

YHS YEO HIAP SENG LIMITED

(Company Registration No. 195500138Z)

Unaudited Financial Statements and Dividend Announcement for the period ended 30 June 2006

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

1(a)(i) Consolidated Income Statement

	Half Year		3 Months	
	01.01.2006 to 30.06.2006	01.01.2005 to 30.06.2005 *Restated	01.04.2006 to 30.06.2006	01.04.2005 to 30.06.2005 *Restated
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	199,153	178,479	93,279	91,407
Cost of sales	(137,051)	(118,207)	(62,733)	(62,031)
Gross profit	62,102	60,272	30,546	29,376
Other gains	1,929	1,836	1,392	1,170
Expenses				
- Advertising and promotion	(11,421)	(11,009)	(5,865)	(5,480)
- Marketing	(1,658)	(1,179)	(879)	(630)
- Selling and distribution	(33,239)	(34,028)	(16,300)	(16,392)
- Administrative	(12,066)	(10,722)	(6,771)	(5,163)
- Other operating	(920)	(1,421)	(819)	(1,132)
- Finance	(1,901)	(1,371)	(974)	(725)
Share of profit of associated companies	68	339	(32)	278
Profit before tax	2,894	2,717	298	1,302
Income tax expense	(1,410)	(907)	(251)	(314)
Total profit	1,484	1,810	47	988
Attributable to:				
Equity holders of the Company	195	719	(120)	864
Minority interest	1,289	1,091	167	124
	1,484	1,810	47	988

* Please refer to Note 5. Restatement arose from changes to accounting standard FRS 21 (Issued Jan 2006)

1(a)(ii) Notes to Consolidated Profit and Loss Statement

The total profit is derived after charging/(crediting) the following:

	Half Year		3 Months	
	01.01.2006 to 30.06.2006	01.01.2005 to 30.06.2005 *Restated	01.04.2006 to 30.06.2006	01.04.2005 to 30.06.2005 *Restated
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation	5,919	6,404	3,006	3,488
Property, plant and equipment written down	-	533	-	533
Impairment of trade debts, net	260	1,207	46	993
Write-down of inventories, net	1,127	1,413	506	838
Provision/(write-back of provision) for doubtful balances to associated companies, net (non-trade)	12	(206)	11	1
Dividend income from quoted equity investments	(235)	(286)	(137)	(194)
Net foreign exchange loss/(gain)	1,048	(128)	603	16
Interest income	(938)	(883)	(479)	(431)
Interest expense	1,901	1,371	974	725
Over provision of tax in respect of prior year	(18)	(401)	(18)	(4)
Profit on sale of :				
(a) Quoted equity investments	-	(151)	-	(124)
(b) Plant and equipment	(78)	(110)	(1)	(110)
(c) Assets held for sale	(94)	-	-	-

* Please refer to Note 5. Restatement arose from changes to accounting standard FRS 21 (Issued Jan 2006)

