

Response To SGX's Query On Half Year Financial Statement Announcement For The Period Ended 30 June 2006 ("HY06 Results")

With regards to the queries raised by the Singapore Exchange Securities Trading Limited in its email dated 17 August 2006 in relation to the Company's Half Year Results, the Board of Directors of the Company wishes to provide further information as follows:-:

Queries

1. We note in the Balance Sheet, "other receivables, deposit and prepayments" increased by 117% from S\$1.187 million to S\$2.580 million. To provide a breakdown of the underlying items and reasons for the increase.
2. We also note in the Balance Sheet, "amount due from related parties" increased by 61% from S\$1.586 million to S\$2.550 million. To provide details on who are the related parties, nature of the underlying transactions and reasons for the increase.

Our Response

1. "Other receivables, deposit and prepayments" is comprised of the following:-

	30/06/06	31/12/05	
Prepayments	1,412	251	Note 1
Deposits	349	356	
Tax recoverable	323	425	
Payment for additional investment	211	-	Note 2
Staff advance	202	144	
Other receivables	82	10	
	<u>2,579</u>	<u>1,186</u>	

Note 1 The increase in prepayments is mainly due to payments made for jobs-in-progress.

Note 2 The payment for additional investment relates to the additional investment in Kingsmen (Korea) Limited as announced on 10 Aug 2006.

2. The amount due from related parties of S\$2.550 million are trade in nature and arose from normal trading activities of the Group as well as from corporate fee income earned.

Related parties include the categories of interested persons listed in the IPT Mandate section of our Annual Report for FY2005 ("the Kingsmen Affiliates"), as well as Kingsmen C.M.T.I Co., Ltd ("Kingsmen CMTI"), which the Group has a 19.98% interest in.

The increase in the amount due from related parties is due to more subcontracting arrangement between the Group and the Kingsmen Affiliates, namely, Kingsmen Middle East (L.L.C.), Kingsmen Fairtech International Private Limited, and Kingsmen CMTI, during the second quarter of 2006.