



COMPACT METAL INDUSTRIES LTD (Co. Reg. No.: 197500009H)

Half Year Unaudited Financial Statement And Dividend Announcement

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 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 S\$' 000		% Increase/ (Decrease)
	30-Jun-06	30-Jun-05	
Revenue	35,068	41,334	(15)
Changes in inventories of work-in-progress and finished goods	(75)	569	(113)
Raw materials and consumables used	(17,322)	(26,637)	(35)
Staff and related costs	(9,155)	(12,192)	(25)
Depreciation of property, plant and equipment	(1,531)	(2,215)	(31)
Other operating expenses	(8,392)	(9,690)	(13)
Other income	567	1,628	(65)
Finance costs	(2,805)	(2,618)	7
Loss before taxation	(3,645)	(9,821)	(63)
Taxation	(184)	25	(836)
Net loss for the year	(3,829)	(9,796)	(61)
Attributable to:			
Shareholders of the Company	(3,891)	(8,721)	(55)
Minority interests	62	(1,075)	(106)
Net loss for the year	(3,829)	(9,796)	(61)
Loss per share (cents)			
- basic	(1.76) cents	(3.94) cents	
- diluted	(1.76) cents	(3.94) cents	

1(a)(i) Loss before taxation is stated after charging/(crediting) the following:-

	Group S\$' 000	
	30-Jun-06	30-Jun-05
Allowance for doubtful trade receivables	50	281
Allowance for doubtful accrued receivables	357	47
Inventories written off	19	0
Bad debts written off (trade)	0	13
Bad debts recovered (trade)	(7)	0
Exchange loss / (gain)	1,129	(1,567)
Interest on borrowings	2,805	2,618
Interest income	(1)	(6)
Gain on sale of property, plant and equipment	(17)	(37)

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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 S\$' 000		Company S\$' 000	
	30-Jun-06	31-Dec-05	30-Jun-06	31-Dec-05
Non-current assets				
Property, plant and equipment	32,713	42,537	19,211	19,561
Investments in subsidiaries	-	-	6,587	6,587
Investment in associated company	-	-	-	-
Long term receivables	1,335	1,335	8,660	8,870
	<u>34,048</u>	<u>43,872</u>	<u>34,458</u>	<u>35,018</u>
Asset held for sale	8,248	-	-	-
Current assets				
Inventories	13,881	13,897	1,868	2,002
Trade and other receivables	27,552	31,862	111,080	110,656
Other financial assets	16	26	8	18
Cash and bank balances	1,156	727	482	376
	<u>42,605</u>	<u>46,512</u>	<u>113,438</u>	<u>113,052</u>
Total assets	<u>84,901</u>	<u>90,384</u>	<u>147,896</u>	<u>148,070</u>
Share capital and reserves				
Share capital	33,247	33,247	33,247	33,247
Capital reserve	404	404	-	-
Revaluation reserve	951	951	-	-
Currency translation reserve	(4,673)	(5,155)	-	-
Accumulated losses	(76,436)	(72,545)	(79,138)	(77,080)
	<u>(46,507)</u>	<u>(43,098)</u>	<u>(45,891)</u>	<u>(43,833)</u>
Minority interests	528	466	-	-
Total equity	<u>(45,979)</u>	<u>(42,632)</u>	<u>(45,891)</u>	<u>(43,833)</u>
Non-current liabilities				
Amounts owing to financial institutions	3,773	3,896	-	-
Obligations under finance lease	202	218	21	26
Long-term payables	243	243	-	-
Deferred tax liabilities	197	191	-	-
	<u>4,415</u>	<u>4,548</u>	<u>21</u>	<u>26</u>
Current liabilities				
Trade and other payables	32,569	35,051	123,018	121,222
Current portion of amounts owing to financial institutions	53,775	53,304	30,734	30,645
Transferable loan	40,000	40,000	40,000	40,000
Current portion of obligations under finance lease	66	113	10	10
Current tax payable	55	-	4	-
	<u>126,465</u>	<u>128,468</u>	<u>193,766</u>	<u>191,877</u>
Total liabilities	<u>130,880</u>	<u>133,016</u>	<u>193,787</u>	<u>191,903</u>
Total equity and liabilities	<u>84,901</u>	<u>90,384</u>	<u>147,896</u>	<u>148,070</u>