1(b) Balance Sheets

	Group		Company	
	As at 30.06.2006	As at 31.12.2005 Restated*	As at 30.06.2006	As at 31.12.2005
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	70,105	73,372	7,861	6,755
Trade receivables	84,816	75,066	-	-
Inventories	43,053	44,792	-	-
Amounts due from subsidiaries (non-trade)	-	-	30,081	32,629
Amounts due from associates (non-trade)	-	-	-	-
Amounts due from a related company (non-trade)	38	38	38	38
Development property	220,026	230,366	-	-
Income tax recoverable	1,102	1,140	-	-
Other current assets	5,449	5,307	71	130
	424,589	430,081	38,051	39,552
Assets held for sale	3,949	4,676	-	-
	428,538	434,757	38,051	39,552
Non-current assets				
Available-for-sale financial assets	21,138	20,657	18,487	18,298
Investments in associated companies	5,088	5,684	-	-
Investments in subsidiaries	-	-	362,936	362,936
Investment properties	4,924	5,169	-	-
Loans to subsidiaries	-	-	76,045	77,794
Property, plant and equipment	155,441	162,940	39,658	40,073
Goodwill	5,361	5,361	-	-
Deferred income tax assets	2,815	2,631	-	-
	194,767	202,442	497,126	499,101
Total assets	623,305	637,199	535,177	538,653
LIABILITIES				
Current liabilities				
Trade and other payables	72,216	66,404	1,611	1,661
Amounts due to subsidiaries (non-trade)	-	-	243,980	245,411
Loan from an associated company	1,155	1,155	1,155	1,155
Current income tax liabilities	4,787	4,451	50	50
Borrowings	67,132	25,341	19,700	19,700
Provisions	1,247	1,591	300	-
	146,537	98,942	266,796	267,977
Non-current liabilities				
Loans from subsidiaries	-	-	59,066	61,675
Borrowings	51,014	107,018	-	-
Provisions for retirement benefits	2,536	2,475	-	-
Deferred income tax liabilities	8,835	8,971	700	700
Other non-current liabilities	1,175	1,596	-	-
	63,560	120,060	59,766	62,375
Total liabilities	210,097	219,002	326,562	330,352
NET ASSETS	413,208	418,197	208,615	208,301
EQUITY				
Capital and reserves attributable to Company's equity holders				
Share capital	209,468	209,468	209,468	209,468
Capital reserve	10,145	10,145	-	-
Revaluation and other reserves	88,685	100,962	3,233	2,904
Retained earnings	47,534	39,051	(4,086)	(4,071)
	355,832	359,626	208,615	208,301
Minority Interest	57,376	58,571	-	-
Total equity	413,208	418,197	208,615	208,301

* Please refer to Note 5. Restatement arose from changes to accounting standard FRS 21 (Issued Jan 2006)

Notes

- (a) In 2001, the Group paid income tax of \$6,825,000 in relation to The Sterling development project. The tax paid was based on the revalued amount of land when the developer's licence was obtained in April 1997 and excluded any tax effect on the revaluation surplus amounting to \$128,800,000 on the land prior to April 1997. Under the advice of tax counsel, the directors are of the opinion that the revaluation surplus of \$128,800,000 is capital accretion and therefore should not be subject to income tax. On the same basis, the directors are of the opinion that the revaluation surplus of the land for the Gardenvista development project prior to obtaining the developer's licence in October 2002 and the freehold land at Dunearn Road amounting to \$86,547,000 are also capital accretion. Accordingly, no income tax provision has been provided in relation to these revaluation surpluses in the financial statements for the year ended 31 December 2005.

In 2004, the Inland Revenue of Singapore (IRAS) had expressed its view that some of the revaluation surpluses for the development projects may not be considered capital accretion. Subsequent to the financial year ended 31 December 2005, in February 2006, IRAS reiterated its view that part of the revaluation surplus of \$128,800,000 on the land for The Sterling development project would not be considered capital accretion and requested for information in order to bring its assessments up to date. The directors maintain their view that the revaluation surpluses of \$128,800,000 and \$86,547,000 are capital accretion and would pursue the matter with IRAS.

As the ultimate outcome of the matter cannot be presently determined, no income tax liability on the revaluation surpluses of \$128,800,000 and \$86,547,000 has been provided for.

- (b) As at 30 June 2006, the group's Malaysian subsidiary has a higher than normal amount of finished goods on hold at its factories, as a result of unexpected problems with its production. Based on best estimate test results to-date, a provision of RM835,000 (approximately S\$364,000) has been made for finished goods write-off as at 30 June 2006. Pending the outcome of final tests, this provision will be reviewed and adjusted in 3Q2006.
- (c) On 10 May 2006, Yeo Hiap Seng (Malaysia) Berhad (YHSM) received a legal notification regarding a suit filed in Jakarta, Indonesia by PT Kharisma Inti Persada, a company incorporated in Indonesia, claiming approximately Rupiah 150.7 billion (approximately S\$24 million) for an alleged breach of an alleged distribution agreement. Based on advice obtained from its Indonesian legal advisor, the Directors of YHSM are of the opinion that the claim is without merit and therefore unsustainable.

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

Amount repayable in one year or less, or on demand

As at 30.06.2006		As at 31.12.2005	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
48,432	18,700	9,841	15,500

Amount repayable after one year

As at 30.06.2006		As at 31.12.2005	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
51,014	-	107,018	-

Details of any collateral

The short-term bank loans of the Group are secured by corporate guarantees given by the Company and a subsidiary; and a first mortgage over the residential leasehold development property of a subsidiary. The non-current bank loans are secured by a first mortgage over the residential freehold development property of a subsidiary.

