



panpacmediagroup

## PANPAC MEDIA GROUP LIMITED

The Board of Directors (the "**Board**") of Panpac Media Group Limited wishes to announce that following a Board meeting on 7 December 2004, it has come to the Board's attention that the financial statements of the its subsidiary, Auston International Group Limited ("**Auston**") in respect of the financial year ended 31 July 2002, financial period ended 31 December 2003 and 6-month period ended 30 June 2004 have been mis-stated, leading to an overstatement of Auston's profits.

Please refer to an announcement released today by Auston on the mis-statement for further details.

### Estimated Impact of the overstatement of profits on the reported results of the Group

The estimated impact of the overstatement on the reported result of the Group for the financial years is as follows:

	For the 12 months ended 31 Dec 2002 S\$'000	For the 12 months ended 31 Dec 2003 S\$'000	For the 6 months ended 30 Jun 2004 S\$'000
Group Net (Loss)/ Profit after tax and minority interest prior to the re-statement	(4,381)	(4,529)	1,034
Estimated Net effect of: Capitalisation of expenses	(28)	(983)	143
Misallocation of fees	1,294	(1,021)	119
Recognition of fees receivable	-	(262)	(237)
Minority interests of the above	(275)	734	(9)
Goodwill arising from consolidation written off	(1,203)	-	-
Estimated Group Net (Loss)/ Profit after tax and minority interest and the re- statement	<u>(4,593)</u>	<u>(6,061)</u>	<u>1,050</u>

The estimated impact of the overstatement on the net assets of the Group as at 31 Dec 2002, 31 Dec 2003 and 30 Jun 2004 is as follows:

	<b>As at 31 Dec 2002 S\$'000</b>	<b>As at 31 Dec 2003 S\$'000</b>	<b>As at 30 Jun 2004 S\$'000</b>
Net assets of the Group prior to the re-statement	20,468	15,978	26,650
Estimated Cumulative Adjustments	(212)	(1,744)	(1,728)
Estimated net assets of the Group after re-statement	<u>20,256</u>	<u>14,234</u>	<u>24,922</u>

### **Looking ahead**

Notwithstanding the above, the Board expects that, barring unforeseen circumstances, the financial performance of the Group for the second half of the current financial year will be better than the first half of the current financial year, largely due to strong returns from our China-focused business and profits arising from recent divestments.

Submitted by Ricky Ang Gee Hing, Managing Director and CEO, on behalf of the Board of Directors on 08/12/2004 to the SGX.