

# **UNION STEEL HOLDINGS LIMITED**

Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the group".

## **Full Year Financial Statement and Dividend Announcement for the Year Ended 30/06/2006**

### **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                | Pro Forma Group      | Increase/<br>(Decrease) |
|---|----------|----------------------|----------------------|-------------------------|
|   | Note     | 30-Jun-06<br>S\$'000 | 30-Jun-05<br>S\$'000 | %                       |
| Revenue   |          | 136,022              | 112,751              | 20.64                   |
| Cost of sales   |          | (118,081)            | (92,124)             | 28.18                   |
| <b>Gross profit</b>   |          | <b>17,941</b>        | <b>20,627</b>        | <b>(13.02)</b>          |
| Other operating income  |          | 3,774                | 2,370                | 59.24                   |
| <br>  |          |                      |                      |                         |
| Selling and distribution costs                                    |          | (5,570)              | (5,435)              | 2.48                    |
| General and administrative expenses                               |          | (6,510)              | (5,160)              | 26.16                   |
| Other operating expenses  |          | (437)                | (75)                 | 482.67                  |
| <br>  |          |                      |                      |                         |
| <b>Operating Profit</b>   |          | <b>9,198</b>         | <b>12,327</b>        | <b>(25.38)</b>          |
| <br>  |          |                      |                      |                         |
| Finance costs   |          | (1,196)              | (437)                | 173.68                  |
| <br>  |          |                      |                      |                         |
| <b>Operating profit before income tax</b>                         | <b>1</b> | <b>8,002</b>         | <b>11,890</b>        | <b>(32.70)</b>          |
| <br>  |          |                      |                      |                         |
| Income tax  |          | (1,670)              | (2,291)              | (27.11)                 |
| <br>  |          |                      |                      |                         |
| <b>Profit for the financial year attributable to shareholders</b> |          | <b>6,332</b>         | <b>9,599</b>         | <b>(34.03)</b>          |

- Union Steel Holdings Limited was incorporated in the Republic of Singapore under the name of Union Steel Holdings Pte Ltd on 12 August 2004 as a private limited company. On 29 June 2005, it changed its name to Union Steel Holdings Limited. In connection with the company's conversion to a public company limited by shares and was admitted to the main board of Singapore Exchange Securities Trading Limited (SGX-ST) on 15 August 2005.
- Union Steel Group (the "Group") was formed as a result of restructuring exercise undertaken on 28 June 2005 as described in the Prospectus dated 2 August 2005 ("Restructuring Exercise").

- c) The consolidated financial statements of the Group for the financial year ended 30 June 2005 have been prepared using the "Pooling-of-interest" method, as the entities within the group are under the common control before and after the restructuring exercise. Under the Pooling-of-interest method, the financial statements of the Group for the financial year ended 30 June 2005 have been presented as if the Group has been in existence prior to 28 June 2005 and the assets and liabilities are brought into the consolidated financial statement at their existing carrying amount.

Note 1 – Operating Profit before income tax is stated after (charging)/crediting the following:

|   | Group     | Pro Forma Group |                         |
|---|-----------|-----------------|-------------------------|
|   | 30-Jun-06 | 30-Jun-05       | Increase/<br>(Decrease) |
|   | S\$'000   | S\$'000         | %                       |
| Allowance for doubtful debt                   | (14)      | (11)            | 27.27                   |
| Depreciation of property, plant and equipment | (2,576)   | (2,357)         | 9.29                    |
| Foreign exchange (loss)/gain                  | (447)     | 72              | NM                      |
| Gain on disposal of plant and equipment       | 304       | 76              | 300.00                  |
| Interest expenses                             | (1,196)   | (437)           | 173.68                  |
| Rental Income                                 | 2,538     | 1,734           | 46.37                   |
| Interest income                               | 141       | -               | NM                      |
| Bad debt recovered                            | 24        | -               | NM                      |

NM – Not meaningful

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.