Certain property, plant and equipment were purchased under finance lease agreements. The net book value of these assets acquired amounted to \$21,000 (2005: \$27,000).

1(c) Consolidated Cash Flow Statement

	6 months ended		3 months ended	
	30.06.2006	30.06.2005	30.06.2006	30.06.2005
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Total profit	1,484	1,810	47	988
Adjustments for :				
Tax	1,410	907	251	314
Depreciation of property, plant and equipment	5,919	6,404	3,006	3,488
Dividend income from quoted equity investments	(235)	(286)	(137)	(194)
Property, plant and equipment written-off	-	294	(2)	294
Property, plant and equipment written-down	-	533	-	533
Unrealised translation (gains)/losses	(1,710)	2,784	(815)	2,221
Gain on disposal of property, plant and equipment	(78)	(110)	(1)	(110)
Gain on disposal of assets held for sale	(94)	-	-	-
Gain on disposal of quoted equity investments	-	(151)	-	(124)
Interest expense	1,901	1,371	974	725
Interest income	(938)	(883)	(479)	(431)
Provision for retirement benefits (net)	168	136	74	69
Provision for restructuring costs/terminations benefits	(344)	-	(344)	-
Share of profit of associated companies	(68)	(339)	32	(278)
Operating cash flow before working capital change	7,415	12,470	2,606	7,495
Change in operating assets and liabilities				
Development property	10,340	3,800	1,371	4,900
Inventories	1,739	(3,211)	(5,063)	(8,218)
Receivables	(9,750)	(13,878)	(6,286)	(8,809)
Other current assets	(142)	(2,139)	(41)	779
Trade and other payables	5,078	14,503	9,149	8,112
Due from associated companies (net)	-	-	10	-
Cash generated from operations	14,680	11,545	1,746	4,259
Income tax paid	(985)	(1,591)	(522)	(731)
Retirement benefits paid	(61)	(68)	(42)	(39)
Net cash provided by operating activities	13,634	9,886	1,182	3,489

	6 months ended		3 months ended	
	30.06.2006	30.06.2005	30.06.2006	30.06.2005
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from investing activities				
Dividends received from quoted equity investments	235	286	137	194
Proceeds from sales of property, plant and equipment	152	159	14	159
Proceeds from sales of assets held for sale	735	-	(11)	-
Proceeds from disposal of quoted equity investments	-	531	-	444
Proceeds from redemption of unquoted equity investments	148	-	-	-
Dividend income received from associated company	483	-	238	-
Purchase of property, plant and equipment	(2,871)	(3,192)	(1,343)	(1,750)
Purchase of unquoted investments	(8)	(8)	(4)	(4)
Net cash used in investing activities	(1,126)	(2,224)	(969)	(957)
Cash flows from financing activities				
Dividends paid to members of Yeo Hap Seng Limited	-	(1,137)	-	(1,137)
Dividends paid to minority shareholders of a subsidiary	(1,407)	(1,496)	(1,407)	(1,496)
Interest received	938	883	479	431
Interest paid	(1,302)	(993)	(415)	(472)
Repayment of bank loans	(14,000)	(2,570)	(10,000)	-
Payment of finance lease liabilities	(4)	(18)	(2)	(8)
Net cash used in financing activities	(15,775)	(5,331)	(11,345)	(2,682)
Net (decrease)/increase in cash and cash equivalents	(3,267)	2,331	(11,132)	(150)
Cash and cash equivalents at the beginning of the financial period	73,372	72,999	81,237	75,480
Cash and cash equivalents at the end of the financial period	70,105	75,330	70,105	75,330
Represented by:				
Cash at bank and on hand	16,218	17,193	16,218	17,193
Fixed deposits with financial institutions	53,887	58,137	53,887	58,137
	70,105	75,330	70,105	75,330

Notes

Included in fixed deposits and cash at bank and on hand of the Group are amounts totalling \$2,582,000 (2005: \$3,823,000) held under the Housing Developers (Project Account) (Amendment) Rules 1997 and the Housing Developers (Project Account) Rules (1990 Ed), withdrawals from which must be in accordance with the said Rules.

