

# FIRSTLINK INVESTMENTS CORPORATION LIMITED

Unaudited Full Year Financial Statement for the Year Ended 31/12/2007

- 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	<u>Group</u>		
	2007	2006	+ / (-)
	\$'000	\$'000	%
<b>Continuing operations</b>			
Revenue	96	-	NM
Cost of Sales	(98)	-	NM
Gross loss	(2)	-	NM
Other operating income	773	275	181.1
Net losses associated with long term investments and long-term assets	(130)	(1,735)	(92.5)
Distribution & marketing expenses	-	(11)	NM
Administrative expenses	(2,975)	(4,329)	(31.3)
Other operating expenses	(775)	(861)	(10.0)
Loss from operations	(3,109)	(6,661)	(53.3)
Finance income	843	821	2.7
Finance costs	(464)	(598)	(22.4)
Share of results of an associate	-	(209)	NM
Loss before tax	(2,730)	(6,647)	(58.9)
Income tax credit	267	151	76.8
Loss from continuing operations	(2,463)	(6,496)	(62.1)
<b>Discontinued operations</b>			
Loss from discontinued operations	(734)	(541)	35.7
<b>Total loss</b>	<b>(3,197)</b>	<b>(7,037)</b>	<b>(54.6)</b>
<b>Attributable to :</b>			
Equity holders of the Company	(3,086)	(6,935)	(55.5)
Minority interests	(111)	(102)	8.8
	<b>(3,197)</b>	<b>(7,037)</b>	<b>(54.6)</b>

NM - Not Meaningful

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

Notes :

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

	<u>Group</u>		
	2007	2006	+ / (-)
	\$'000	\$'000	%
Dividend Income	9	-	NM
Interest income	1,009	906	11.4
Interest on borrowings	(4)	(57)	(93.0)
Depreciation	(236)	(392)	(39.8)
Net foreign exchange loss	(464)	(543)	(14.5)
Gain on disposal of available-for-sale investments	386	-	NM
Gain on deemed disposal of a subsidiary	-	237	NM
Loss on disposal of an associate	-	(2,227)	NM
Loss on disposal of property plant and equipment	(1)	(6)	(83.3)
Impairment loss on property, plant and equipment	(120)	-	NM
Impairment loss on available-for-sale investments	(132)	-	NM
Property, plant & equipment written off	(21)	-	NM
Inventories written off	(92)	-	NM
Inventories write-down	(66)	-	NM
Share-based payment expense	(258)	(796)	(67.6)

ii) Income tax

The income tax for the Group included an adjustment of \$267,000 for overprovision of tax in respect of prior years ( 2006 : \$151,000 ).

iii) Comparatives

Comparatives have been reclassified to reflect the discontinued operations presented in the current financial year.

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>	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	7,867	1,175	7,083	412
Trade receivables	21	18	-	-
Inventories	20	139	-	-
Convertible Loans	2,000	-	-	-
Available-for-sale investments	-	856	-	856
Loan to a subsidiary	7,464	7,127	7,464	7,127
Property, plant and equipment	65	-	-	-
Other current assets	1,715	861	1,864	1,201
	<u>19,152</u>	<u>10,176</u>	<u>16,411</u>	<u>9,596</u>
<b>Non-current assets</b>				
Other receivables	-	-	2,669	432
Investments in subsidiaries	59,925	59,925	60,513	60,512
Available-for-sale investments	862	143	166	143
Property, plant and equipment	134	404	134	153
	<u>60,921</u>	<u>60,472</u>	<u>63,482</u>	<u>61,240</u>
<b>Total assets</b>	<u>80,073</u>	<u>70,648</u>	<u>79,893</u>	<u>70,836</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade & other payables	1,274	1,459	891	1,030
Borrowings	41	33	-	-
	<u>1,315</u>	<u>1,492</u>	<u>891</u>	<u>1,030</u>
<b>Non-current liabilities</b>				
Borrowings	-	41	-	-
Deferred income tax liability	86	86	-	-
	<u>86</u>	<u>127</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>1,401</u>	<u>1,619</u>	<u>891</u>	<u>1,030</u>
<b>Share capital and reserves</b>				
Share capital	130,936	119,068	130,936	119,068
Capital reserves	1,695	731	1,695	731
Accumulated losses	(53,869)	(50,783)	(53,629)	(49,993)
Currency translation reserve	(90)	(98)	-	-
<b>Equity attributable to equity holders of the Company</b>	<u>78,672</u>	<u>68,918</u>	<u>79,002</u>	<u>69,806</u>
<b>Minority interests</b>	-	111	-	-
	<u>78,672</u>	<u>69,029</u>	<u>79,002</u>	<u>69,806</u>
<b>Total equity and liabilities</b>	<u>80,073</u>	<u>70,648</u>	<u>79,893</u>	<u>70,836</u>

