

Half Year Financial Statement And Dividend Announcement for the Period Ended 30 June 2009

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-YEAR RESULTS

1 (a) Statement of Comprehensive Income (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 2009. These figures have not been audited.

	Group		% Change
	30/06/2009 (6 months)	30/06/2008 (6 months)	
	\$'000	\$'000	
Revenue	1,801	6,382	(71.78)
Cost of sales	(2,258)	(9,784)	(76.92)
Gross loss	(457)	(3,402)	(86.57)
Other income	420	242	73.55
Selling and distribution expenses	(178)	(461)	(61.39)
Administrative expenses	(1,257)	(2,167)	(41.99)
Other operating expenses	(48)	(86)	(44.19)
Finance costs	(193)	(310)	(37.74)
Loss before taxation	(1,713)	(6,184)	(72.30)
Income tax expense	-	-	-
Loss for the period	(1,713)	(6,184)	(72.30)
Loss for the period attributable to equity holders of the parent	(1,713)	(6,184)	(72.30)
Basic and fully diluted loss per share attributable to equity holders of the parent (cents per share)	(0.63)	(2.40)	

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

	Group	
	30/06/2009 (6 months)	30/06/2008 (6 months)
	\$'000	\$'000
Interest expense	(193)	(310)
Interest income on bank deposits	-	1
Gain on disposal of property, plant and equipment	326	15
Foreign exchange gain	50	136
Depreciation of property, plant and equipment	(360)	(3,363)
Bad debts (written off)/written back	(3)	6
Write back of allowance for inventory obsolescence	1	-

1(a)(ii) Statement of Comprehensive Income for the period ended 30 June 2009

	Group	
	30/06/2009 (6 months)	30/06/2008 (6 months)
	\$'000	\$'000
Loss after tax for the period	(1,713)	(6,184)
Foreign currency translation	50	(993)
Total comprehensive income for the period	(1,663)	(7,177)
Total comprehensive income attributable to equity holders of the parent	(1,663)	(7,177)

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	
	30/06/2009	31/12/2008	30/06/2009	31/12/2008
	\$'000	\$'000	\$'000	\$'000
Non-Current Assets				
Property, plant and equipment	1,020	1,297	7	7
	1,020	1,297	7	7
Current Assets				
Assets held for sale	4,377	4,377	-	-
Inventories	208	141	8	-
Trade and other receivables	2,457	3,569	2,194	2,794
Other current assets	1,284	1,042	1,221	957
Cash and cash equivalents	1,654	2,362	1,495	1,893
	9,980	11,491	4,918	5,644
Current Liabilities				
Loans and borrowings	5,412	6,818	611	978
Trade and other payables	4,725	6,302	2,244	3,197
Income tax payable	299	309	144	144
	10,436	13,429	2,999	4,319
Net Current (Liabilities)/Assets	(456)	(1,938)	1,919	1,325
Non-Current Liabilities				
Loans and borrowings	13,567	10,699	13,567	10,699
	13,567	10,699	13,567	10,699
Net Liabilities	(13,003)	(11,340)	(11,641)	(9,367)
Capital and reserves				
Share capital	22,945	22,945	22,945	22,945
Reserves	(35,948)	(34,285)	(34,586)	(32,312)
Total Deficit	(13,003)	(11,340)	(11,641)	(9,367)

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

Amount repayable in one year or less, or on demand

As at 30/06/2009		As at 31/12/2008	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
181	5,231*	427	6,391

Amount repayable after one year

As at 30/06/2009		As at 31/12/2008	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	13,567	-	10,699

*On 1 July 2009, the bank overdraft and revolving credit of S\$4.05 million have been converted into a secured term loan. The term loan is secured against the leasehold land and building and by the joint and several personal guarantee of two directors for S\$4.12 million to a bank in Malaysia.

	Group		Company	
	30/06/2009	31/12/2008	30/06/2009	31/12/2008
	\$'000	\$'000	\$'000	\$'000
Borrowings (Current)				
Obligations under finance leases	44	147	44	111
Bank overdrafts	1,740	2,118	567	867
Revolving credits	3,258	3,315	-	-
RMB – term loans	233	958	-	-
MYR – term loans	137	280	-	-
Total Borrowings (Current)	5,412	6,818	611	978
Borrowings (Non-current)				
Loans from a corporate shareholder	13,567	10,699	13,567	10,699
Total Borrowings (Non-Current)	13,567	10,699	13,567	10,699
Total loans and borrowings	18,979	17,517	14,178	11,677

Details of any collateral

The secured debts of the Group comprise of a term loan, which is secured against a specific charge over the machineries and equipment financed by a bank.