1(d)(i) Consolidated Statement of Changes in Equity

For the financial period ended 30 June 2006

	Total share capital	Capital reserve	Property revaluation reserve	Fair value reserve	Foreign currency translation reserve	General reserve	Retained earnings	Minority interest	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2006									
- As previously reported	209,468	10,145	139,590	2,904	(40,663)	1,632	36,550	58,571	418,197
- Effect of changes in accounting policies (Adjusted retrospectively)	-	-	-	-	(2,501)	-	2,501	-	-
- As restated	209,468	10,145	139,590	2,904	(43,164)	1,632	39,051	58,571	418,197
Fair value gain on available-for-sale investments	-	-	-	1,583	-	-	-	-	1,583
Currency translation differences	-	-	-	-	(2,567)	-	-	(193)	(2,760)
Net loss recognised directly in equity	-	-	-	1,583	(2,567)	-	-	(193)	(1,177)
Profit for the period	-	-	-	-	-	-	315	1,122	1,437
Total recognised gains/(loss) for the period ended 31 March 2006	-	-	-	1,583	(2,567)	-	315	929	260
Transfer from reserve on realisation	-	-	(5,661)	-	-	-	5,661	-	-
Balance at 31 March 2006	209,468	10,145	133,929	4,487	(45,731)	1,632	45,027	59,500	418,457
Fair value loss on available-for-sale investments	-	-	-	(920)	-	-	-	-	(920)
Currency translation differences	-	-	-	-	(2,085)	-	-	(884)	(2,969)
Net loss recognised directly in equity	-	-	-	(920)	(2,085)	-	-	(884)	(3,889)
(Loss)/profit for the period	-	-	-	-	-	-	(120)	167	47
Total recognised loss for the period ended 30 June 2006	-	-	-	(920)	(2,085)	-	(120)	(717)	(3,842)
Dividend	-	-	-	-	-	-	-	(1,407)	(1,407)
Transfer from reserve on realisation	-	-	(2,627)	-	-	-	2,627	-	-
Balance at 30 June 2006	209,468	10,145	131,302	3,567	(47,816)	1,632	47,534	57,376	413,208

1(d)(i) Consolidated Statement of Changes in Equity

For the financial period ended 30 June 2005

	Total share capital \$'000	Capital reserve \$'000	Property revaluation reserve \$'000	Fair value reserve \$'000	Foreign currency translation reserve \$'000	General reserve \$'000	Retained earnings \$'000	Minority interest \$'000	Total equity \$'000
Balance at 1 January 2005									
- As previously reported	206,147	10,145	154,532	4,041	(45,808)	1,632	32,555	57,696	420,940
- Effect of changes in accounting policies (Adjusted retrospectively)	-	-	-	-	(2,779)	-	2,779	-	-
- As restated	206,147	10,145	154,532	4,041	(48,587)	1,632	35,334	57,696	420,940
Fair value loss on available-for-sale investments	-	-	-	(1,513)	-	-	-	-	(1,513)
Currency translation differences- restated*	-	-	-	-	1,273	-	-	375	1,648
Net gain recognised directly in equity	-	-	-	(1,513)	1,273	-	-	375	135
Profit/(loss) for the period- restated*	-	-	-	-	-	-	(145)	967	822
Total recognised (losses)/ gains for the period ended 31 March 2005	-	-	-	(1,513)	1,273	-	(145)	1,342	957
Transfer from reserve on realisation	-	-	(2,177)	-	-	-	2,177	-	-
Balance at 31 March 2005	206,147	10,145	152,355	2,528	(47,314)	1,632	37,366	59,038	421,897
Fair value gain on available-for-sale investments	-	-	-	1,314	-	-	-	-	1,314
Currency translation differences- restated*	-	-	-	-	3,865	-	-	1,335	5,200
Net gain recognised directly in equity	-	-	-	1,314	3,865	-	-	1,335	6,514
Profit for the period-restated*	-	-	-	-	-	-	864	124	988
Total recognised (loss)/gains for the period ended 30 June 2005	-	-	-	1,314	3,865	-	864	1,459	7,502
Dividend	-	-	-	-	-	-	(1,137)	(1,496)	(2,633)
Transfer from reserve on realisation	-	-	(4,937)	-	-	-	4,937	-	-
Balance at 30 June 2005	206,147	10,145	147,418	3,842	(43,449)	1,632	42,030	59,001	426,766