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

**Amount repayable in one year or less, or on demand**

As at 31.12.2007		As at 31.12.2006	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
41	-	33	-

**Amount repayable after one year**

As at 31.12.2007		As at 31.12.2006	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	-	41	-

Details of any collateral

Certain plant and 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>	
	2007	2006
	\$'000	\$'000
<b>Cash Flows from Operating Activities</b>		
Total loss	(3,197)	(7,037)
Adjustments for:		
Income tax credit	(267)	(151)
Depreciation of property, plant and equipment	236	392
Impairment loss on property, plant & equipment	120	-
Property, plant and equipment written off	21	-
Inventories write-down	66	-
Inventories written off	92	-
Impairment loss on available-for- sale investments	132	-
Share-based payment expense	258	796
Gain on deemed disposal of a subsidiary	-	(237)
Gain on disposal of available-for-sale investments	(386)	-
Loss on disposal of property , plant & equipment	1	6
Loss on disposal of an associate	-	2,227
Interest expense	4	57
Interest income	(1,009)	(906)
Dividend income	(9)	-
Share of results of an associate	-	209
Translation differences	1	(9)
Operating cash flow before working capital changes	<u>(3,937)</u>	<u>(4,653)</u>
Change in operating assets and liabilities		
Cash restricted in use	(15)	-
Inventories	(39)	(139)
Receivables	(346)	(414)
Payables	(185)	(1,546)
Cash absorbed by operations	<u>(4,522)</u>	<u>(6,752)</u>
Income tax refund	373	94
<b>Net cash absorbed by operating activities</b>	<u>(4,149)</u>	<u>(6,658)</u>
<b>Cash Flows from Investing Activities</b>		
Interest income received	55	85
Dividends received	9	-
Proceeds from sale of property, plant and equipment	3	5
Proceeds from sale of building held for sale	-	5,625
Proceeds from sale of an associate	-	4,495
Proceeds from sale of available-for-sale investments	6,181	-
Purchase of property, plant and equipment	(176)	(222)
Acquisition of additional interest in an associate	-	(73)
Advancement of convertible loans	(2,000)	-
Purchase of available-for-sale investments	(5,705)	(917)
<b>Net cash (used in)/generated from investing activities</b>	<u>(1,633)</u>	<u>8,998</u>
<b>Cash Flows from Financing Activities</b>		
Net proceeds from issue of shares	11,728	-
Net proceeds from issue of warrants	761	-
Interest paid	(4)	(57)
Capital contribution from minority shareholder of a subsidiary	-	450
Repayment of finance lease liabilities	(33)	(13)
Repayment of bank loans	-	(2,308)
<b>Net cash generated from/(used in) financing activities</b>	<u>12,452</u>	<u>(1,928)</u>
<b>Net increase in cash and cash equivalents held</b>	6,670	412
Cash and cash equivalents at beginning of the financial year	1,175	797
Effects of exchange rate changes on cash and cash equivalents	7	(34)
<b>Cash and cash equivalents at end of the financial year</b>	<u>7,852</u>	<u>1,175</u>
Cash and cash equivalents as shown in the cash flow statement	7,852	1,175
Add cash restricted in use	15	-
Cash and cash equivalents as shown in the balance sheet	<u>7,867</u>	<u>1,175</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 \$'000	Share Premium \$'000	Capital Reserves \$'000	Accumulated losses \$'000	Currency translation reserve \$'000	Attributable to equity holders of the Company \$'000	Minority interests \$'000	Total equity \$'000
Balance at 1 January 2007	119,068	-	731	(50,783)	(98)	68,918	111	69,029
Currency translation differences	-	-	-	-	8	8	-	8
Fair value changes on available-for-sale investments	-	-	85	-	-	85	-	85
Net gain recognised directly in equity	-	-	85	-	8	93	-	93
Share-based payment	-	-	258	-	-	258	-	258
Net loss for the financial year	-	-	-	(3,086)	-	(3,086)	(111)	(3,197)
Issue of shares pursuant to exercise of share options	532	-	(140)	-	-	392	-	392
Issue of shares	11,336	-	-	-	-	11,336	-	11,336
Issue of warrants	-	-	761	-	-	761	-	761
Balance at 31 December 2007	130,936	-	1,695	(53,869)	(90)	78,672	-	78,672

