

Half Year Financial Statement And Dividend Announcement for the Period Ended 30 June 2008

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-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 Income Statement for the financial period ended 30 June 2008. These figures have not been audited.

	Group		% Change
	30/06/2008 (6 months)	30/06/2007 (6 months)	
	\$'000	\$'000	
Revenue	6,382	9,121	(30.03)
Cost of goods sold *	(9,784)	(9,181)	6.57
Gross loss	(3,402)	(60)	N.M.
Other operating income	242	138	75.36
Selling and distribution expenses	(461)	(353)	30.59
Administrative expenses *	(2,167)	(2,464)	(12.05)
Other operating expenses	(86)	(745)	(88.46)
Loss from operations	(5,874)	(3,484)	68.60
Finance costs	(310)	(390)	(20.51)
Loss before taxation	(6,184)	(3,874)	59.63
Taxation	-	-	
Loss attributable to shareholders of the Company	(6,184)	(3,874)	59.63
Loss per share (cents)	(2.26)	(1.66)	

N.M. Not Meaningful

* Certain reclassifications have been made to the prior year's half year financial statements to enhance comparability with the current half year financial statements.

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

	Group	
	30/06/2008 (6 months)	30/06/2007 (6 months)
	\$'000	\$'000
Interest expense	(310)	(390)
Interest income on bank deposits	1	1
Gain on disposal of property, plant and equipment (net)	15	8
Foreign exchange gain/(loss)	136	(148)
Depreciation of property, plant and equipment	(3,363)	(2,070)
Allowance for doubtful debts	-	(400)
Written back of doubtful debts	6	-
Impairment loss in value of property, plant and equipment	-	(86)
Bad debts written off – trade receivables	-	(6)

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	
	30/06/2008	31/12/2007	30/06/2008	31/12/2007
	\$'000	\$'000	\$'000	\$'000
Assets				
Non-Current assets				
Property, plant and equipment	16,140	19,164	5	9
Investments in subsidiary companies	-	-	-	12,481
Deferred tax assets	593	624	-	-
	16,733	19,788	5	12,490
Current Assets				
Inventories	243	414	-	-
Trade receivables	4,056	6,477	2,947	4,262
Amount due from subsidiaries, trade	-	-	9,943	9,621
Other receivables and prepayments	218	438	318	198
Cash and bank balances	2,798	886	2,508	417
	7,315	8,215	15,716	14,498
Current liabilities				
Borrowings	7,684	8,927	1,167	1,490
Trade payables	4,502	5,457	3,082	3,819
Other payables and accruals	1,956	2,684	617	990
Obligations under finance leases	350	360	262	256
Income tax payable	273	380	144	144
	14,765	17,808	5,272	6,699
Net current (liabilities) / assets	(7,450)	(9,593)	10,444	7,799

	Group		Company	
	30/06/2008	31/12/2007	30/06/2008	31/12/2007
	\$'000	\$'000	\$'000	\$'000
Non-current liabilities				
Borrowings	6,699	4,762	6,699	4,470
Obligations under finance leases	44	45	44	-
Deferred tax liabilities	593	624	-	-
	7,336	5,431	6,743	4,470
Net assets	1,947	4,764	3,706	15,819
Capital and reserves				
Share capital	23,066	18,706	23,066	18,706
Reserves	(21,119)	(13,942)	(19,360)	(2,887)
	1,947	4,764	3,706	15,819

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

Amount repayable in one year or less, or on demand

As at 30/06/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
2,006	5,678	2,592	6,335

Amount repayable after one year

As at 30/06/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	6,699	292	4,470

	Group		Company	
	30/06/2008	31/12/2007	30/06/2008	31/12/2007
	\$'000	\$'000	\$'000	\$'000
Borrowings (Current)				
Bank overdraft, unsecured	2,426	2,919	1,167	1,490
Revolving credits, unsecured	3,252	3,416	-	-
Term loan, secured	2,006	2,592	-	-
Total Borrowings (Current)	7,684	8,927	1,167	1,490
Borrowings (Non-current)				
Term Loan, secured	-	292	-	-
Loan from a Corporate Shareholder, unsecured	6,699	4,470	6,699	4,470
Total Borrowings (Non-Current)	6,699	4,762	6,699	4,470
Total Borrowings	14,383	13,689	7,866	5,960

Details of any collateral

The secured debts of the Group comprise of term loan and hire-purchase. Overall, these borrowings were reduced with additional shareholder loans.