* Please refer to Note 5. Restatement arose from changes to accounting standard FRS 21 (Issued Jan 2006)

1(d)(i) Statement of Changes in Equity

For the financial period ended 30 June 2006

	Share capital	Fair value reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2006	209,468	2,904	(4,071)	208,301
Fair value gain on available-for-sale investments	-	1,216	-	1,216
Net gain recognised directly in equity	-	1,216	-	1,216
Net profit for the period	-	-	317	317
Balance at 31 March 2006	209,468	4,120	(3,754)	209,834
Fair value loss on available-for-sale investments	-	(887)	-	(887)
Net loss recognised directly in equity	-	(887)	-	(887)
Net loss for the period	-	-	(332)	(332)
Balance at 30 June 2006	209,468	3,233	(4,086)	208,615

For the financial period ended 30 June 2005

	Share capital	Foreign currency translation reserve	Fair value reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2005					
- As previously reported	206,147	(1,423)	-	16,642	221,366
- Effect of changes in accounting policies	-	1,423	3,952	(1,423)	3,952
- Restated	206,147	-	3,952	15,219	225,318
Fair value loss on available-for-sale investments	-	-	(1,424)	-	(1,424)
Net loss recognised directly in equity	-	-	(1,424)	-	(1,424)
Net profit for the period	-	-	-	809	809
Balance at 31 March 2005	206,147	-	2,528	16,028	224,703
Fair value gain on available-for-sale investments	-	-	1,314	-	1,314
Net gain recognised directly in equity	-	-	1,314	-	1,314
Net profit for the period	-	-	-	188	188
Dividend	-	-	-	(1,137)	(1,137)
Balance at 30 June 2005	206,147	-	3,842	15,079	225,068

- 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 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.**

There were no changes in the Company's share capital during the current financial period reported on.

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

The figures have not been audited nor reviewed.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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 has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2005 and the revised Financial Reporting Standards disclosed in paragraph 5 below.

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.**

Changes in accounting policies

In 2006, the Group and the Company adopted the Financial Reporting Standard FRS 21 (Issued Jan 2006), The Effects of Changes in Foreign Exchange Rates. The 2005 comparatives have been restated where as required, in accordance with the respective FRS. The only change to the Group's and Company's accounting policies is discussed below:

5.1 Effect of changes to the financial statements

Group

	Increase/(decrease)
	FRS 21 (Issued Jan 2006) S\$'000
	Note 5.2
<i>Consolidated balance sheets items at <u>30 June 2006</u></i>	
Retained earnings	2,568
Foreign currency translation reserve	(2,568)
<i>Consolidated balance sheets items at <u>1 January 2006</u></i>	
Retained earnings	2,501
Foreign currency translation reserve	(2,501)
<i>Consolidated income statement items <u>for the period ended 30 June 2006</u></i>	
Other gains	67
Basic and diluted earnings per share (cents)	0.01

Group

	Increase/(decrease)
	FRS 21 (Issued Jan 2006) S\$'000
	Note 5.2
<i>Consolidated balance sheets items at 30 June 2005</i>	
Retained earnings	2,525
Foreign currency translation reserve	(2,525)
<i>Consolidated balance sheets items at 1 January 2005</i>	
Retained earnings	2,779
Foreign currency translation reserve	(2,779)
<i>Consolidated income statement items for the period ended 30 June 2005</i>	
Other gains	(254)
Basic and diluted earnings per share (cents)	(0.04)

5.2 Description of changes

Amendments relating to net investment in a foreign operation (Issued Jan 2006)

Where a monetary item that forms part of the Company's net investment in a subsidiary and is denominated in a currency other than the functional currency of either the Company or the subsidiary, FRS 21 (Issued Jan 2006) requires the exchange differences that arise on translating the monetary item into the functional currency of the Company or the subsidiary to be recognised in the Group's foreign currency translation reserve. Previously, they were included in the Group's consolidated income statement.