Additionally the bank borrowings are also secured by the joint and several personal guarantee of two directors of up to S\$4 million to a bank in Singapore.

Breach of certain banking covenants

As at 31 December 2008, the Company has breached certain banking covenants in respect of its banking facilities with a bank in Singapore. However the Company has received confirmation from the bank that the Company has been granted an indulgence for the breach of covenants for the financial year ended 31 December 2008 for a grace period of six months to 30 June 2009. The Company is currently seeking an extension of the grace period from its banker.

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

	30/06/2009	30/06/2008
	\$'000	\$'000
Operating activities		
Loss before taxation	(1,713)	(6,184)
Adjustments for:		
Bad debts written off/(written back)	3	(6)
Write back of allowance for inventory obsolescence	(1)	-
Depreciation of property, plant and equipment	360	3,363
Interest income on bank deposits	-	(1)
Interest expense	193	310
Gain on disposal of property, plant and equipment	(326)	(15)
Operating cash flows before changes in working capital	(1,484)	(2,533)
(Increase)/Decrease in inventories	(66)	171
Decrease in trade and other receivables	1,373	2,792
Decrease in trade and other payables	(1,577)	(1,683)
Cash flows used in operations	(1,754)	(1,253)
Income tax paid	(10)	(107)
Interest paid	(193)	(310)
Interest received	-	1
Net cash flows used in operating activities	(1,957)	(1,669)
Investing activities		
Proceeds from disposal of property, plant and equipment	332	-
Purchase of property, plant and equipment	(55)	(423)
Payment for professional fees for the proposed acquisition of Kingworld Resources Limited	(506)	(145)
Net cash flows used in investing activities	(229)	(568)
Financing activities		
Repayment of term loans	(925)	(1,042)
Repayment of finance leases	(103)	(203)
Loans from a corporate shareholder	2,868	2,229
Proceeds from issuance of shares	-	4,360
Net cash generated from financing activities	1,840	5,344
Net (decrease)/increase in cash and cash equivalents	(346)	3,107
Cash and cash equivalents at beginning of period	244	(2,033)
Net effect of exchange rate changes on opening cash and cash equivalents	16	(702)
Cash and cash equivalents at end of the period	(86)	372

Breakdown of Cash & Cash Equivalents at end of the period

	30/06/2009	30/06/2008
	\$'000	\$'000
Cash at bank and in hand	1,654	2,798
Bank overdrafts	(1,740)	(2,426)
Cash and cash equivalents at end of the period	(86)	372

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						
At 1 January 2008	18,706	3,710	2,373	(6,169)	(13,856)	4,764
Issuance of shares	4,360	-	-	-	-	4,360
Total comprehensive income/(expenses) for the period	-	-	-	(993)	(6,184)	(7,177)
At 30 June 2008	23,066	3,710	2,373	(7,162)	(20,040)	1,947
At 1 January 2009	22,945	3,710	2,298	(6,099)	(34,194)	(11,340)
Total comprehensive income/(expenses) for the period	-	-	-	50	(1,713)	(1,663)
At 30 June 2009	22,945	3,710	2,298	(6,049)	(35,907)	(13,003)
Company						
At 1 January 2008	18,706	3,710	-	-	(6,597)	15,819
Issuance of shares	4,360	-	-	-	-	4,360
Total comprehensive income/(expenses) for the period	-	-	-	-	(16,473)	(16,473)
At 30 June 2008	23,066	3,710	-	-	(23,070)	3,706
At 1 January 2009	22,945	3,710	-	-	(36,022)	(9,367)
Total comprehensive income/(expenses) for the period	-	-	-	-	(2,274)	(2,274)
At 30 June 2009	22,945	3,710	-	-	(38,296)	(11,641)

- 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.**

There had been no change in the company's share capital in the current reported financial period.

- 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.**

Total number of issued shares excluding treasury shares as at 30 June 2009 was 273,821,443 (31 December 2008 : 273,821,443 shares).

- 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.**

Not applicable.

- 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).**

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 as the audited financial statements for the financial year ended 31 December 2008.

- 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**

Not applicable.