## Balance Sheet

|   | Group<br>30-Jun-06<br>S\$'000 | Pro Forma<br>Group<br>30-Jun-05<br>S\$'000 | Company<br>30-Jun-06<br>S\$'000 | 30-Jun-05<br>S\$'000 |
|---|-------------------------------|--|---------------------------------|----------------------|
| <b>NON-CURRENT ASSETS</b>                 |                               |  |                                 |                      |
| Properties, plant & equipments            | 29,660                        | 27,902                                     | -                               | -                    |
| Investment in subsidiaries                | -                             | -  | 16,506                          | 16,326               |
| <b>CURRENT ASSETS</b>                     |                               |  |                                 |                      |
| Stocks                                    | 27,138                        | 15,193                                     | -                               | -                    |
| Trade debtors                             | 11,241                        | 10,718                                     | -                               | -                    |
| Other debtors & prepayments               | 440                           | 837  | 4,275                           | 5,656                |
| Loan to subsidiaries                      | -                             | -  | 5,727                           | -                    |
| Amount due from subsidiaries              | -                             | -  | 1,384                           | -                    |
| Fixed deposit                             | 5,053                         | -  | 5,053                           | -                    |
| Cash & bank balances                      | 7,044                         | 3,926                                      | 130                             | -                    |
|   | 50,916                        | 30,674                                     | 16,569                          | 5,656                |
| <b>CURRENT LIABILITIES</b>                |                               |  |                                 |                      |
| Trade creditors                           | 8,451                         | 5,649                                      | 132                             | 100                  |
| Other creditors                           | 1,134                         | 649  | 108                             | 636                  |
| Obligations under hire purchase contracts | 1,718                         | 1,074                                      | -                               | -                    |
| Bill payable and Short term bank loan     | 20,526                        | 15,556                                     | -                               | -                    |
| Provision for taxation                    | 1,638                         | 2,936                                      | 37                              | -                    |
|   | 33,467                        | 25,864                                     | 277                             | 736                  |
| Net Current Asset                         | 17,449                        | 4,810                                      | 16,292                          | 4,920                |
| <b>NON-CURRENT LIABILITIES</b>            |                               |  |                                 |                      |
| Bank loan                                 | 5,114                         | 6,198                                      | -                               | -                    |
| Obligations under hire purchase contracts | 26                            | 107  | -                               | -                    |
| Deferred taxation                         | 602                           | 482  | -                               | -                    |
| <b>TOTAL NON-CURRENT LIABILITIES</b>      | 5,742                         | 6,787                                      | -                               | -                    |
| Net Asset                                 | 41,367                        | 25,925                                     | 32,798                          | 21,246               |
| <b>SHARE CAPITAL &amp; RESERVES</b>       |                               |  |                                 |                      |
| Share capital                             | 29,601                        | 16,326                                     | 29,601                          | 16,326               |
| Retained profits                          | 11,766                        | 9,599                                      | 3,197                           | 4,920                |
| Total Equity                              | 41,367                        | 25,925                                     | 32,798                          | 21,246               |

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

**Amount repayable in one year or less, or on demand**

| <b>As at 30 June 2006</b> |           | <b>As at 30 June 2005</b> |           |
|---------------------------|-----------|---------------------------|-----------|
| Secured                   | Unsecured | Secured                   | Unsecured |
| \$'000                    | \$'000    | \$'000                    | \$'000    |
| 22,244                    | -         | 16,630                    | -         |

**Amount repayable after one year**

| <b>As at 30 June 2006</b> |           | <b>As at 30 June 2005</b> |           |
|---------------------------|-----------|---------------------------|-----------|
| Secured                   | Unsecured | Secured                   | Unsecured |
| \$'000                    | \$'000    | \$'000                    | \$'000    |
| 5,140                     | -         | 6,305                     | -         |

**Note:**

As at 30 June 2006, the Group's bills payable and short term bank loans are secured by corporate guarantees given by the company to the bankers.

The Group's bank term loans are secured by legal mortgage over the properties of the subsidiaries and corporate guarantees given by the company.

The Group's obligation under hire purchase contracts are secured against the respective assets under hire purchase, corporate guarantees by the company and personal guarantee by certain directors of the Group.

