

TRI-M TECHNOLOGIES (S) LIMITED
(Company Registration No. : 198701138Z)

FULL YEAR FINANCIAL STATEMENT ANNOUNCEMENT FOR THE NINE PERIOD ENDED 31 DECEMBER 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 | | |
|---------------------------------------------------------|------------|------------|---------|
| | 31/12/2005 | 31/12/2004 | % |
| | (9 months) | (9 months) | Change |
| | \$'000 | \$'000 | |
| Revenue | 58,831 | 48,672 | 20.87 |
| Cost of goods sold | (52,039) | (46,425) | 12.09 |
| Gross profit | 6,792 | 2,247 | 202.27 |
| Other operating income | (109) | 375 | -129.07 |
| Selling and distribution expenses | (1,903) | (833) | 128.45 |
| Administrative expenses | (4,702) | (3,802) | 23.67 |
| Other operating expenses | (1,825) | 414 | -540.82 |
| Loss from operations | (1,747) | (1,599) | 9.26 |
| Finance costs | (1,893) | (850) | 122.71 |
| Loss before exceptional items | (3,640) | (2,449) | 48.63 |
| Service termination costs | (331) | (103) | 221.36 |
| Loss before income tax | (3,971) | (2,552) | 55.60 |
| Income tax | (954) | 0 | N/A |
| Loss attributable to shareholders of the company | (4,925) | (2,552) | 92.99 |
| Loss per share (cents) | (6.32) | (3.72) | |

1(a)(i) Loss from operations includes:

| | Group | |
|---------------------------------------------------------|----------|----------|
| | 2005 | 2004 |
| | 9 months | 9 months |
| | \$'000 | \$'000 |
| Gain on disposal of property, plant and equipment (net) | 51 | 71 |
| Interest income on bank deposits | 2 | 2 |
| Foreign exchange (loss)/gain | (263) | 595 |
| Depreciation expense | (2,742) | (2,233) |
| Provision for inventory obsolescence | (1,452) | 4 |
| Provision for doubtful debt-trade | (416) | (6) |

1(a)(ii) Exceptional items

| | Group | |
|---------------------------|--------|--------|
| | 2005 | 2004 |
| | \$'000 | \$'000 |
| Service termination costs | (331) | (103) |

(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 | | Company | |
|-----------------------------------------|-----------------|----------------|---------------|---------------|
| | 31/12/05 | 31/03/05 | 31/12/05 | 31/03/05 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Assets | | | | |
| Non-Current assets | | | | |
| Property, plant and equipment | 35,997 | 26,514 | 120 | 1,793 |
| Investments in subsidiary companies | - | - | 12,682 | 12,481 |
| Deferred tax assets | 620 | 620 | - | - |
| Total non-current assets | 36,617 | 27,134 | 12,802 | 14,274 |
| Current assets | | | | |
| Inventories | 9,737 | 12,569 | 277 | 1,463 |
| Trade receivables | 21,239 | 15,238 | 15,694 | 9,591 |
| Amount due from subsidiaries | - | - | 11,049 | 9,890 |
| Other receivables and prepayments | 2,279 | 3,070 | 1,315 | 2,482 |
| Cash and bank balances | 1,497 | 1,086 | 936 | 511 |
| | 34,752 | 31,963 | 29,271 | 23,937 |
| Current liabilities | | | | |
| Borrowings | 16,939 | 14,282 | 4,433 | 6,084 |
| Trade payables | 18,692 | 15,003 | 14,853 | 9,445 |
| Other payables | 5,635 | 3,286 | 2,653 | 1,445 |
| Hire purchase creditors | 6,334 | 4,162 | 6,212 | 4,105 |
| Income tax payable | 904 | 184 | 144 | 143 |
| | 48,504 | 36,917 | 28,295 | 21,222 |
| Net current (liabilities)/assets | (13,752) | (4,954) | 976 | 2,715 |
| Non-current liabilities | | | | |
| Borrowings | 13,928 | 8,688 | 13,793 | 8,493 |
| Hire purchase creditors | 764 | 2,894 | 517 | 2,892 |
| Deferred tax liabilities | 1,773 | 999 | - | - |
| | 16,465 | 12,581 | 14,310 | 11,385 |
| Net Assets | 6,400 | 9,599 | (532) | 5,604 |
| Capital and reserves | | | | |
| Share capital | 6,232 | 20,577 | 6,232 | 20,577 |
| Reserves | 168 | (10,978) | (6,764) | (14,973) |
| | 6,400 | 9,599 | (532) | 5,604 |