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	
	30/06/2009	30/06/2008
	Cents	Cents
Earnings per ordinary share for the period based on net loss attributable to shareholders		
(i) Based on weighted average number of ordinary shares on issue; and	(0.63)	(2.40)
(ii) On a fully diluted basis	(0.63)	(2.40)

Basic loss per share is calculated with reference to the net loss attributable to shareholders and the weighted average number of ordinary shares of 273,821,443 (30 June 2008 : 257,399,633 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	
	30/06/2009	31/12/2008	30/06/2009	31/12/2008
	Cents	Cents	Cents	Cents
Net asset value per ordinary share capital	(4.75)	(4.14)	(4.25)	(3.42)

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 30 June 2009, the Group incurred a loss before tax of \$1.71 million against a loss before tax of \$6.18 million in the previous corresponding period. The reduced losses were mainly due to :-

- (a) the closure of the manufacturing plant in Penang;
- (b) consolidation of manufacturing operations into one plant in Shenzhen;
- (c) stringent control of, and reduction in, operating costs; and
- (d) substantially lower depreciation charge as most assets have now been fully depreciated or impaired.

8.1.1 Revenue

The Group's sales have decreased substantially mainly due to the closure of manufacturing plant in Penang and reduced orders from existing customers as a result of the adverse market conditions.

8.1.2 Gross Loss

The contributions from sales have been insufficient to cover the factory overheads, resulting in Gross Loss.

8.1.3 Other Operating Income

This mainly comprised the gain from disposal of plant and equipment and net exchange gain.

8.1.4 Selling and Distribution Expenses

Selling and distribution expenses have decreased in line with the fall in business volume.

8.1.5 Other Operating Expenses

Other operating expenses have decreased mainly due to decrease in bank charges.

8.1.6 Finance Costs

These have reduced commensurate with the reduction in bank borrowings.

8.2 Balance Sheet

8.2.1 The Group's trade and other receivables and trade and other payables continued to decrease due to the fall in business volumes. The reduction in bank borrowings and trade and other payables has been funded by additional shareholder loans.

8.2.2 Included in other current assets were professional fees incurred in relation to the proposed acquisition of the entire share capital of Kingworld Resources Limited ("KRL"). These professional fees will be transferred to cost of investment upon completion of the proposed acquisition.

8.2.3 The total deficit of \$13.0 million in the Group's Capital and Reserves as at 30 June 2009 will be covered in second half of 2009 by the capitalization of shareholder loans and issue of new shares in connection with the acquisition of the entire share capital of KRL. This was approved at the Extraordinary General Meeting ("EGM") held on 30 July 2009 and will be completed in August 2009.

8.3 Cash Flow

For the period ended 30 June 2009, the Group funded its working capital requirements and repayments of its short term borrowings from additional loans of \$2.87 million from a corporate shareholder.

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 were generally in line with :-

- (a) the forecast made in the full year financial statement and dividend announcements for financial year ended 31 December 2008, which were released on 26 February 2009; and
- (b) the quarterly updates pursuant to Rule 1313(2) of the Listing Manual as announced on 26 February 2009 and 25 May 2009.

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. In this respect, the Group will continue to focus on getting new customers and further reducing operating costs.

The Company is currently taking steps to remove itself from SGX Watchlist and improve its financial position by diversifying into oil and gas business. At the EGM held on 30 July 2009, the acquisition of KRL which operates Fuyu 1 Block, was unanimously approved by the Group's independent shareholders. Presently the project is still in the evaluation stage and commercial production is expected to commence towards the end of 2010.

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

Not applicable.

13. Interested Person Transactions

At the Company's EGM held on 30 July 2009, the shareholders had approved the proposed acquisition of the entire share capital of KRL from the Vendors, Tan Sri Datuk Sir Tiong Hiew King and Tiong Kiu King, as both a major transaction and an interested person transaction.

Tan Sri Datuk Sir Tiong Hiew King and Tiong Kiu King, are brothers of Dato' Sri Dr Tiong Ik King, an executive director of the Company. Tan Sri Datuk Sir Tiong Hiew King, a shareholder and director of KRL, is also the Executive Chairman of the Company and together with Dato' Sri Dr Tiong Ik King, is deemed interested in Surreyville Pte Ltd's shareholdings in the Company's share capital. Surreyville Pte Ltd is the controlling shareholder of the Company.

The details of the acquisition as a major transaction and an interested person transaction are set out in the Company's Circular dated 15 July 2009 and the various announcements released on 18 August 2008 and 27 April 2009.

14. Confirmation by the board pursuant to rule 705(5)

See attachment

BY ORDER OF THE BOARD

Foo Sac Phoon
Chief Executive Officer & Executive Director
11 August 2009

BOARD NEGATIVE ASSURANCE CONFIRMATION

Confirmation by the Board Pursuant to Rule 705(5)

We, Dato' Sri 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 2009 to be false or misleading.

On behalf of the Board of Directors

Dato' Sri Dr Tiong Ik King
Director

Foo Sac Phoon
Director