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

## Cash Flow Statement

|   | Group<br>30-Jun-06<br>S\$'000 | Pro Forma<br>Group<br>30-Jun-05<br>S\$'000 |
|---|-------------------------------|--|
| <b>Cash flows from operating activities: -</b>                |                               |  |
| Profit before taxation  | 8,002                         | 11,890                                     |
| Adjustments for:  |                               |  |
| Depreciation of property, plant and equipment                 | 2,576                         | 2,357                                      |
| Gain on disposal of plant and equipment                       | (304)                         | (76)                                       |
| Interest expense  | 1,196                         | 437  |
| Interest income   | (141)                         | -  |
| <b>Operating profit before working capital changes</b>        | <b>11,329</b>                 | <b>14,608</b>                              |
| Increase in stocks  | (11,945)                      | (2,960)                                    |
| Increase in trade debtors                                     | (523)                         | (1,993)                                    |
| Decrease/(Increase) in other debtors and prepayments          | 397                           | (157)                                      |
| Increase in trade creditors                                   | 2,802                         | 1,339                                      |
| Increase in other creditors                                   | 485                           | 171  |
| <b>Cash generated from operations</b>                         | <b>2,545</b>                  | <b>11,008</b>                              |
| Income tax paid   | (2,848)                       | (3,173)                                    |
| Interest paid   | (1,196)                       | (437)                                      |
| Interest income received                                      | 141                           | -  |
| <b>Net cash (used in)/from operating activities</b>           | <b>(1,358)</b>                | <b>7,398</b>                               |
| <b>Cash flows from investing activities: -</b>                |                               |  |
| Purchase of property, plant and equipment                     | (2,146)                       | (11,592)                                   |
| Proceeds from disposal of plant and equipment                 | 374                           | 106  |
| Repayment of hire purchase contracts                          | (1,695)                       | (1,303)                                    |
| <b>Net cash used in investing activities</b>                  | <b>(3,467)</b>                | <b>(12,789)</b>                            |
| <b>Cash flows from financing activities: -</b>                |                               |  |
| Proceeds from issue of capital net of issue expenses          | 13,275                        | -  |
| Funds from long-term and short-term bank loans                | 11,150                        | 10,600                                     |
| Increase in bills payable                                     | 4,306                         | 3,688                                      |
| Repayment of long-term and short-term bank loans              | (11,570)                      | (2,353)                                    |
| Dividends paid  | (4,165)                       | (7,000)                                    |
| <b>Net cash from financing activities</b>                     | <b>12,996</b>                 | <b>4,935</b>                               |
| Net increase/(decrease) in cash and cash equivalents          | 8,171                         | (456)                                      |
| Cash and cash equivalents at beginning of the financial year  | 3,926                         | 4,382                                      |
| <b>Cash and cash equivalents at end of the financial year</b> | <b>12,097</b>                 | <b>3,926</b>                               |
| <b>Cash and cash equivalents comprise:</b>                    |                               |  |
| Cash and bank balances  | 7,044                         | 3,926                                      |
| Fixed deposit, un-pledged                                     | 5,053                         | -  |
|   | <b>12,097</b>                 | <b>3,926</b>                               |

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

### Statement of changes in equity

| <b>The Group</b>                               | <b>Share Capital</b> | <b>Share Premium</b> | <b>Revenue Reserve</b> | <b>Total</b>  |
|--|----------------------|----------------------|------------------------|---------------|
| <i>Financial Year Ended 30 June 2005</i>       | <b>\$'000</b>        | <b>\$'000</b>        | <b>\$'000</b>          | <b>\$'000</b> |
| Balance as at 1 July 2004                      | 2,120                | -                    | 21,206                 | 23,326        |
| Issuance of ordinary shares                    | 16,326               | -                    | -                      | 16,326        |
| Bonus issue                                    | 8,000                | -                    | (8,000)                | -             |
| Dividend paid prior to restructuring exercise  | -                    | -                    | (7,000)                | (7,000)       |
| Net profit for the financial Year              | -                    | -                    | 9,599                  | 9,599         |
| Adjustment arising from restructuring exercise | (10,120)             | -                    | (6,206)                | (16,326)      |
| Balance as at 30 June 2005                     | 16,326               | -                    | 9,599                  | 25,925        |