A major portion of the Group's banking facilities is secured by the joint personal guarantees of two Directors.

The Group and the Company have motor vehicles, plant & machineries under hire-purchase agreements with several major financial institutions in line with its business strategy of investing in its mobile telecommunications capabilities in China. A portion of this financing is personally guaranteed by a Director. These borrowings are being repaid as scheduled.

A portion of the term loan is secured against a specific charge over the machineries and equipment financed by a bank.

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

	30/06/2008	30/06/2007
	\$'000	\$'000
Cash flow from operating activities		
Loss before income tax	(6,184)	(3,874)
Adjustments for:		
Allowance for doubtful debts	-	400
Written back of doubtful debts	(6)	-
Bad debts written off – trade receivables	-	6
Depreciation of property, plant and equipment	3,363	2,070
Interest income on bank deposits	(1)	(1)
Interest expense	310	390
Impairment loss in value of property, plant and equipment	-	86
Gain on disposal of property, plant and equipment	(15)	(8)
Operating cash flow before working capital changes	(2,533)	(931)
Decrease in inventories	171	575
Decrease in trade and other receivables	2,792	2,227
Decrease in trade and other payables	(1,683)	(1,688)
Cash (used in)/generated from operations	(1,253)	183
Income tax paid	(107)	(92)
Interest paid	(310)	(390)
Interest received	1	1
Net cash used in operating activities	(1,669)	(298)
Cash flow from investing activities		
Proceeds from disposal of property, plant and equipment	-	53
Purchase of property, plant and equipment	(423)	(835)
Payment for professional fees	(145)	-
Net cash used in investing activities	(568)	(782)
Cash flow from financing activities		
Repayment of bank borrowings	(1,042)	(460)
Repayment of hire purchase liabilities	(203)	(195)
Loans from a corporate shareholder	2,229	1,300
Net Proceeds from issuance of shares	4,360	-
Net cash generated from financing activities	5,344	645
Net effect of exchange rate changes	(702)	340
Net increase/(decrease) in cash and cash equivalents	3,107	(435)
Cash and cash equivalents at beginning of period	(2,033)	(2,765)
Cash and cash equivalents at end of period	372	(2,860)

Breakdown of Cash & Cash Equivalents at end of period

	30/06/2008	30/06/2007
	\$'000	\$'000
Cash and bank balance	2,798	677
Fixed deposits	-	-
Total cash and bank balance and fixed deposits	2,798	677
Bank overdraft	(2,426)	(3,537)
Cash and cash equivalents at end of period	372	(2,860)

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 to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share Capital	Capital Reduction reserves	Assets revaluation reserve	Currency translation adjustment	Accumulated Loss	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
Balance as at 1 January 2007	6,232	3,710	2,373	(6,180)	(1,715)	4,420
Issuance of shares	12,474	-	-	-	-	12,474
Net effect of exchange differences	-	-	-	1,091	-	1,091
Net loss for the period	-	-	-	-	(3,874)	(3,874)
Balance as at 30 June 2007	18,706	3,710	2,373	(5,089)	(5,589)	14,111
Balance as at 1 January 2008	18,706	3,710	2,373	(6,169)	(13,856)	4,764
Issuance of shares	4,360	-	-	-	-	4,360
Net loss for the period	-	-	-	-	(6,184)	(6,184)
Currency translation differences	-	-	-	(993)	-	(993)
Balance as at 30 June 2008	23,066	3,710	2,373	(7,162)	(20,040)	1,947
Company						
Balance as at 1 January 2007	6,232	3,710	-	-	(10,001)	(59)
Issuance of shares	12,474	-	-	-	-	12,474
Net gain for the period	-	-	-	-	1,514	1,514
Balance as at 30 June 2007	18,706	3,710	-	-	(8,487)	13,929
Balance as at 1 January 2008	18,706	3,710	-	-	(6,597)	15,819
Net loss for the period	-	-	-	-	(16,473)	(16,473)
Issuance of shares	4,360	-	-	-	-	4,360
Balance as at 30 June 2008	23,066	3,710	-	-	(23,070)	3,706

- 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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, 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.**

	Ordinary Shares
Balance as at 1 January 2008	233,821,443
Placement of shares	40,000,000
Balance as at 30 June 2008	273,821,443

Options expired on 25 June 2007.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

N.A.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

N.A.

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

The figures have not been audited or reviewed by the auditors.

