

FIRSTLINK INVESTMENTS CORPORATION LIMITED

Co. Reg. No. 197802562E

Half Year Financial Statements for the Period Ended 30/06/2007**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		+ / (-) %
	1H 2007 \$'000	1H 2006 \$'000	
Revenue	167	8	1,987.5
Cost of sales	(336)	(6)	5,500.0
Gross (loss)/profit	(169)	2	NM
Other operating income	496	146	239.7
Net losses associated with assets held for sale, long term investments and other long-term assets	-	(1,990)	NM
Distribution & marketing expenses	(81)	(36)	125.0
Administrative expenses	(1,810)	(1,928)	(6.1)
Other operating expenses	(346)	(552)	(37.3)
Loss from operations	(1,910)	(4,358)	(56.2)
Finance income	442	417	6.0
Finance costs	(2)	(317)	(99.4)
Share of results of an associate	-	(209)	NM
Loss before tax	(1,470)	(4,467)	(67.1)
Income tax credit	5	94	(94.7)
Loss after tax	(1,465)	(4,373)	(66.5)
Attributable to:			
Shareholders of the Company	(1,391)	(4,317)	(67.8)
Minority interests	(74)	(56)	32.1
	(1,465)	(4,373)	(66.5)

NM - Not Meaningful

Notes:

i) Loss is arrived at after (charging) / crediting :

	<u>Group</u>		
	1H 2007	1H 2006	+ / (-)
	\$'000	\$'000	%
Interest income	482	482	-
Interest on borrowings	(2)	(55)	(96.4)
Depreciation	(166)	(185)	(10.3)
Net foreign exchange gain/(loss)	47	(262)	NM
Share-based payment expense	(258)	(240)	7.5
Loss on disposal of an associate	-	(2,226)	NM
Gain on deemed disposal of a subsidiary	-	236	NM
Gain on disposal of available-for-sale investments	386	-	NM

ii) Income tax

The income tax for the Group contains an adjustment of \$ 5,000 for over provision of tax in respect of prior years (2006: \$94,000)

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

	<u>Group</u>		<u>Company</u>	
	30.06.2007	31.12.2006	30.06.2007	31.12.2006
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets				
Cash and cash equivalents	2,569	1,175	2,062	412
Trade receivables	68	18	-	-
Inventories	214	139	-	-
Convertible loan	1,000	-	-	-
Other current assets	1,616	861	2,753	1,201
Available-for-sale investments	-	856	-	856
Loan to a subsidiary	7,525	7,127	7,525	7,127
	<u>12,992</u>	<u>10,176</u>	<u>12,340</u>	<u>9,596</u>
Non-current assets				
Other receivables	-	-	2,543	432
Convertible loan	1,000	-	-	-
Investments in subsidiaries	59,925	59,925	60,513	60,512
Available-for-sale investments	1,013	143	186	143
Property, plant and equipment	413	404	169	153
	<u>62,351</u>	<u>60,472</u>	<u>63,411</u>	<u>61,240</u>
Total assets	<u>75,343</u>	<u>70,648</u>	<u>75,751</u>	<u>70,836</u>
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	1,432	1,459	877	1,030
Borrowings	35	33	-	-
	<u>1,467</u>	<u>1,492</u>	<u>877</u>	<u>1,030</u>
Non-current liabilities				
Borrowings	23	41	-	-
Deferred income tax liability	86	86	-	-
	<u>109</u>	<u>127</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,576</u>	<u>1,619</u>	<u>877</u>	<u>1,030</u>
Share capital and reserves				
Share capital	124,140	119,068	124,140	119,068
Capital reserves	1,848	731	1,848	731
Accumulated losses	(52,174)	(50,783)	(51,114)	(49,993)
Foreign currency translation reserve	(84)	(98)	-	-
Shareholders' equity	<u>73,730</u>	<u>68,918</u>	<u>74,874</u>	<u>69,806</u>
Minority interests	37	111	-	-
	<u>73,767</u>	<u>69,029</u>	<u>74,874</u>	<u>69,806</u>
Total equity and liabilities	<u>75,343</u>	<u>70,648</u>	<u>75,751</u>	<u>70,836</u>

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

Amount repayable in one year or less, or on demand

As at 30.06.2007		As at 31.12.2006	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
\$'000	\$'000	\$'000	\$'000
35	-	33	-

Amount repayable after one year

As at 30.06.2007		As at 31.12.2006	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
\$'000	\$'000	\$'000	\$'000
23	-	41	-

Details of any collateral

Certain plant & machinery and motor vehicle of a subsidiary were acquired under finance leases which were secured over the leased assets and corporate guarantees.