	Share Capital \$'000	Share Premium \$'000	Capital Reserves \$'000	Accumulated losses \$'000	Currency translation reserve \$'000	Attributable to equity holders of the Company \$'000	Minority interests \$'000	Total equity \$'000
Balance at 1 January 2006	67,530	51,538	-	(43,848)	(3,435)	71,785	-	71,785
Currency translation differences	-	-	-	-	(14)	(14)	-	(14)
Fair value changes on available-for-sale investments	-	-	(65)	-	-	(65)	-	(65)
Disposal of an associate	-	-	-	-	3,351	3,351	-	3,351
Deemed disposal of a subsidiary	-	-	-	-	-	-	(237)	(237)
Net (loss)/gain recognised directly in equity	-	-	(65)	-	3,337	3,272	(237)	3,035
Share-based payment	-	-	796	-	-	796	-	796
Net loss for the financial year	-	-	-	(6,935)	-	(6,935)	(102)	(7,037)
Capital contribution from minority shareholder of a subsidiary	-	-	-	-	-	-	450	450
Reclassification arising from abolition of par value	51,538	(51,538)	-	-	-	-	-	-
Balance at 31 December 2006	119,068	-	731	(50,783)	(98)	68,918	111	69,029

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

Company	Share Capital \$'000	Share Premium \$'000	Capital Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2007	119,068	-	731	(49,993)	69,806
Fair value changes on available-for-sale investments	-	-	85	-	85
Net gain recognised directly in equity	-	-	85	-	85
Net loss for the financial year	-	-	-	(3,636)	(3,636)
Share-based payment	-	-	118	-	118
Issue of shares	11,868	-	-	-	11,868
Issue of warrants	-	-	761	-	761
Balance at 31 December 2007	130,936	-	1,695	(53,629)	79,002
Balance at 1 January 2006	67,530	51,538	-	(48,447)	70,621
Fair value changes on available-for-sale investments	-	-	(65)	-	(65)
Net loss recognised directly in equity	-	-	(65)	-	(65)
Share-based payment	-	-	796	-	796
Net loss for the financial year	-	-	-	(1,546)	(1,546)
Reclassification arising from abolition of par value	51,538	(51,538)	-	-	-
Balance at 31 December 2006	119,068	-	731	(49,993)	69,806

#### Capital Reserves

	Group and Company	
	31.12.07 \$'000	31.12.06 \$'000
Share option reserve	914	796
Fair value reserve	20	(65)
Warrants reserve	761	-
	1,695	731

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 and warrants:

- 1) 5,610,000 ordinary shares at an exercise price of \$0.07 each upon the exercise of share options under the FirstLink Investments Corporation Limited (2001) Share Option Scheme.
- 2) 67,000,000 ordinary shares at an issue price of \$0.075 pursuant to the share placement exercise in February 2007.
- 3) 80,900,000 warrants ( Warrants 06/07 ) in June 2007 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 15 June 2007 and expiring on 14 June 2012.
- 4) 82,051,750 new Rights Shares ( as defined in the Offer Information Statement dated 7 November 2007 ) were issued at an issue price of \$0.08 each with 8,205,171 free detachable warrants (Warrants 12/07 ). Each warrant carries the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of \$0.18 for each new share at anytime during the period commencing on 3 December 2007 and expiring on 30 November 2012.
- 5) 185,750 warrants ( Warrants 06/07 ) were issued pursuant to the adjustment made in accordance with the deed poll dated 17 May 2007 constituting Warrants 06/07 in connection with the right issue mentioned above.

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

	<u>31.12.2007</u>	<u>31.12.2006</u>
Outstanding number of share options	38,082,582	44,360,000
Outstanding number of Warrants 06/07	81,085,750	-
Outstanding number of Warrants 12/07	8,205,171	-

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.

	<u>31.12.2007</u>	<u>31.12.2006</u>
Total number of issued shares excluding treasury shares	492,310,501	337,648,751

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.

The Company does not have any treasury shares.

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 financial statements for the current reporting year compared with those of the audited financial statements as at 31 December 2006, except for the adoption of certain revised Financial Reporting Standards ("FRS") which are effective for the financial year commencing 1 January 2007. The adoption of these FRS have no material impact on the Group's and the Company's accounts.

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

Please refer to paragraph 4.