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

Amount repayable in one year or less, or on demand

| As at 31/12/2005 | | As at 31/03/2005 | |
|------------------|--------------|------------------|--------------|
| Secured | Unsecured | Secured | Unsecured |
| \$11,039,000 | \$12,234,000 | \$5,934,000 | \$12,510,000 |

Amount repayable after one year

| As at 31/12/2005 | | As at 31/03/2005 | |
|------------------|--------------|------------------|-------------|
| Secured | Unsecured | Secured | Unsecured |
| \$898,000 | \$13,793,000 | \$3,089,000 | \$8,493,000 |

Breakdown of Borrowings

| | Group | | Company | |
|-------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 31/12/05 \$'000 | 31/03/05 \$'000 | 31/12/05 \$'000 | 31/03/05 \$'000 |
| Borrowings (Current) | | | | |
| Bank Overdraft, unsecured | 4,929 | 5,522 | 3,120 | 4,054 |
| Bankers' Acceptance, unsecured | 2,916 | 2,986 | 1,313 | 2,030 |
| Revolving Credits, unsecured | 4,389 | 4,002 | - | - |
| Term Loan, secured | 4,705 | 1,772 | - | - |
| Total Borrowings (Current) | 16,939 | 14,282 | 4,433 | 6,084 |
| Borrowings (Non-Current) | | | | |
| Term Loan, secured | 135 | 195 | - | - |
| Loan From a Corporate Shareholders, unsecured | 13,793 | 8,007 | 13,793 | 8,007 |
| Loan From a Director Related Company, unsecured | - | 486 | - | 486 |
| Total Borrowings (Non-Current) | 13,928 | 8,688 | 13,793 | 8,493 |
| Total Borrowings | 30,867 | 22,970 | 18,226 | 14,577 |

Details of any collateral

The secured debts of the Group comprise overdraft, term loan, bankers' acceptance and hire-purchase.

MayBank is the Group's regional banker and the banking facilities extended by the bank are secured by the joint personal guarantees of a Director and a related party.

The Group's outstanding with DBS Bank has been reduced through a restructured plan and will be fully repaid within year 2006.

The Group and the Company have motor vehicles, plant & machineries under hire-purchase agreements with several major financial institutions. During the period, Group continued with its business strategy of investing in its mobile telecommunications capabilities in China. Thus a significant amount of financing was obtained from financial institutions for this purpose. A portion of this financing is personally guaranteed by a Director.

The term loan is secured against a specific charge over the machinery and equipment financed by the bank.

A portion of bankers' acceptance is secured against a fixed deposit of S\$70,000.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (9 month period)

