The following is extracted from the Notes to the Financial Statements on pg 30 of Tri-M Technologies (S) Limited Annual Report 2005:

"**1(b). Fundamental accounting concept**

The Group incurred losses of $4,925,000 during the financial period ended 31 December 2005 and at that date, the Group is in net current liability position of $13,956,000.

As at 31 December 2005, the Group and the Company have not complied with certain loan covenants of the credit facilities agreements with two of its bankers. The bankers have not exercised their rights under the credit facilities agreements to recall the credit facilities and the bankers had maintained the credit facilities as status quo (details in Note 10). In the event that the terms and conditions of the agreements are not fully met and the breach of covenants not rectified, the bankers may exercise their rights under the credit facilities agreements and the credit facilities may then be repayable at the bankers' demand. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concerns.

The ability of the Group and the Company to continue as going concerns is dependent on (a) the banks not demanding immediate repayment of the Group's and Company's credit facilities; (b) the success of the measures presently being explored to enhance the Group's and Company's financial positions such as refinancing their borrowings; (c) shareholders providing continuing financial support to the Group and Company; and (d) the generation of significant positive cash flow from the Group's and Company's core businesses and their ability to secure new profitable contracts.

The financial statements have been prepared on the assumption that the Group and the Company will continue to operate as going concerns. This assumption is premised on future events, the outcome of which is inherently uncertain. If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group and the Company may have to reclassify certain non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements."

The following is extracted from the Notes to the Financial Statements on pg 51 of Tri-M Technologies (S) Limited Annual Report 2005:

"10. Borrowings (cont'd)

As at 31 December 2005, the Group and Company breached certain covenants of the credit facilities agreements with two of its bankers. The banks have not exercised their rights under the credit facilities agreements to recall the credit facilities of $4,433,000 (31/3/2005: $6,084,000) and had maintained the credit facilities as status quo. In the event that the terms and conditions of the agreement are not fully met and the breach of covenants not rectified, the banks may exercise their rights under the credit facilities agreements and the credit facilities may then be repayable at the banks' demand.

At the date of this report, the Board of the Company is actively exploring various measures to enhance its financial position such as refinancing its borrowings and seeking new customers with favourable trading terms."