| <b>The Group</b>                         | <b>Share Capital</b> | <b>Share Premium</b> | <b>Revenue Reserve</b> | <b>Total</b>  |
|--|----------------------|----------------------|------------------------|---------------|
| <i>Financial Year Ended 30 June 2006</i> | <b>\$'000</b>        | <b>\$'000</b>        | <b>\$'000</b>          | <b>\$'000</b> |
| Balance as at 1 July 2005                | 16,326               | -                    | 9,599                  | 25,925        |
| Issuance of ordinary shares              | 4,500                | 8,775                | -                      | 13,275        |
| Transfer to Share Capital <sup>(i)</sup> | 8,775                | (8,775)              | -                      | -             |
| Dividend paid                            | -                    | -                    | (4,165)                | (4,165)       |
| Net profit for the financial Year        | -                    | -                    | 6,332                  | 6,332         |
| Balance as at 30 June 2006               | 29,601               | -                    | 11,766                 | 41,367        |

| <b>The Company</b>                       | <b>Share Capital</b> | <b>Share Premium</b> | <b>Revenue Reserve</b> | <b>Total</b>  |
|--|----------------------|----------------------|------------------------|---------------|
| <i>Financial Year Ended 30 June 2005</i> | <b>\$'000</b>        | <b>\$'000</b>        | <b>\$'000</b>          | <b>\$'000</b> |
| Balance as at 1 July 2004                | -                    | -                    | -                      | -             |
| Issuance of ordinary shares              | 16,326               | -                    | -                      | 16,326        |
| Net profit for the financial Year        | -                    | -                    | 4,920                  | 4,920         |
| Balance as at 30 June 2005               | 16,326               | -                    | 4,920                  | 21,246        |

| <b>The Company</b>                       | <b>Share Capital</b> | <b>Share Premium</b> | <b>Revenue Reserve</b> | <b>Total</b>  |
|--|----------------------|----------------------|------------------------|---------------|
| <i>Financial Year Ended 30 June 2006</i> | <b>\$'000</b>        | <b>\$'000</b>        | <b>\$'000</b>          | <b>\$'000</b> |
| Balance as at 1 July 2005                | 16,326               | -                    | 4,920                  | 21,246        |
| Issuance of ordinary shares              | 4,500                | 8,775                | -                      | 13,275        |
| Transfer to Share Capital <sup>(i)</sup> | 8,775                | (8,775)              | -                      | -             |
| Dividend paid                            | -                    | -                    | (4,165)                | (4,165)       |
| Net profit for the financial Year        | -                    | -                    | 2,442                  | 2,442         |
| Balance as at 30 June 2006               | 29,601               | -                    | 3,197                  | 32,798        |

Note: (i) pursuant to the companies (Amendment) Act (2005), with effect from 30 January 2006, the concept of par value and authorized share capital were abolished and the shares of a company ceased to have a par value. The amount in the share premium reserve as at 30 January 2006 was transferred to the company's share capital.

**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 for cash or as consideration for acquisition or for any other purpose since the end of the previous year 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 year reported on and as at the end of the corresponding period of the immediately preceding financial year.**

|  | <b>No of shares</b> | <b>S\$</b> |
|--|---------------------|------------|
| Pre-invitation share capital as at 30 June 2005    | 272,105,250         | 16,326,315 |
| New shares issued for invitation on 12 August 2005 | 75,000,000          | 4,500,000  |
| Post-invitation issued and paid up share capital   | 347,105,250         | 20,826,315 |

Pursuant to the Company's Initial Public Offering, 75,000,000 new ordinary shares and 14,000,000 vendor shares were offered at an issue price of S\$0.20 each. The Company was admitted to the official list of the Singapore Exchange Securities Trading Limited on 15 August 2005.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The above 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 a 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 same accounting policies and methods of computation have been consistently applied by the Group and are consistent with those used in previous financial year except that the Group has adopted all the applicable new/revised FRS which became effective during the financial year.

**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.**

For the financial year ended 30 June 2006, the adoption of all the new and revised FRS has no material impact on the results of the Group except as disclosed below:

#### FRS 39 Financial instruments; Recognition and Measurement

In accordance with FRS 39, the derivative financial instruments held by the Group that do not qualify for hedge accounting were recognized as assets or liabilities in the balance sheets and classified as "financial assets or liabilities at fair values through profit or loss". Derivative financial instruments are recognized initially at fair value on the date a derivative contract is entered into, and subsequently re-measured at fair value with gain or loss recognized in profit and loss account.

Under the transitional provisions of FRS 39, the effect of recognition, derecognition and measurement of financial instruments for the comparative FY2005, is not restated. Instead the changes should be accounted for by restating the opening balances as at 1 July 2005. The adoption of FRS 39 do not result in any significant impact to Group as at 1 July 2005.