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

	Group		Group	
	6 months		3 months	
	01.01.2006 To 30.06.2006	01.01.2005 To 30.06.2005 (Restated)	01.04.2006 To 30.04.2006	01.04.2005 To 30.06.2005 (Restated)
	Cents	Cents	Cents	Cents
Earnings per ordinary share for the period based on net profit/ (loss) attributable to equity holders of the Company during the period:-				
(a) Based on weighted average number of ordinary share in issue	0.03	0.13	(0.02)	0.15
(b) On a fully diluted basis	0.03	0.13	(0.02)	0.15
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	569,876	568,549	569,876	568,549
Weighted average number of ordinary shares in issue for diluted earnings per share ('000)	570,366	568,549	570,366	568,549

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.

	Group		Company	
	30.06.2006 Cents	31.12.2005 Cents	30.06.2006 Cents	31.12.2005 Cents
Net asset value per ordinary share based on issued share capital as at the end of the reporting period	62.44	63.11	36.61	36.55

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 period 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 period reported on.

8(a) Year to Date Results - 6 Months ended 30 June 2006 vs. 6 Months ended 30 June 2005

Revenue and Operating Costs

The Group reported revenue of \$199.15 million in 1H2006, which was 11.6% higher than the \$178.48 million achieved in 1H2005. Food and beverage sales increased by \$16.02 million or 10% while the property revenue increased by \$4.7 million or 26.9%.

Profit attributable to equity holders of the Company was \$0.20 million in 1H2006, lower than the \$0.72 million achieved in 1H2005 because of:

- Higher marketing, advertising and promotion expenses of \$0.89 million which was generally in line with higher sales revenue.
- Higher administrative expenses of \$1.34 million due mainly to higher staff cost and increased depreciation and maintenance expense for computer hardware and software as a result of SAP implementation.
- Higher interest expense of \$0.53 million due mainly to the increase of prevailing interest rate in Singapore in 1H2006.
- Increase in income tax expense of \$0.50 million largely due to the absence of an adjustment for over provision of prior years tax in Singapore in the current period.
- Increase in net foreign exchange loss of \$1.18 million largely due to the weakening of the US dollar against the Singapore and Canadian dollars during the current period.

The decrease was partially offset by:

- Higher gross profit of \$1.83 million due mainly to higher food and beverage sales especially from its Singapore and Malaysia operations.
- Lower selling and distribution costs of \$0.79 million due mainly to the absence of one time compensation to supplier in 1H2006.
- Lower other operating expenses of \$1.3 million mainly due to the absence of one time adjustment in prior period to write down the value of property, plant and equipment as a result of re-measurement of the residual values and lower professional fee as well as lower provision for restructuring cost in 1H2006.

8(b) Second Quarter Results - 3 Months ended 30 June 2006 vs. 3 Months ended 30 June 2005

Revenue and Operating Costs

The Group recorded revenue of \$93.28 million in 2Q2006, which was 2% higher than the \$91.41 million achieved in 2Q2005. The increase was mainly due to improved food and beverage sales but partially offset by lower property sales.

Despite higher sales revenue in 2Q2006, current quarter reported a net loss of \$0.12 million as compared to the net profit of \$0.86 million in 2Q2005. The decrease was mainly due to:

- Higher advertising, promotion and marketing expenses of \$0.63 million in the current quarter due mainly to higher level of promotion activities carried out in Singapore to grow sales;
- Higher administrative expense of \$1.61 million due mainly to higher staff cost and increased depreciation and maintenance expense for computer hardware and software as a result of SAP implementation.
- Higher share of losses from its associated company in Malaysia of \$0.20 million in the current quarter due to a provision made for termination benefits.
- Higher net foreign exchange loss of \$0.59 million largely due to the weakening of the US dollar against the Singapore and Canadian dollars during the current quarter.

The decrease was partially offset by:

- Higher gross profit of \$1.17 million attributable to higher sales;
- Decrease in other operating expense of \$0.9 million mainly due to the absence of one time adjustment in prior period to write down the value of property, plant and equipment as a result of re-measurement of the residual values in 2Q2005 and lower provision for restructuring cost in current quarter.

8(c) Balance Sheet

Group

Trade receivables increased by \$9.75 million to \$84.82 million as at 30 June 2006 from \$75.07 million as at 31 December 2005. The increase was mainly due to higher sales from the food and beverage division during the current period and higher receivables from property sales due to higher percentage of completion of the property project, Gardenvista in the current period.

