

TRI-M TECHNOLOGIES (S) LIMITED
(Co. Reg. No.:198701138Z)

**Half Year Financial Statement Announcement for the period
30.09.2005**

**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**

	30/09/2005	Group 30/09/2004	%
	\$'000	\$'000	Change
Revenue	40,974	35,917	14.08%
Cost of goods sold	(35,296)	(33,582)	5.10%
Gross profit	5,678	2,335	143.17%
Other operating income	114	433	-73.67%
Selling and distribution expenses	(1,179)	(536)	119.96%
Administrative expenses	(4,194)	(2,431)	72.52%
Other operating expenses	(593)	(108)	449.07%
Profit/(Loss) from operations	(174)	(307)	-43.32%
Finance costs	(970)	(521)	86.18%
Loss before exceptional items	(1,144)	(828)	-38.16%
Retrenchment costs	(6)	(103)	-94.17%
Loss before income tax	(1,150)	(931)	23.52%
Income tax	0	0	0%
Loss attributable to shareholders of the company	(1,150)	(931)	23.52%
Loss per share (cents)	(1.68)	(1.36)	

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

	Group	
	2005	2004
	\$'000	\$'000
(Loss)/Gain on disposal of property, plant and equipment (net)	(3)	75
Interest income on bank deposits	1	1
Foreign exchange (loss)/gain	(201)	182
Depreciation expense	(1,653)	(1,482)
Provision for inventory obsolescence	(1,004)	-
Provision for doubtful debt-trade	(250)	-

1(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	
	30/09/05	31/03/05	30/09/05	31/03/05
	\$'000	\$'000	\$'000	\$'000
Assets				
Non-Current assets				
Property, plant and equipment	32,248	26,514	427	1,793
Investments in subsidiary companies	-	-	12,481	12,481
Deferred tax assets	620	620	-	-
Total non-current assets	32,868	27,134	12,908	14,274
Current assets				
Inventories	14,358	12,569	2,019	1,463
Trade receivables	24,877	15,238	72,950	45,349
Other receivables and prepayments	8,850	3,070	7,835	2,482
Cash and bank balances	1,764	1,086	332	511
	49,849	31,963	83,136	49,805
Current liabilities				
Borrowings	18,522	14,282	5,256	6,084
Trade payables	23,566	15,003	61,484	35,313
Other payables	8,198	3,286	6,190	1,445
Hire purchase creditors	4,594	4,162	4,445	4,105
Income tax payable	329	184	144	143
	55,209	36,917	77,519	47,090
Net current (liabilities)/assets	(5,360)	(4,954)	5,617	2,715
Non-current liabilities				
Borrowings	13,955	8,688	13,798	8,493
Hire purchase creditors	3,490	2,894	3,236	2,892
Deferred tax liabilities	999	999	-	-
	18,444	12,581	17,034	11,385
Net Assets	9,064	9,599	1,491	5,604
Capital and reserves				
Share capital	5,487	20,577	5,487	20,577
Reserves	3,577	(10,978)	(3,996)	(14,973)
	9,064	9,599	1,491	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 30/09/2005		As at 31/03/2005	
Secured	Unsecured	Secured	Unsecured
\$8,926,000	\$14,190,000	\$5,934,000	\$12,510,000

Amount repayable after one year

As at 30/09/2005		As at 31/03/2005	
Secured	Unsecured	Secured	Unsecured
\$3,646,000	\$13,798,000	\$3,089,000	\$8,493,000

Details of any collateral

The secured debts of the Group relate to hire purchases, term loans and bankers' acceptance.

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

Since 2004, the Group's outstandings with DBS Bank has been significantly reduced through a gradual restructured plan.

The Group and the Company have motor vehicles, plant, machinery and equipment under hire purchase agreements with several major financial institutions. During the period, Group continued with its FY2005's business strategy of adding capacity in its mobile telecommunications equipment capabilities in China. Thus more financing was obtained from financial institutions for the purchase of telecommunications testing equipment. A portion of these loans is guaranteed personally by a Director.

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

The bankers' acceptance is secured against a fixed deposit of S\$70,000 (2004: Bank overdraft was 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

	30/09/05	30/09/04
	\$'000	\$'000
Cash flow from operating activities		
Loss before income tax	(1,150)	(931)
Adjustment for :		
Depreciation expense	1,653	1,482
Interest income	(1)	(1)
Interest expense	970	521
Gain on disposal of plant and equipment	3	(75)
Operating cash flow before working capital changes	1,475	956
Increase in inventories	(1,788)	(2,460)
Increase in trade and other receivables	(15,418)	(4,378)
Increase in trade and other payables	10,862	3,602
Cash used in operations	(4,869)	(2,280)
Income tax paid	-	(85)
Interest paid	(970)	(521)
Interest received	1	1
Net cash used in operating activities	(5,838)	(2,845)
Cash flow from investing activities		
Proceeds from disposal of plant and equipment	6	72
Purchase of plant and equipment	(7,256)	(699)
Net cash used in investing activities	(7,250)	(627)
Cash flow from financing activities		
Additional HP liabilities	3,303	65
Repayment of term loan	(54)	(44)
Repayment of hire purchase liabilities	(2,275)	(1,091)
Loan from shareholders	5,305	2,051
Proceeds from other borrowings	5,240	6,793
Repayment Of Others Borrowings	(5,119)	(4,617)
Decrease in proceeds from factoring of debt	2,613	875
Proceeds from term loans	4,331	1,491
Net cash generated from financing activities	13,344	5,523
Net effect of exchange rate changes	618	(811)
Net increase in cash and cash equivalents	874	1,240
Cash and cash equivalents at beginning of period	(4,436)	(2,869)
Cash and cash equivalents at end of period	(3,562)	(1,629)