The effect of adopting FRS 39 has resulted in a provision of SGD 334,953 for loss on re-valuation of derivative financial instrument for the financial year.

**6. Earnings per ordinary share of the group for the current financial year reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

|   | <b>Group<br/>30-Jun-06</b> | <b>Pro Forma<br/>Group<br/>30-Jun-05</b> |
|---|----------------------------|--|
| Earnings per ordinary share for the year based on Net profit attributable to Shareholders | <b>Cents</b>               | <b>Cents</b>                             |
| i) Based on weighted average number of ordinary shares on issue                           | 1.86                       | 3.53                                     |
| ii) On a fully diluted basis (detailing any adjustments made to the earning)              | 1.86                       | 3.53                                     |
| Number of ordinary shares   | 340,855,250                | 272,105,250                              |

**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 financial period reported on; and  
(b) immediately preceding financial year.

|  | <b>Group<br/>30-Jun-06<br/>Cents</b> | <b>Pro Forma<br/>Group<br/>30-Jun-05<br/>Cents</b> | <b>Company<br/>30-Jun-06<br/>Cents</b> | <b>Company<br/>30-Jun-05<br/>Cents</b> |
|--|--------------------------------------|--|--|--|
| Net asset value per ordinary share based on issued share capital as at the end of the period reported on | 11.92                                | 9.53   | 9.45                                   | 7.81                                   |
| Number of ordinary shares  | 347,105,250                          | 272,105,250  | 347,105,250                            | 272,105,250                            |



**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial year reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial year reported on.**

**(a) Turnover , Gross Margin**

Recycled ferrous metal price has remained weak and flat for the first half of FY 2006 after a sharp correction in the middle of 2005. The price only started to pick up in March 2006 following the recovery in steel product prices in first quarter of 2006 due to underlying strong demand for steel and the consolidation in steel supply.

The prices for recycled non-ferrous metal, such as copper, aluminum and stainless steel, are generally on an upward trend for FY 2006. The increase in price of recycled non-ferrous metal is particularly significant in the second half of FY 2006.

The group has benefited from the strengthening of recycled metal prices by achieving higher turnover for the second half of FY 2006. Sales turnover for the current financial year has increased by 20.64% to SGD 136 million. Comparing the sales turnover achieved in the second half of FY 2006 to that for the first half of FY2006, it has increased by a significant 61.54%. Sales turnover increased from SGD 52 million in the first half of FY 2006 to SGD 84 million in the second half FY2006.

Gross margin for the current financial year at 13.19% is lower than that of 18.29% achieved in the last financial year. Gross margin has decreased due to stiffer competition in the collection of scrap, which has resulted in higher purchase price for scrap metals. Gross margin has been further weighted down by higher operating cost due to higher international fuel price.

**(b) Cost**

Distribution cost has increased marginally by 2.48% despite a 20.64% increase in sales turnover for FY2006. The marginal increase in distribution cost despite a 20.64% increase in sales turnover is due to effort by management to focus on local and neighboring markets that have a lower distribution cost.

Administrative cost has increased by 26.16% in the current financial year as compared with the last financial year mainly due to additional expenses such as director fees, statutory expenses and the increase in utilities expenses, property tax and staff cost. The increase in property tax is mainly due to the acquisition of new premises located at 31 Pioneer Road North Singapore 628472, 33 Pioneer Road North Singapore 628474, 14 Gul Road Singapore 629344 and Jalan Samulun Singapore 629120.

Finance cost has increased by 173.68% from in the current financial year as compared to the corresponding financial period of the last financial year. The increase in finance cost is attributed to increasing interest rate in the current financial year and an increase in bank borrowings.

**(c) Assets & Liabilities**

The increase in Properties, Plants and Equipments is due to additions of new machineries and renewal of our aging fleets of trucks.

The increase in inventory is due to price increase in non-ferrous metal and increase in stock level for steel products. Prices of non-ferrous metal such as copper, aluminum and stainless steel have increased in FY2006. The management has also taken active steps to manage our steel product inventory level to support the growth in our steel trading segment.