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

	Continuing Operations		Discontinued Operations	
	2007	2006	2007	2006
Loss per share of the Group based on net loss attributable to shareholders:				
( i ) Based on the weighted average number <sup>(1)</sup> of ordinary shares in issue	(0.56) cents	(1.83) cents	(0.18) cents	(0.16) cents
Weighted average number of shares <sup>(1)</sup>	417,820,818	349,290,880	417,820,818	349,290,880
( ii ) On a fully diluted basis <sup>(2)</sup>	(0.56) cents	(1.83) cents	(0.18) cents	(0.16) cents

(1) The number of weighted average ordinary shares and the basic loss per share for 2006 had been adjusted by an adjustment factor of 1.03448. The adjustment factor was computed based on the fair value of one ordinary share immediately prior to the exercise of rights issue on 1 November 2007 divided by the theoretical ex-rights value per share

(2) Diluted loss per share is the same as basic loss per share as the potential ordinary shares were anti-dilutive and would decrease loss per share. Accordingly, the effects of anti-dilutive potential ordinary shares are disregarded in calculating diluted loss per share.

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 period reported on and (b) immediately preceding financial year

	Group		Company	
	2007	2006	2007	2006
Net asset value per share based on issued share capital at the end of the financial year	15.98 cents	20.41 cents	16.05 cents	20.67 cents

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 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**

### **Continuing Operations**

#### ***Revenue and Gross Loss***

The increase in revenue was attributable to sale of industrial electronic devices. However, due to low level of sales, a gross loss of \$2,000 was sustained. The Group ceased its operations relating to the design and sale of industrial and consumer electrical devices during FY2007. As these operations do not represent a separate major line of business, they are therefore not classified under "Discontinued Operations."

#### ***Other Operating Income***

The increase in other operating income of \$498,000 was mainly due to gain from sale of quoted equity investments, higher interest income and recovery of damages.

#### ***Net Gains or Losses Associated with Long-Term Investments and Other Long-Term Assets***

During the year under review, the Group registered a net loss of \$130,000 under this head. This was largely due to an impairment loss on quoted equity investments acquired during FY2007 compared to the previous year's loss of \$1.735 million which was attributable mainly to the loss on disposal of interest in the Group's former associated company

#### ***Distribution and Marketing Expenses***

The decrease in distribution and marketing expenses was due to the cessation of business activities relating to the design of industrial and consumer electrical devices.

#### ***Administrative Expenses***

Administrative expenses decreased by \$1.35 million to \$2.98 million, primarily due to lower expenses incurred in convening shareholders' meeting and printing of annual report as well as lower legal expenses, staff costs and depreciation charges.

#### ***Other Operating Expenses***

Other operating expenses reduced by \$86,000 to \$775,000. 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 \$843,000 comprised mainly interest receivable on the US\$3.5 million loan advanced to GSGL and the convertible loan.

## **Finance Costs**

Finance costs for FY2007 comprised exchange loss arising from the revaluation of the US\$3.5 million loan (including the interest) advanced to GSGL.

## **Discontinued Operations**

As the Group has the intention to cease its subsidiary's business activities relating to the packaging and distribution of salt and food products in the first quarter of FY2008, the results arising from these operations are presented separately in the income statement as "Discontinued Operations".

## **Review of Group Balance Sheet**

The Group's cash position is strengthened following a share placement exercise and a warrants issue in the first half of 2007 and a rights issue in the second half of the year which raised total net proceeds of approximately \$12.1 million. Net proceeds of \$5.2 million were utilised during FY2007 as announced by the Company on 31 December 2007 while the balance of \$6.9 million remained unutilised.

On 22 March 2007 and 2 April 2007, Firstlink Capital Pte Ltd ("FLC"), a wholly-owned subsidiary of the Group, entered into two convertible loan agreements with Biofuel Industries Pte Ltd ("BFI") and Van Der Horst Biodiesel Pte Ltd ("VDH"). Pursuant to the agreements, FLC had advanced to BFI and VDH convertible loans of \$1 million each. The loan to BFI was fully repaid subsequent to year-end. The loan to VDH is due for repayment in 2009 unless VDH enters into a share swap agreement with a company listed on the Singapore Exchange in which event FLC agrees to convert the loan into shares of VDH which shall then be swapped with the shares in the company listed on the Singapore Exchange. On 24 April 2007, the shareholders of VDH entered into a Sale and Purchase Agreement with GKE International Limited ("GKE"), a company listed on the Singapore Exchange, whereby GKE would acquire the entire issued and paid-up share capital of VDH subject to certain conditions precedent being satisfied ("Proposed Acquisition"). The Proposed Acquisition is expected to be completed in the first quarter of 2008 and it will result in the conversion of the said convertible loan into shares of VDH and then ultimately into shares of GKE.