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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 30 June 2006		As at 31 Dec 2005	
S\$' 000		S\$' 000	
Secured	Unsecured	Secured	Unsecured
92,954	887	92,302	1,115

(b) Amount repayable after one year

As at 30 June 2006		As at 31 Dec 2005	
S\$' 000		S\$' 000	
Secured	Unsecured	Secured	Unsecured
3,773	202	3,896	218

(c) Details of collaterals

	S\$' 000	
	30-Jun-06	31-Dec-05
Property, plant and equipment	26,128	41,892
Assets held for sale	8,248	0
Other financial assets	16	26
Inventories	2,680	3,061
Trade and other receivables	21,130	24,705
Cash at bank and in hand	846	464
	<u>59,048</u>	<u>70,148</u>

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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	
	S\$' 000	
	30-Jun-06	30-Jun-05
Operating Activities		
Loss before taxation	(3,645)	(9,821)
Adjustments for:		
Depreciation of property, plant and equipment	1,531	2,215
Interest expense	2,805	2,618
Interest income	(1)	(5)
Profit on disposal of property, plant and equipment	(17)	(37)
Operating profit/(loss) before working capital changes	673	(5,030)
Changes in working capital:		
Inventories	(170)	(288)
Trade and other receivables	3,924	4,691
Trade and other payables	(2,192)	1,132
Cash generated from operations	2,235	505
Income taxes recovered/(paid)	646	(344)
Interest received	1	6
Net cash flows from operating activities	2,882	167
Investing Activities		
Proceeds from sale of property, plant and equipment	56	67
Purchase of property, plant and equipment	(551)	(1,440)
Net cash flows from investing activities	(495)	(1,373)
Financing Activities		
Repayment of finance lease liabilities	(63)	(39)
Movement in bank loans	643	(103)
Interest paid	(2,242)	(1,707)
Dividend paid to minority shareholders	-	(14)
Net cash flows from financing activities	(1,662)	(1,863)
Net decrease in cash and cash equivalents	725	(3,069)
Cash and cash equivalents at 1 January 2006	(13,306)	(9,165)
Cash and cash equivalents at 30 June 2006	(12,581)	(12,234)

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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 the capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital S\$'000	Share Premium S\$'000	Capital reserve S\$'000	Revaluation reserve S\$'000	Currency translation reserve S\$'000	(Accumulat-ed losses) S\$'000	Minority Interest S\$'000	Total S\$'000
As at 1 January 2006	22,122	11,125	404	951	(5,155)	(72,545)	466	(42,632)
Transfer to Share Capital (*)	11,125	(11,125)						-
Exchange differences arising on consolidation representing net loss recognised directly in equity	-	-	-	-	482	-	-	482
Net loss for the period	-	-	-	-	-	(3,891)	62	(3,829)
Total recognised income and expenses for the period	-	-	-	-	482	(3,891)	62	(3,347)
At 30 June 2006	33,247	(0)	404	951	(4,673)	(76,436)	528	(45,979)
At 1 January 2005	22,122	11,125	404	951	(4,670)	(48,403)	1,853	(16,618)
Exchange differences arising on consolidation representing net loss recognised directly in equity	-	-	-	-	(701)	-	(3)	(704)
Net loss for the period	-	-	-	-	-	(8,721)	(1,075)	(9,796)
Total recognised expenses for the period	-	-	-	-	(701)	(8,721)	(1,078)	(10,500)
Dividend	-	-	-	-	-	-	(14)	(14)
At 30 June 2005	22,122	11,125	404	951	(5,371)	(57,124)	761	(27,132)

