)

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 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

Except for the adoption of various new/revised Financial Reporting Standards issued by the Council on Corporate Disclosure and Governance, which took effect from 1 January 2006 (refer to item 5 below), the accounting policies and methods of computation adopted are consistent with those applied in the audited financial statements for the year ended 31 December 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

Other than the adoption of various new/revised Financial reporting Standards issued by the Council on Corporate Disclosure and Governance, which took effect from 1 January 2006, there has been no change in the accounting policies and methods of computation adopted by the Group. The adoption of the new/revised Financial Reporting Standards is not expected to have a significant impact on the financial statements of the Group.

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

Group Figures

	31 March 2006	31 March 2005
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	18.4 cents	(4.3) cents
(ii) On a fully diluted basis	18.4 cents	(4.3) cents

Explanatory Notes for Item 6

Earnings per share ("EPS") is calculated by dividing the profit attributable to shareholders after deducting minority interests by the weighted average number of ordinary shares in issued for the period ended 31 March 2006 of 331,775,014 (31 March 2005: 287,797,353)

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

	GROUP		COMPANY	
	31 March 2006	31 December 2005	31 March 2006	31 December 2005
Net asset value per ordinary share based on issued share capital of the issuer at the end of the financial period	0.8 cents	(30.8) cents	20.2 cents	(0.8) cents
Number of existing issued share capital at end of period	496,112,589	287,797,353	496,112,589	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. 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

Group sales amounted to S\$69.1 million in 1Q06, an increase of S\$9.9 million from 4Q05 but a decrease of 12.4% or S\$9.8 million compared to the corresponding period in 2005. Group profit before tax was S\$60.9 million compared to losses of S\$75.5 million in 4Q05 and S\$12.6 million recorded in 1Q05.

The Group benefited during the quarter from cash receipts in December 2005 from ATB Austria Antriebstechnik AG and the proceeds raised from the US\$25 million floating rate note issued by one of our subsidiaries. Gross profit improved to S\$11.3 million in 1Q06 from a gross loss of S\$6.3 million incurred in 4Q05. This was also an improvement of 4.3% compared to the gross profit of S\$10.8 million achieved in 1Q05.

Selling and distribution expenses as well as Administrative expenses were lower in 1Q06 compared to 1Q05, a result of rationalization undertaken in 2005.

Finance costs decreased to S\$2.1 million or 36% in 1Q06 compared to the corresponding period in 2005. This was due mainly to lower interest rates as well as reduced principal amounts under the Scheme of Arrangement, which took effect on 22 December 2005. The Company and its subsidiaries in

the UK and Hong Kong entered into the Scheme of Arrangement with their respective creditor banks in 2005 as announced on 27 October 2005, 28 October 2005 and 23 December 2005.

Exceptional income included the debts written off by creditor banks under the Scheme of Arrangement. On 13 March 2006, the Company issued 148,781,725 new shares to ATB and 59,533,511 new shares to the creditor banks. In consideration for the shares issued to the banks, an amount of S\$68.4 million comprising part of the debts written off by the Company and its respective subsidiaries was recognized as exceptional income. Charged against the exceptional income was an amount of S\$0.7 million provided for cessation payment to employees whose services were terminated during the quarter.

The substantial reduction of S\$27.8 million in Other creditors and accruals resulted from the conversion of the advances from ATB amounting to S\$24.7 million to equity with the issue of new shares to ATB on 13 March 2006.

Factoring liabilities declined by S\$3.7 million due mainly to the reclassification of S\$5.1 million of the liabilities to bank borrowings under Non-Current Liabilities as the liability was restructured into a 5-year term loan with the lender.

Bank borrowings under Current Liabilities declined by a substantial S\$203.5 million to S\$27.7 million due to the amount of debts written off and the reclassification of the balance into an 8-year term loan under the Scheme of Arrangement. Overall bank borrowings decreased by S\$79.4 million, S\$75.0 million of which were debts written off.

Share capital increased by S\$33.3 million comprising S\$9.9 million arising from shares issued to the creditor banks and S\$23.4 million arising from shares issued to ATB (net of issue expenses).

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.

Although the Group's operations have shown some improvement in 1Q06 compared to 4Q05, the recovery is still some way ahead. The Group's liquidity is still tight and additional working capital would be required to take advantage of the order book in high voltage motors and to ramp up production for low voltage motors. The Group would also need to re-capitalise to strengthen its weak balance sheet. Towards this end, the Group is in discussions with banks to seek new financing and the Company is actively seeking the support of creditor banks for its various funding initiatives.

The general offer by ATB, which closed on 3 May 2006, had resulted in the Company becoming a subsidiary of ATB. The new management team will progressively review the operations in the various locations to make improvements to plant productivity and increase the overall efficiency in the management of the working capital cycle. In the course of the review, further rationalization and restructuring could be necessary.

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 period ended 31 March 2006.

**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

Not Applicable

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

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

	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
11/05/2006