| | 31/12/05 | 31/12/04 |
|--------------------------------------------------------|----------|----------|
| | \$'000 | \$'000 |
| Cash flow from operating activities | | |
| Loss before income tax | (3,971) | (2,552) |
| Adjustment for : | | |
| Depreciation expense | 2,742 | 2,233 |
| Interest income | (2) | (2) |
| Interest expense | 1,893 | 842 |
| Impairment of plant and equipment | (83) | - |
| Gain on disposal of plant and equipment | (51) | (71) |
| Operating cash flow before working capital changes | 528 | 450 |
| Decrease/(Increase) in inventories | 2,832 | (5,190) |
| Increase in trade and other receivables | (5,210) | (8,201) |
| Increase in trade and other payables | 3,781 | 7,477 |
| Cash generated from/(used in) operations | 1,931 | (5,464) |
| Income tax paid | (40) | (65) |
| Interest paid | (1,893) | (842) |
| Interest received | 2 | 2 |
| Net cash generated from/(used in) operating activities | 0 | (6,369) |
| Cash flow from investing activities | | |
| Proceeds from disposal of plant and equipment | 457 | 640 |
| Purchase of plant and equipment | (12,074) | (2,674) |
| Proceeds from New Shares Issues | 745 | 0 |
| Net cash used in investing activities | (10,872) | (2,034) |
| Cash flow from financing activities | | |
| Additional HP liabilities | 3,610 | 803 |
| Repayment of term loan | (55) | (77) |
| Repayment of hire purchase liabilities | (3,568) | (1,759) |
| Loan from shareholders | 5,300 | 6,976 |
| Proceeds from other borrowings | 4,319 | 7,144 |
| Repayment Of Others Borrowings | (4,002) | (2,621) |
| Proceeds from factoring of debt | 2,256 | 0 |
| Proceeds from term loans | 2,928 | 1,676 |
| Net cash generated from financing activities | 10,788 | 12,142 |
| Net effect of exchange rate changes | 1,088 | (872) |
| Net increase in cash and cash equivalents | (84) | 3,739 |
| Cash and cash equivalents at beginning of period | (4,436) | (2,869) |
| Cash and cash equivalents at end of period | (3,432) | (2) |

Breakdown of Cash & Cash Equivalent at end of period

| | 31/12/05 | 31/12/04 |
|------------------------------------------------|----------|----------|
| | \$'000 | \$'000 |
| Cash and Bank Balance | 1,427 | 283 |
| Fixed Deposits | 70 | 70 |
| Total Cash and Bank Balance and Fixed Deposits | 1,497 | 353 |
| Bank Overdraft | (4,929) | (355) |
| Cash and cash equivalents at end of period | (3,432) | (2) |

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

| | Share capital | Capital Reduction Reserves | Goodwill on consolidation | Assets revaluation reserve | Currency translation adjustment | Accumulated losses | Total |
|--|---------------|----------------------------|---------------------------|----------------------------|---------------------------------|--------------------|-------|
|--|---------------|----------------------------|---------------------------|----------------------------|---------------------------------|--------------------|-------|

| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
|----------------------------------|--------|--------|---------|--------|---------|--------|--------|
| Group | | | | | | | |
| Balance at 31 March 2004 | 20,577 | - | (1,429) | 2,373 | (5,480) | (339) | 15,702 |
| Currency translation differences | - | - | - | - | (406) | - | (406) |

| | | | | | | | |
|----------------------------------|----------|-------|---------|-------|---------|----------|---------|
| Net loss for the period | - | - | - | - | - | (2,552) | (2,552) |
| Balance at 31 December 2004 | 20,577 | - | (1,429) | 2,373 | (5,886) | (2,891) | 12,744 |
| Balance at 31 March 2005 | 20,577 | - | (1,429) | 2,373 | (5,546) | (6,376) | 9,599 |
| Capital Reduction | (15,090) | 3,710 | - | - | - | 11,380 | - |
| New Issues of Shares | 745 | - | - | - | - | - | 745 |
| Currency translation differences | - | - | - | - | 981 | - | 981 |
| Net loss for the period | - | - | - | - | - | (4,925) | (4,925) |
| Balance as at 31 December 2005 | 6,232 | 3,710 | (1,429) | 2,373 | (4,565) | 79 | 6,400 |
| Company | | | | | | | |
| Balance at 31 March 2004 | 20,577 | - | - | - | - | (9,101) | 11,476 |
| Net loss for the period | - | - | - | - | - | (3,487) | (3,487) |
| Balance at 31 December 2004 | 20,577 | - | - | - | - | (12,588) | 7,989 |
| Balance at 31 March 2005 | 20,577 | - | - | - | - | (14,973) | 5,604 |
| Capital Reduction | (15,090) | 3,710 | - | - | - | 11,380 | - |
| New Issues of Shares | 745 | - | - | - | - | - | 745 |