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	-	-	-	-	(21)		(21)
Net loss for the period	-	-	-	-	-	(931)	(931)
Balance at 30 September 2004	20,577		(1,429)	2,373	(5,501)	(1,270)	14,750
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	-
Currency translation differences					615		615
Net loss for the period						(1,150)	(1,150)
Balance as at 30 September 2005	5,487	3,710	(1,429)	2,373	(4,931)	3,854	9,064
Company							
Balance at 31 March 2004	20,577	-	-	-	-	(9,101)	11,476
Net loss for the period	-	-	-	-	-	(2,279)	(2,279)
Balance at 30 September 2004	20,577					(11,380)	9,197
Balance at 31 March 2005	20,577					(14,974)	5,603
Capital Reduction	(15,090)	3,710				11,380	-
Net loss for the period						(4,112)	(4,112)
Balance at 30 September 2005	5,487	3,710	-	-	-	(7,706)	1,491

- 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 30 September 2004, and transferring S\$3,710,228 to the Capital Reduction Reserve.

As at 30/09/2005, the total number of options outstanding is 4,275,500 (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 31 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 1 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 December 31st of each year starting with the current financial year ending December 31st 2005 (for the period April 1st 2005 to December 31st 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	
	30/09/2005	30/09/2004
Earnings per ordinary share for the period based on net loss attributable to shareholders		
(i) based on existing issued share capital	(1.68) cents	(1.36) cents
(ii) on a fully diluted basis	(1.68) cents	(1.36) cents

Basic loss per share is calculated on the net loss attributable to shareholders on ordinary shares of 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	
	30/09/2005	31/03/2005	30/09/2005	31/03/2005
Net asset value per ordinary share capital	13.21cents	13.99cents	2.17cents	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 six months ended 30th September 2005, the Group recorded a Loss Before Tax of \$1.15 million as compared to a Loss Before Tax of \$931,000 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.

1.1 Revenue

Group Revenue increased by approximately \$5.1 million or 14.08% from \$35.92 million in previous corresponding period to \$40.97 million in the current period. This increase in sales was due to increased sales to customers in China and existing customers in the region.

1.2 Gross Profit

Gross Profit increased by \$3.3 million in current period as compared to the previous corresponding period. This resulted from higher sales at better margins.

1.3 Operating expenses

The higher Selling and Distribution expenses were due to higher expenses arising from marketing related activities to secure more customers and sales particularly in China.

Administrative and Other operating expenses increased markedly by a total of \$2.2 million. This was mainly due to additional provisions for (a) Stock Obsolescence (\$1 million) arising from enhanced Stock Obsolescence review, (b) doubtful debts (\$250,000) and (c) Unrealised Forex Loss (\$365,000).

1.4 Finance Costs

The Group's finance costs increased by \$449,000 mainly due to higher financing costs from increased borrowings from financial institutions and shareholders to meet inventory holdings, hire purchase of equipment and operational expenses.

2. Balance Sheet

The Group's inventories (\$14.4 million) was \$1.8 million higher than previous period due to strategic positioning of inventory availability with key customers. Trade Receivables increased due mainly to extended credit terms granted to major customers in China to support a higher level of sales.

Long Term & Short Term Borrowings increased by \$9.5 million due to additional shareholders' loan of \$5.3million and additional banking facilities from China and Malaysia. Other Payables & Hire Purchase Creditors increased by \$5.5 million due to factoring and hire-purchase financing.

3. Cash Flow

During the period, the Group obtained additional financing from banks and financial institutions, as well as additional loans from its shareholders. These were used to fund the Group's 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 six months ended September 2005, the Group did not meet its projected profitability as the Board 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 Group expects to make a loss for the current financial year ending 31st December 2005 due to the shorter financial year (previous financial year was 31st March) and losses incurred as at 30th September 2005. The Board has already taken steps to stem losses by making changes to the management team with a renewed focus on costs, cash flow and business.

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.

N.A.

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.**

N.A.

15. **A breakdown of sales**

N.A.

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, a Director-related company, had granted the Company loans totalling S\$13.7 million (including interest accrued) as at September 30th 2005. In addition, the Chairman has a controlling interest in Surreyville and Habacus Trading. These loans are interest bearing but Surreyville and Habacus Trading have undertaken not to have the loans recalled or repaid within the twelve months from April 2005.

BY ORDER OF THE BOARD

Dr Tiong Ik King
Non-Executive Chairman
14/11/2005