Development property decreased by \$10.34 million to \$220.03 million as at 30 June 2006 from \$230.37 million as at 31 December 2005, mainly due to additional sales of units in Gardenvista during the period.

Property, plant and equipment decreased by \$7.50 million from \$162.94 million as at 31 December 2005 to \$155.44 million as at 30 June 2006, due mainly to the depreciation charge incurred during the period, partially offset by additional purchases of equipment.

Trade and other payables increased by \$5.81 million as at 30 June 2006 which was generally in line with the increase in purchases of certain raw materials before prices increase in 2H2006 and agency goods.

Total bank borrowings reduced by \$14.21 million as at 30 June 2006 due to partial loan repayment of property term loan. Long term borrowings dropped significantly due to transfer of current portion of the property term loan to short term borrowing, as it is repayable within the next 12 months.

Company

The Company's cash and cash equivalents increased by \$1.1 million from S\$6.76 million as at 31 December 2005 to \$7.86 million as at 30 June 2006, mainly due to payment received from a subsidiary for non-trade balances.

Loans to subsidiaries declined by \$1.74 million from \$77.79 million as at 31 December 2005 to \$76.05 million as at 30 June 2006. Loans from subsidiaries also recorded a decline by \$2.61 million from \$61.68 million as at 31 December 2005 to \$59.07 million as at 30 June 2006. Both the decline of loans to and from subsidiaries was largely due to the weakening of Hong Kong dollar exchange rate against Singapore dollar, resulting in unrealised exchange losses/ gains from the Company's Hong Kong dollar loans to/ from subsidiaries respectively.

Non-trade amount due from subsidiaries reduced by \$2.55 million from \$32.63 million as at 31 December 2005 to \$30.08 million as at 30 June 2006. This was mainly contributed by repayment of about \$4 million to the Company by a subsidiary, offset by higher royalty receivables amounting to \$1.23 million.

Non-trade amount due to subsidiaries also recorded a net decrease of \$1.43 million from \$245.41 million as at 31 December 2005 to \$243.98 million as at 30 June 2006. This was mainly due to the Company's repayment of amount owing to respective subsidiaries.

Property, plant and equipment decreased by \$0.41 million from \$40.07 million as at 31 December 2005 to \$39.66 million as at 30 June 2006 due mainly to the depreciation charge incurred during the period.

8(d) Cash Flow Statement

Year to Date 6 Months ended 30 June 2006

The Group reported a net decrease in cashflow of \$3.27 million for 1H2006 as compared to a net increase in cash of \$2.33 million for 1H2005

The net decrease in cash for the 1H2006 was contributed mainly by the cash outflow incurred for:

- purchase of property, plant and equipment of \$2.87 million;
- partial repayment of bank borrowings of \$14 million;
- dividend payment to minority shareholders of a subsidiary of \$1.41;
- net interest payment of \$0.36 million.

The decrease was partially funded by the net cash inflow of \$13.63 million from operating activities and \$1.74 million proceeds from dividends received as well as proceeds from disposal of assets and other investments.

Second Quarter - 3 Months ended 30 June 2006

The Group registered a net decrease in cashflow of \$11.13 million for 2Q2006. The net decrease was mainly due to repayment of bank borrowings of \$10 million, purchase of \$1.34 million of property, plant and equipment and dividend payment to minority shareholders of a subsidiary of \$1.41 million.

The cash outflow was partially funded by the net cash inflow of \$1.18 million from operating activities and \$0.44 million from investing activities.

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

The current announced results are in line with the prospect statement disclosed previously.

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 period and the next 12 months.

Raw materials prices continue to rise and the selling prices continue to be very competitive. In addition, as a result of disruption to supply chain, the Group's food and beverage results may be negatively affected.

For the Property division, the Group will continue to drive sales on its existing developments.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate movements, cost of capital and capital availability, competition from other companies and venues for sale/manufacture/distribution of goods and services, shift in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events

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

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend is recommended for the financial period reported on.

BY ORDER OF THE BOARD

Lim Swee Lee Joanne
Company Secretary
08 August 2006