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

The Group has adopted the same accounting policies and methods of computation as the audited financial statements for the financial year ended 31 December 2007.

- 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 effects of, the change**

N.A.

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	
	30/06/2008	30/06/2007
	Cents	Cents
Earnings per ordinary share for the period based on net loss attributable to shareholders		
(i) based on existing issued share capital	(2.26)	(1.66)
(ii) on a fully diluted basis	(2.26)	(1.66)

Basic loss per share is calculated on the net loss attributable to shareholders on ordinary shares of 273,821,443 (30/06/07 : 233,821,443 shares).

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 the total number of issued shares excluding treasury shares of the issuer at the end of the: -
 (a) current period reported on and
 (b) immediately preceding financial year

	Group		Company	
	30/06/2008	31/12/2007	30/06/2008	31/12/2007
	Cents	Cents	Cents	Cents
Net asset value per ordinary share capital	0.71	2.04	1.35	6.77

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 financial period reported on

8.1 Income Statement

For the six months ended 30th June 2008, the Group incurred a loss before tax of \$6.18 million. This was mainly due to the deteriorating business environment and outlook in respect of the Group's electronic business for the current period as well as higher depreciation charge in half year 2008 due to the revision in the useful lives of the Group's plant and equipment effected at the end of last financial year.

8.1.1 Revenue

The decrease in revenue is attributed to the competitive environment faced by the Group. Customer orders have decreased and some of the new projects for existing customers were also delayed.

8.1.2 Gross Profit

Contribution from sales has declined substantially in line with the fall in revenues. The Gross Loss was due to higher depreciation and other indirect manufacturing costs included in "Cost of Goods Sold" which had not been covered by contributions from sales.

8.1.3 Other Operating Income

This mainly comprised the net exchange gain and also proceeds from disposal of fully written off inventories.

8.1.4 Selling and Distribution Expenses

Selling and distribution expenses had increased due to payment of commission to a sales representative in China relating to a specific customer.

8.1.5 Other Operating Expenses

These were lower since no further provision has been made for doubtful debts and impairment of fixed assets.

8.1.6 Finance Costs

These have reduced in line with a reduction in bank borrowings.

8.2 Balance Sheet

The Group's net inventories, trade receivables and trade payables had decreased due to the fall in business volume. The reduction in bank borrowings and trade payables had been funded by additional shareholder loans.

8.3 Cash Flow

During this period, the Group successfully raised net proceeds of \$4.24 million from the Placement of 40,000,000 new shares, as announced on 25 March 2008.

As at 30 June 2008, \$1.73 million of the net proceeds raised were utilised to fund the Group's working capital requirements. Of the balance of \$2.5 million earmarked for use in connection with the proposed acquisition of the entire share capital of Kingworld Resources Limited ("KRL"), \$145,000 has been utilised for payment of the related professional fees and other expenses.

The remaining amount of the Group's working capital requirements, repayment of short term borrowings and purchase of plant and equipment had been funded by additional shareholder loans of \$2.23 million up to 30 June 2008.

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

The results of the current financial period is in line with the forecast made in the announcement regarding the profit guidance for the half year ended 30 June 2008, which was released on 10 July 2008.

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 Board is of the opinion that, in view of adverse market conditions, the Group's electronics business will continue to operate at a loss for the rest of 2008.

The Company is currently taking steps to remove itself from the SGX Watchlist and improve its financial position with the proposed acquisition of KRL. The Board will make further announcements to update the shareholders on the Company's financial position on a quarterly basis as required under the SGX-ST Listing Manual, as well as any material developments on the proposed acquisition.

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.

13. **Interested Person Transactions**

N.A.

14. Confirmation by the board pursuant to rule 705(4)

See attachment

BY ORDER OF THE BOARD

Foo Sac Phoon
Chief Executive Officer & Executive Director
7 August 2008

TRI-M TECHNOLOGIES (S) LIMITED

Company Registration No. 198701138Z

BOARD NEGATIVE ASSURANCE CONFIRMATION

Confirmation by the Board Pursuant to Rule 705(4)

We, Dr Tiong Ik King and Foo Sac Phoon, being two Directors of **TRI-M TECHNOLOGIES (S) LIMITED** (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the Half Year financial results for the period ended 30 June 2008 to be false or misleading.

On behalf of the Board of Directors


Dr Tiong Ik King
Director


Foo Sac Phoon
Director