On 21 June 2007, the Company announced that it has 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 \$1.715 million as at 31 December 2007.

During the year under review, the Company disposed of its available-for-sale investments acquired in the previous year which had a fair value of \$0.856 million at 31 December 2006. The Group also acquired additional quoted equity investments, resulting in the increase in available-for-sale investments to \$0.862 million at 31 December 2007.

The loan to a subsidiary represented the US\$3.5 million loan (including interest) advanced to GSGL. The investments in subsidiaries represent 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.

The decrease in trade and other payables of \$185,000 was mainly due to lower accrued operating expenses.

Group shareholders' funds increased from \$68.918 million at 31 December 2006 to \$78.672 million at 31 December 2007. The increase was mainly attributable to issue of new ordinary shares and warrants partly offset by retained losses for FY2007.

**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 has been provided previously.

**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**

Following the Company's share placement, warrants and rights issue in FY2007, the Group's financial position is strengthened with the injection of capital of approximately \$12.1 million.

As announced by the Company on 21 June 2007, the Company had entered into an agreement to acquire a 25% equity stake in China Plant Nutrition Holding Ltd, a company in the fertilizer industry. Under the agreement, the Company is also granted a call option to acquire the remaining 75% interest. However, the agreement was terminated in January 2008 as the conditions precedent were not fulfilled.

With the surplus funds on hand, the Company will continue to pursue new investment opportunities that will enhance shareholders' value.

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 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

Name of Dividend	Not applicable
Dividend Type	Not applicable
Dividend rate	Not applicable
Par value of shares	Not applicable
Tax Rate	Not applicable

**( c ) Date payable**

Not applicable.

**( d ) Books closure date**

Not applicable.

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

The directors do not recommend a final dividend for the current financial year.

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

Business segments	Discontinued	Continuing	
	Operations	Operations	
<b>Year ended 31 December 2007</b>	Salt and food <u>products</u> \$'000	Investment holding <u>and others</u> \$'000	<u>Group</u> \$'000
Sales	106	96	202
Operating loss	(730)	(3,109)	(3,839)
Finance income	-	843	843
Finance costs	(4)	(464)	(468)
Loss before tax			(3,464)
Income tax credit	-	267	267
Loss after tax			<u>(3,197)</u>
Segment assets	162	79,911	80,073
Segment liabilities	50	1,351	1,401
Other segment items			
Capital expenditure			
-property, plant and equipment	23	153	176
Depreciation of property, plant and equipment	66	170	236
Impairment loss on property , plant and equipment	120	-	120
<b>Year ended 31 December 2006</b>	Salt and food <u>products</u> \$'000	Investment holding <u>and others</u> \$'000	<u>Group</u> \$'000
Sales	-	-	-
Operating loss	(539)	(6,661)	(7,200)
Finance income	-	821	821
Finance costs	(2)	(598)	(600)
Share of results of an associate			(209)
Loss before tax			(7,188)
Income tax credit	-	151	151
Loss after tax			<u>(7,037)</u>
Segment assets	432	70,216	70,648
Segment liabilities	101	1,518	1,619
Other segment items			
Capital expenditure			
-property, plant and equipment	271	39	310
Depreciation of property, plant and equipment	43	349	392

## Geographical segments

	<u>Sales</u>		<u>Total assets</u>		<u>Capital expenditure</u>	
	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	178	23	18,907	10,580	176	310
Malaysia	24	29	242	143	-	-
Australia & New Zealand	-	-	999	-	-	-
China & Hong Kong	-	-	59,925	59,925	-	-
	202	52	80,073	70,648	176	310

### 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

As explained in item no. 8.

### 15. Breakdown of sales

	<u>Group</u>		+ / (-) %
	2007	2006	
	\$'000	\$'000	
Sales reported for first half year	167	8	1,987.5
Operating loss after tax before deducting minority interest reported for first half year	(1,465)	(4,373)	(66.5)
Sales reported for second half year	35	44	(20.5)
Operating profit after tax before deducting minority interest reported for second half year	(1,732)	(2,664)	(35.0)

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

Total Annual Dividend

	2007	2006
	\$'000	\$'000
Ordinary	-	-
Preference	-	-
Total:	-	-

**BY ORDER OF THE BOARD**

Ling Yew Kong  
Chairman/Managing Director  
28 February 2008