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

	<u>Group</u>	
	1H 2007	1H 2006
	\$'000	\$'000
Cash flows from operating activities		
Loss after tax	(1,465)	(4,373)
Adjustments for :		
Income tax	(5)	(94)
Depreciation of property, plant and equipment	166	185
Share-based payment expense	258	240
Loss on disposal of property, plant and equipment	-	3
Gain on disposal of available-for-sale investments	(386)	-
Gain on deemed disposal of a subsidiary	-	(236)
Loss on disposal of an associate	-	2,226
Interest expense	2	55
Interest income	(482)	(482)
Share of results of an associate	-	209
Translation differences	5	(91)
Operating cash flow before working capital changes	<u>(1,907)</u>	<u>(2,358)</u>
Change in operating assets and liabilities		
Inventories	(75)	(47)
Receivables	(752)	196
Payables	(27)	(2,364)
Cash absorbed by operations	<u>(2,761)</u>	<u>(4,573)</u>
Income tax refund	5	94
Net cash absorbed by operating activities	<u>(2,756)</u>	<u>(4,479)</u>
Cash flows from investing activities		
Interest income received	31	65
Advancement of convertible loan	(2,000)	-
Proceeds from sale of available-for-sale investments	6,181	-
Proceeds from sale of property, plant and equipment	-	5
Proceeds from sale of building held for sale	-	5,625
Proceeds from sale of an associate	-	4,495
Increase in interest of an associate	-	(73)
Purchase of property, plant and equipment	(175)	(177)
Purchase of available-for-sale investments	(5,705)	-
Net cash generated (used in)/from investing activities	<u>(1,668)</u>	<u>9,940</u>
Cash flows from financing activities		
Net proceeds from issue of shares	5,052	-
Net proceeds from issue of warrants	775	-
Capital contribution from minority shareholder of a subsidiary	-	450
Interest paid	(2)	(55)
Repayment of finance lease liabilities	(16)	(3)
Repayment of bank loans	-	(2,307)
Net cash generated from/(used in) financing activities	<u>5,809</u>	<u>(1,915)</u>
Net increase in cash and cash equivalent held	1,385	3,546
Cash and cash equivalent at the beginning of the financial period	1,175	797
Effects of exchange rate changes on cash and cash equivalent	9	59
Cash and cash equivalents at the end of the financial period	<u>2,569</u>	<u>4,402</u>

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

Group	Share capital	Share premium	Capital reserves	Accumulated losses	Foreign currency translation reserve	Shareholders' equity	Minority interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2007	119,068	-	731	(50,783)	(98)	68,918	111	69,029
Currency translation differences	-	-	-	-	14	14	-	14
Fair value changes on available-for-sale investments	-	-	104	-	-	104	-	104
Net gain recognised directly in equity	-	-	104	-	14	118	-	118
Net loss for the financial period	-	-	-	(1,391)	-	(1,391)	(74)	(1,465)
Total recognised gains/(losses) for the financial period	-	-	104	(1,391)	14	(1,273)	(74)	(1,347)
Share-based payment	-	-	238	-	-	238	-	238
Issue of shares	5,072	-	-	-	-	5,072	-	5,072
Issue of warrants	-	-	775	-	-	775	-	775
Balance at 30 June 2007	124,140	-	1,848	(52,174)	(84)	73,730	37	73,767
Balance at 1 January 2006	67,530	51,538	-	(43,848)	(3,435)	71,785	-	71,785
Currency translation differences	-	-	-	-	3,347	3,347	-	3,347
Deemed disposal of a subsidiary	-	-	-	-	-	-	(236)	(236)
Net gain/(loss) recognised directly in equity	-	-	-	-	3,347	3,347	(236)	3,111
Net loss for the financial period	-	-	-	(4,317)	-	(4,317)	(56)	(4,373)
Total recognised(losses)/gains for the financial period	-	-	-	(4,317)	3,347	(970)	(292)	(1,262)
Share-based payment	-	-	240	-	-	240	-	240
Capital contribution from minority shareholders of a subsidiary	-	-	-	-	-	-	450	450
Reclassification arising from abolition of par value	51,538	(51,538)	-	-	-	-	-	-
Balance at 30 June 2006	119,068	-	240	(48,165)	(88)	71,055	158	71,213

Company	<u>Share capital</u>	<u>Share premium</u>	<u>Capital reserves</u>	<u>Accumulated losses</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2007	119,068	-	731	(49,993)	69,806
Fair value changes on available-for-sale-investments	-	-	104	-	104
Net loss for the financial period	-	-	-	(1,121)	(1,121)
Share-based payment	-	-	238	-	238
Issue of shares	5,072	-	-	-	5,072
Issue of warrants	-	-	775	-	775
Balance at 30 June 2007	124,140	-	1,848	(51,114)	74,874