**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 significant trends and 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 year and the next 12 months.**

Moving ahead, the Group expects to continue to see healthy demand growth for recycled ferrous and non-ferrous metals led by strong consumption for metal products. However, higher purchase price and cost of operation will continue to put profit margins under pressure. Barring any unforeseen circumstances, the Group is expected to continue to remain profitable.

#### **11. Dividend**

##### **(a) Current Financial Year Reported On**

Any dividend declared for the current financial year reported on?

Yes

|                           |                     |
|---------------------------|---------------------|
| Name of Dividend          | Final               |
| Dividend Type             | Cash                |
| Dividend Amount per Share | S\$0.0065           |
| Tax Rate                  | Tax exempt one-tier |

##### **(b) Corresponding Year of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes

|                           |                     |
|---------------------------|---------------------|
| Name of Dividend          | Final               |
| Dividend Type             | Cash                |
| Dividend Amount per Share | S\$0.012            |
| Tax Rate                  | Tax exempt one-tier |

##### **(c) Date payable**

The date payable is to be announced later.

The books closure date is to be announced later.

Not applicable

(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.

Segmental Information  
Presented By Business Segments

[illegible]

Presented by Geographical Segments

|                       | Group           |      | Pro Forma Group |      |
|-----------------------|-----------------|------|-----------------|------|
|                       | 12 Months Ended |      |                 |      |
|                       | 30-Jun-06       |      | 30-Jun-05       |      |
| Revenue               | S\$'000         | %    | S\$'000         | %    |
| PRC                   | 41,973          | 31%  | 14,900          | 13%  |
| Singapore             | 35,931          | 26%  | 22,247          | 20%  |
| Bangladesh            | 22,411          | 16%  | 10,393          | 9%   |
| India                 | 16,059          | 12%  | 22,359          | 20%  |
| Indonesia             | 5,677           | 4%   | 24,865          | 22%  |
| Malaysia              | 4,433           | 3%   | 1,338           | 1%   |
| Japan                 | 1,073           | 1%   | 3,451           | 3%   |
| Taiwan                | 819             | 1%   | 2,592           | 2%   |
| Sri Lanka             | 308             | 0.2% | 2,458           | 2%   |
| Germany               | 259             | 0.2% | 3,058           | 3%   |
| Others <sup>(1)</sup> | 7,079           | 5.6% | 5,090           | 5%   |
| Total                 | 136,022         | 100% | 112,751         | 100% |

Note (1): Includes Belgium, Brazil, Brunei, Cambodia, Egypt, Hong Kong, Korea, Kenya, Maldives, Myanmar, Netherlands, Nepal, New Zealand, Philippines, Pakistan, Turkey, Thailand, United Kingdom and Vietnam.

Note 2): Assets, which consist principally of plants and machineries and leasehold buildings, support the entire dealing of recycling, trading and others activities. Accordingly, it is not meaningful to allocate fixed assets and related capital expenditures to the various business segments. Expenses such as depreciation of fixed assets, overheads and salaries are incurred in Singapore.

The group operates in Singapore with majority of sales made to overseas countries. Analysis of geographical segments results is therefore, not included herein.

**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.**

The factors leading to material changes in contributions to turnover and earnings by the business or geographical segments have been discussed in note 8.

15. A breakdown of sales.

|   | Group<br>12 months ended | Pro Forma<br>Group<br>12 months ended | Increase/<br>(Decrease) |
|---|--------------------------|---------------------------------------|-------------------------|
|   | 30-Jun-06<br>\$'000      | 30-Jun-05<br>\$'000                   | %                       |
| Sales reported for the first half year          | 51,683                   | 58,627                                | (11.84)                 |
| Operating profit after tax for first half year  | 2,230                    | 5,189                                 | (57.02)                 |
| Sales reported for the second half year         | 84,339                   | 54,124                                | 55.83                   |
| Operating profit after tax for second half year | 4,102                    | 4,410                                 | (6.98)                  |

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

|            | Latest Full Year<br>(S\$'000) | Previous Full Year<br>(S\$'000) |
|------------|-------------------------------|---------------------------------|
| Ordinary   | 2,256                         | 4,165                           |
| Preference | -                             | -                               |
| Total      | <u>2,256</u>                  | <u>4,165</u>                    |

BY ORDER OF THE BOARD  
ANG YU SENG  
CEO/EXECUTIVE DIRECTOR  
11 AUGUST 2006