Company	Share capital S\$'000	Share Premium S\$'000	(Accumulat-ed losses) S\$'000	Total S\$'000
At 1 January 2006	22,122	11,125	(77,080)	(43,833)
Transfer to Share Capital (*)	11,125	(11,125)		-
Net loss for the period, representing total recognised expenses for the period	-	-	(2,058)	(2,058)
At 30 June 2006	33,247	-	(79,138)	(45,891)
At 1 January 2005	22,122	11,125	(40,757)	(7,510)
Net loss for the period, representing total recognised expenses for the period	-	-	(1,658)	(1,658)
At 30 June 2005	22,122	11,125	(42,415)	(9,168)

Note:

* In accordance with the amendments to the Companies Act that came into effect on 30 January 2006, the amount standing to the credit of the Company's share premium account becomes part of the Company's share capital

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- 1(d)(ii) Details of changes in the Company's share capital arising from right issue, bonus issues, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition 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.

NIL

- 2 Whether the figures have been audited, or review and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagement to Review Financial Statements), or an equivalent standard).

The figures have not been audited nor reviewed.

- 3 Whether the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis 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.

The Group and the Company have adopted the same accounting policies and method of computation in the financial statements for the current reporting period compared with 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.

The Amendments and Interpretations to the Singapore Financial Reporting Standards ("FRS") for periods effective from 1 January 2006 are currently being assessed.

- 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-Jun-06	30-Jun-05

Earnings per ordinary share of the Group for the year based on net loss attributable to shareholders:-

Based on weighted average 221,223,260 ordinary shares (2004 :221,223,260 ordinary shares)

(1.76) cents	(3.94) cents
(1.76) cents	(3.94) cents

On a fully diluted basis

- 7 Net asset value (for the issuer and group) per ordinary share based on the issued share capital of the issuer at the end of the (a) current period reported and (b) immediately preceding financial year.

Group		Company	
30-Jun-06	31-Dec-05	30-Jun-06	31-Dec-05
(21.02) cents	(19.48) cents	(20.74) cents	(19.81)cents

Net Asset Value per ordinary share based on issued share capital of 221,223,260 (2005: 221,223,260)

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- 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 year reported on.

The Group's turnover for the six months ended 30 June 2006 declined by 15% to S\$35.1 million compared to S\$41.3 million for the corresponding period in 2005. This was due to lower revenue from facade engineering business as the Group is focusing on core competency in window and door fabrication and manufacturing and marketing of aluminium extrusion.

The Group's loss before taxation of S\$3.6 million for the six months ended 30 June 2006 reflected a reduction of S\$6.2m as compared with loss before taxation of S\$9.8 million for the corresponding period in 2005. This was mainly attributable to lower claims by main-contractors of S\$2 million, cost over-run of S\$2.8m in the six months ended 30 June 2005, provision for doubtful debts of S\$0.5m and a gain of S\$1.6 million from the sale of its entire shareholding in an associate company in the six months ended 2006.

- 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

The building and construction industry remains challenging. The Group has orders in hand of S\$ 33 million as at 30 June 2006, more than half of which will be completed in 2006.

The Company announced on 7 June 2006 the memorandum of understanding entered into between the Company and a proposed investor (Mr. Chng Ghim Huat). It has reached a consensus, on an in-principle basis, with its creditor banks and the proposed investor on the overall structure of the proposed debt restructuring exercise, including key commercial terms, subject to the final approval of the creditor banks. Further announcement will be made to update on developments concerning the progress of the debt restructuring exercise and the proposed investor's investment in the Company.

- 11 Dividend

(a) Current Financial Period Reported on

Any dividend declared for the current financial year reported on? None

Name of Dividend
Dividend Type
Dividend Rate
Par value of shares
Tax Rate

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding year of the immediately preceding financial year? None

Name of Dividend
Dividend Type
Dividend Rate
Par value of shares
Tax Rate

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

- 12 If no dividend has been declared/recommendeded, a statement to that effect

No dividend has been recommended for the financial period ended 30 June 2006

BY ORDER OF THE BOARD

Tan Chin Eng
Managing Director
14-Aug-2006