	<u>Share capital</u>	<u>Share premium</u>	<u>Capital reserves</u>	<u>Accumulated losses</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2006	67,530	51,538	-	(48,447)	70,621
Net loss for the financial period	-	-	-	(807)	(807)
Share-based payment	-	-	240	-	240
Reclassification arising from abolition of par value	51,538	(51,538)	-	-	-
Balance at 30 June 2006	119,068	-	240	(49,254)	70,054

- 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.**

Since 31 December 2006, the Company issued the following ordinary shares:

- 1) 780,000 ordinary shares upon the exercise of share options under the FirstLink Investments Corporation Limited (2001) Share Option Scheme.
- 2) 67,000,000 ordinary shares pursuant to the share placement exercise.

On 15 June 2007, the Company issued 80,900,000 warrants at an issue price of \$0.01 each. Each warrant carries the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of \$0.10 for each new share at anytime during the period commencing on and including the date of issue of the warrants and expiring on a date immediately preceding the fifth anniversary of such date of issue.

The number of shares that may be issued on conversion of all outstanding share options and warrants is as follows:

	<u>30.06.2007</u>	<u>30.06.2006</u>
Outstanding number of share options	42,510,000	44,860,000
Outstanding number of warrants	80,900,000	-

- 2. Whether the figures have been audited, or reviewed and in accordance with which 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 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 applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the reasons for, and the effect of, the change.

- 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.**

Not applicable

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.

	1H 2007	1H 2006
Loss per share of the Group based on net loss attributable to shareholders :		
i) Based on the weighted average number of ordinary shares in issue	(0.36) cents	(1.28) cents
Weighted average number of shares	388,771,680	337,648,751
ii) On a fully diluted basis	(0.36) cents	(1.28) cents
There were no dilutive potential ordinary shares as the Group was in a net loss position.		

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	
	30.6.2007	31.12.2006	30.6.2007	31.12.2006
Net asset value per share based on issue share capital at the end of the period	18.19cents	20.41cents	18.47cents	20.67cents

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 cashflow, working capital, assets or liabilities of the group during the current financial period reported on.**

Basis of Preparation

Deconsolidation of a subsidiary

The Company holds a 56.22% interest in Green Salt Group Ltd ("GSGL") which became a subsidiary of the Group in May 2004. Notwithstanding that the Company is the majority shareholder in GSGL, the Company is prevented from exercising management control over the subsidiary by virtue of a Shareholders' Agreement executed by an ex-director of the Company in April 2005 purportedly on behalf of the Company but which in fact was executed without the consent of the Board of Directors and which was part of a conspiracy to defraud the Company. The minority shareholders are relying on the purported Shareholders' Agreement to prevent the Company from exercising management control.

In October 2005, the Company commenced legal proceedings to declare the purported Shareholders' Agreement null and void. As the legal proceedings are still ongoing and in compliance with Financial Reporting Standard 27: Consolidated and Separate Financial Statements, the Directors deem it appropriate to de-consolidate the financial statements of GSGL in the preparation and presentation of the Group's consolidated financial statements.

Review of Group Income Statement

Revenue and Gross Loss

The slight increase in revenue was attributable to improvement in sales of salt, food products and industrial electronic devices. However, low utilisation of production capacity resulted in a gross loss of \$169,000 for 1H2007.

Other Operating Income

The increase in other operating income of \$350,000 was mainly due to gain from sale of quoted equity investments.

Distribution and Marketing Expenses

The increase in distribution and marketing expenses of \$45,000 related mainly to transport and marketing expenses incurred in selling the salt and food products.

Administrative Expenses

Administrative expenses decreased by \$118,000 to \$1.81 million, primarily due to lower expenses incurred in holding shareholders' meeting and printing of annual report.

Other Operating Expenses

Other operating expenses reduced by \$206,000 to \$346,000. This was mainly due to the absence of maintenance expenses relating to the industrial building which was disposed in 1H2006.

Finance Income

Finance income of \$442,000 comprised interest receivable on the US\$3.5 million loan advanced to GSGL, a 56.22%-owned subsidiary of the Company and the convertible loan of \$2 million.

Finance Costs

Finance costs for 1H2007 comprised interest expenses of \$2,000 while the finance costs for previous period included an exchange loss of \$262,000.

Review of Group Balance Sheet

The Group's cash position was strengthened following a share placement exercise in February 2007 which raised capital of about \$5 million.

