
RESPONSE TO SGX QUERIES ON THE UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER AND 9 MONTHS FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2008 (THE "RESULTS ANNOUNCEMENT")

In response to queries raised by the Singapore Exchange Limited on 9 May 2008 in relation to the Company's Results Announcement dated 8 May 2008, the Board of Directors of the Company wishes to respond as follows:-

SGX QUERY & COMPANY'S RESPONSE

- (a) We note on Page 1 of the Results Announcement that there is a Foreign currency exchange adjustment loss of S\$290,000 for 3Q2008 and S\$921,000 for 9M2008.

In respect of the above, please provide the following information:-

- (i) Details of underlying items which resulted in loss and whether such losses are realised or not

	3Q 2008	9M 2008
	\$'000	\$'000
<u>Analysis on foreign exchange adjustment loss</u>		
Translation loss	165	448
Realised loss	125	473
	<u>290</u>	<u>921</u>

- (ii) Any hedging policies and whether the Company's Board of Directors has approved the policies and procedures relating to foreign exchange instruments

Company has the following policies which are approved by the Company's Board of Directors:-

- i) maintaining a natural hedge by aligning our US\$ receivables with our US\$ payables;
- ii) selling our US\$ holding at spot rate and/or engaged in US\$ forward exchange contracts of one to three months' tenor depending on our working capital requirement in S\$; and
- iii) pegging our internal accounting exchange translation rate to a 3-month US\$ forward contract rate.

- (b) We note on Page 8 of the Results Announcement that "cash and cash equivalents improved by \$8.8 million from \$37.3 million in 2Q 2008. This increase was mainly due improved collection from customers". Please provide basis for this statement and quantify impact from improved collection as it appears from cash flow statement that the increase in cash arose from S\$26.8 million raised from issue of shares.

	3Q 2008	2Q 2008
	\$'000	\$'000
Receivables - beginning balance	24,064	18,787
Add: Revenue	17,455	21,956
Less:		
Receivables - ending balance	<u>-15,273</u>	<u>-24,064</u>
Cash collection	<u>26,246</u>	<u>16,679</u>

From the table above, it can be seen that the improvement in cash and cash equivalent from \$37.3 million in 2Q 2008 to \$46.1 million in 3Q 2008 was attributable to improved collection from customers, from \$16.7 million in 2Q 2008 to \$26.2 million in 3Q 2008, an increase of \$9.5 million.

BY ORDER OF THE BOARD

Wong Wee Lim, William
Chief Financial Officer
12 May 2008

The initial public offering of the Company was sponsored by Westcomb Capital Pte. Ltd.