| | | | | | | | |
|-----------------------------|-------|-------|---|---|---|----------|---------|
| Net loss for the period | - | - | - | - | - | (6,881) | (6,881) |
| Balance at 31 December 2005 | 6,232 | 3,710 | - | - | - | (10,474) | (532) |

- 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**

A Capital Reduction Exercise was done (approved by the High Court of Singapore) in July 2005 where an aggregate amount of S\$15,090,228 of the issued and paid-up share capital of the Company which is lost or unrepresented by available assets has been cancelled by writing-off S\$11,380,000 in accumulated losses of the Company as at 30th September 2004, and transferring S\$3,710,228 to the Capital Reduction Reserve.

A Placement of 9,312,500 New Ordinary Shares of Par Value S\$0.08 each has been approved by SGX-ST, and has been fully subscribed for by the Placees on 9th November 2005.

As at 31st December 2005, the total number of options outstanding is 1,773,000 (2004: 5,233,500).

- 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)**

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 matter)**

N.A.

- 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 as disclosed in item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those for the audited financial statements as at 31st March 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**

The Group has adopted the new Financial Reporting Standards (FRS) that are mandatory for financial year beginning on or after 1st January, 2005. These do not have any significant impact on current financial period ending 31st December 2005. The Group has also changed its financial year-end to 31st December of each year starting with the current financial year ending 31st December 2005 (for the period 1st April 2005 to 31st December 2005).

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 | |
|-------------------------------------------------------------------------------------------|--------------|--------------|
| | 31/12/2005 | 31/12/2004 |
| Earnings per ordinary share for the period based on net loss attributable to shareholders | | |
| (i) based on existing issued share capital | (6.32) cents | (3.72) cents |
| (ii) on a fully diluted basis | (6.32) cents | (3.72) cents |

Basic loss per share is calculated on the net loss attributable to shareholders on ordinary shares of 77,904,443 (31/12/04: 68,591,943).

There are no potential dilutive ordinary shares outstanding during the period.

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 | |
|--------------------------------------------|------------|-------------|--------------|------------|
| | 31/12/2005 | 31/03/2005 | 31/12/2005 | 31/03/2005 |
| Net asset value per ordinary share capital | 8.22 cents | 13.99 cents | (0.68) cents | 8.17cents |

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

1. Income Statement

For this nine months ended 31st December 2005, the Group recorded a Loss Before Tax of \$4.0 million as compared to a Loss Before Tax of \$2.6 million in the previous corresponding period. The increase in gross margins arising from the expansion of the group's business was offset by additional provisions that had to be made for inventories and trade receivables. Higher selling & distribution expenses, financing costs as well as service termination costs contributed to the overall loss.

1.1 Revenue

Group Revenue increased by approximately \$10.1 million or 20.87% from \$48.7 million in previous corresponding period to \$58.8 million in the current period. Higher revenues were mainly due to increased sales to customers in China and Europe. With reference to the Company's announcement released to SGX on 18th February 2006 entitled "Overstatement of sales and understatement of losses for the half-year ended 30th September 2005", such matters have now been rectified and properly accounted for in these accounts.

1.2 Gross Profit

Gross Profit increased by \$4.5 million in current period as compared to the previous corresponding period as a result of the increased sales noted above. The higher gross profit percentage in the current period was due to a higher proportion of consignment sales in China.

1.3 Operating expenses

The increase in Selling and Distribution expenses by \$1 million was due to higher expenses arising from marketing related activities mainly in China.

Administrative and other operating expenses increased by a total of \$3.1 million. This was mainly due to additional provisions for inventory obsolescence, doubtful debts and higher depreciation costs.