On 22 March 2007 and 2 April 2007, Firstlink Capital Pte Ltd ("FLC"), a wholly-owned subsidiary of the Group, entered into convertible loan agreements with Biofuel Industries Pte Ltd (BFI) and Van Der Horst Biodiesel Pte Ltd ("VDH") respectively. Pursuant to the agreements, FLC had advanced to BFI and VDH convertible loans of \$1 million each. The loan to BFI is repayable within the next 12 months and the loan to VDH is due for repayment after 1 year unless they are converted into ordinary shares of the companies. The disbursements of the loans were funded from the net proceeds of the share placement.

On 15 June 2007, the Company issued 80.9 million warrants for purpose of raising capital for working capital requirements and future investments. The net proceeds arising from the subscription of the warrants amounted to about \$0.77 million.

On 21 June 2007, the Company announced that it had entered into a conditional sale and purchase agreement with China Plant Nutrition Holding Ltd to acquire 25% of the share capital of China Plant Nutrition Holdings Pte Ltd for a purchase consideration of \$16 million. Pursuant to the agreement, the Company paid a deposit of \$0.8 million, representing 5% of the purchase consideration. The deposit accounted mainly for the increase in other current assets from \$0.861 million as at 31 December 2006 to \$1.616 million as at 30 June 2007.

During the period under review, the Group disposed of its available-for-sale investments generating a gain of about S\$386,000. The Group also increased its holdings of quoted equity investments, resulting in the increase in available-for-sale investments to \$1.013 million at 30 June 2007.

The loan to a subsidiary represented the US\$3.5 million loan (including interest) advanced to GSGL. The investments in subsidiaries comprised mainly the cost of investment in GSGL. Because of the uncertainty surrounding the future of the Group's interest in GSGL, it is not possible to estimate with any degree of certainty the future cash flows attributable to the Group's investment in GSGL. Hence it is not possible to estimate the fair value of this investment, nor is it possible to determine the quantum, if any, of any potential impairment losses. Accordingly, the investment in GSGL has been included in the balance sheet at cost.

For the same reason, it is not possible to assess the recoverability of the loan to GSGL which is therefore carried at cost plus attributable accrued interest.

Group shareholders' funds increased from \$68.918 million at 31 December 2006 to \$73.73 million at 30 June 2007. The increase was mainly attributable to issue of new ordinary shares and warrants partly offset by retained losses for 1H2007.

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

No forecast or prospect statement had been previously issued for the period under review.

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.

Following the Company's share placement and warrants issue in 1H2007, the Group's financial position was strengthened with the injection of capital of approximately \$5.77 million.

As announced by the Company on 21 June 2007, the Company had entered into an agreement to acquire a 25% equity stake in a company in the fertilizer industry. Under the agreement, the Company is also granted a call option to acquire the remaining 75% interest. As it is a major acquisition, the Company is currently in the process of seeking shareholders' approval. This acquisition is expected to have a positive impact on the Group following its completion next year.

The Group's main asset is its 56.22% interest in Green Salt Group Ltd ("GSGL") which holds the majority stake in the two salt mines in Qinghai, the Republic of China. The legal proceedings initiated to safeguard the Group's interest in GSGL are still ongoing. As explained in item 8, the loan to and investment in GSGL are carried at cost. Any adjustment to these amounts would have a consequential effect on the Group's bottom line and net assets.

11. Dividend

(a) Current Financial Period Report 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/recommendeded, a statement to that effect.

The directors do not recommend an interim dividend for the current financial period.

PART II- ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(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.**

Not applicable

- 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.**

Not applicable

- 15. A breakdown of sales.**

Not applicable

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

Not applicable

BY ORDER OF THE BOARD

Ling Yew Kong
Chairman/Managing Director
3 August 2007

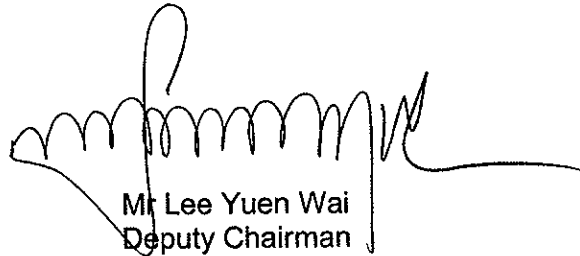
CONFIRMATION BY THE BOARD

We, LING YEW KONG and LEE YUEN WAI, being two directors of Firstlink Investments Corporation Limited ("the Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the first half year 2007 financial results to be false or misleading.

On behalf of the board of directors



Mr Ling Yew Kong
Chairman/Managing Director



Mr Lee Yuen Wai
Deputy Chairman

3 August 2007