1.4 Finance Costs

The Group's finance costs increased by \$1 million, mainly due to increased borrowings from financial institutions and shareholders, factoring of accounts receivables and hire- purchase financing of new equipment purchases.

2. Balance Sheet

The Group's inventories (\$9.7 million) was \$2.8 million lower than the previous period due to enhanced supply chain management and provisions made for obsolete inventory. Trade Receivables increased due mainly to extended credit terms granted to key customers in China to support a higher level of sales.

Long term & short term borrowings increased by \$7.9 million due to additional shareholders' loan of \$5.3 million and additional banking facilities from China and Malaysia to finance operational and capital expenditure in our China operations. Other payables and hire purchase creditors increased by \$2.8 million due to factoring of trade receivables and hire-purchase financing.

3. Cash Flow

During the period, the Group obtained additional financing from banks, financial institutions as well as additional loans from its shareholders. These were used to fund its working capital and major capital expenditures.

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

Though sales and gross margins have increased for the nine months ended 31st December 2005, the Group did not meet its projected profitability due to higher operating expenses and finance costs as well as service termination costs as noted above. The Board also adopted a more prudent financial policy by making additional provisions for inventory and trade debtors for the period.

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

The Board has taken steps in November 2005 to stem losses by making changes to the management team with an immediate focus on reducing costs, improving cash flow and revising the long-term business strategy.

Whilst every effort is being made by the new management team to improve on the performance of the Group, it is not certain that a profit will be made for the financial year 2006. However, barring unforeseen circumstances, the revised business strategy and its execution by the new management team should result in substantially reduced losses as compared to the financial period 31st December 2005.

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

N.A.

(d) Books closure date

N.A.

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

N.A.

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

| | Revenue | | Total assets | | Total capital expenditure | | Depreciation | |
|-------------------------------|---------------|---------------|---------------|---------------|---------------------------|--------------|--------------|--------------|
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| By Geographical Market | | | | | | | | |
| United States of America | 2,128 | 2,648 | - | - | - | - | - | - |
| Europe | 18,185 | 5,732 | - | - | - | - | - | - |
| Japan | 455 | 5,563 | - | - | - | - | - | - |
| China | 14,071 | 4,576 | 40,312 | 18,930 | 11,656 | 2,428 | 1,927 | 594 |
| South East Asia | 23,992 | 30,153 | 31,505 | 40,701 | 418 | 246 | 815 | 1,639 |
| | 58,831 | 48,672 | 71,817 | 59,631 | 12,074 | 2,674 | 2,742 | 2,233 |

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

Please refer to paragraph no 8.

15. A breakdown of sales

| | S\$'000 31/12/2005 | Group S\$'000 31/12/2004 | % Change |
|-----------------------------------------------------------|-----------------------|--------------------------------|-------------|
| (a) Sales reported for first half year | 40,179* | 35,917 | 12.36% |
| (b) Sales reported for second half year (Oct to Dec 2005) | 18,652 | 12,755 | 44.84% |

* These have been restated – refer to paragraph 8 1.1

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

| | Latest Full Year () | Previous Full Year () |
|------------|---------------------|-----------------------|
| Ordinary | - | - |
| Preference | - | - |
| Total: | - | - |

17. Interested Party Transactions

During the period under review, Surreyville Pte Ltd ("Surreyville"), a substantial shareholder of the Company and Habacus Trading Co Pte Ltd, a Director-related company had granted the Company, loans totalling S\$13.8 million as at 31st December 2005. In addition, the Chairman has a controlling interest in Surreyville and Habacus Trading Co Pte Ltd. These loans are interest bearing but Surreyville and Habacus Trading Co Pte Ltd have undertaken not to have the loans recalled or repaid within the twelve months from 31st December 2005.

BY ORDER OF THE BOARD

Dr Tiong Ik King
Non-Executive Chairman
01/03/2006