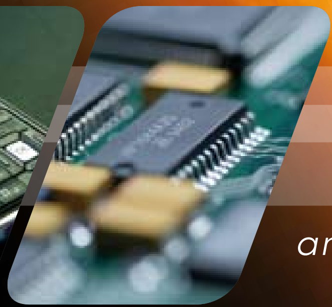
EMBRACING NEW OPPORTUNITIES



annual report 2008

TRI-M TECHNOLOGIES (S) LIMITED

太 安 科 技 (新 加 坡) 有 限 公 司

Contents

Corporate Overview

Tri-M Technologies is a diversified Electronics Manufacturing Services ("EMS") provider of manufacturing and testing of high quality electronics products for the global market.

Incorporated in 1987, Tri-M Technologies is the first local subcontract manufacturer to be listed on the Main Board of the Singapore Exchange in 1993.

Headquartered in Singapore, we have a manufacturing plant in Shenzhen, China with a gross floor area totalling 85,000 square feet. Our Shenzhen facilities enable us to provide cost effective manufacturing solutions and services to our clients, while retaining our flexibility, quick turnaround, commitment to quality and our unwavering ability to meet customers' complex needs and requirements.

In 2008, we announced our strategic plans to diversify into the oil and gas industry to enhance shareholder value. We have submitted an Additional Listing Application and a draft Circular (enclosing relevant professional reports) containing details of the proposed acquisition of Kingworld Resources Limited ("KRL") to the Singapore Exchange Securities Trading Limited ("SGX-ST") for approval. The application is currently under consideration by the SGX-ST. We are also liaising with SGX-ST for all information as required. We believe our proposed oil and gas venture will create a new revenue stream for us and improve the Group's financial condition.

Manufacturing Services

Our electronics business competencies are Printed Circuit Board Assembly ("PCBA") Manufacturing and Box-Build (final assembly), with services including:

- Prototyping and pilot run
- Full turnkey and consignment manufacturing
- Total supply chain management
- Advanced engineering support

We provide services for products used in a wide range of industries including telecommunications, medical, automotive, industrial automations and controllers, equipment and instrumentation, office automations and peripherals.

Tri-M Technologies offers low to mid-volume high-mix manufacturing capabilities. Additionally, our Singapore corporate office supports our customers in cost effective procurement, advanced manufacturing/testing technologies and customer service management.

PCBA Services

We offer a full, scalable manufacturing solution for all PCBA and testing requirements, using advanced manufacturing techniques and in collaboration with customers' specification.

We focus on time-to-market and on providing the most cost effective solution to meet our customers' production requirements.

Box-Build Services

We have close working relationships with key commodity suppliers to assure success in box-build assembly, such as:

- Strategic relationship with plastic, casting, stamping, flex circuits, cable harness, connectors and IC component suppliers
- Concurrent and Value Engineering
- System Integration
- Retail Packaging

Corporate Information

BOARD OF DIRECTORS

Tan Sri Datuk Tiong Hiew King
(Executive Chairman)

Dato' Sri Dr Tiong Ik King
(Executive Director)

Foo Sac Phoon
(Executive Director)

Abbasbhoy Haider Nakhoda
(Independent Director)

Yeo Yun Seng Bernard
(Independent Director)

Lee Hock Lye
(Independent Director)

AUDIT COMMITTEE

Abbasbhoy Haider Nakhoda
(Chairman)
Yeo Yun Seng Bernard
Dato' Sri Dr Tiong Ik King
Lee Hock Lye

REMUNERATION COMMITTEE

Yeo Yun Seng Bernard
(Chairman)
Abbasbhoy Haider Nakhoda
Dato' Sri Dr Tiong Ik King
Lee Hock Lye

NOMINATING COMMITTEE

Lee Hock Lye
(Chairman)
Abbasbhoy Haider Nakhoda
Yeo Yun Seng Bernard
Dato' Sri Dr Tiong Ik King

SECRETARY

Yeo Poh Noi Caroline

REGISTERED OFFICE

25 Kallang Avenue #07-01
Singapore 339416
Tel: (65) 6293 9293
Fax: (65) 6299 7656

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
3 Church Street #08-01
Samsung Hub
Singapore 049483
Tel: (65) 6536 5355
Fax: (65) 6536 1360

AUDITORS

Ernst & Young LLP
One Raffles Quay
Level 18 North Tower
Singapore 048583
Audit Partner-in-charge: Liew Choon Wai
Date of appointment: since financial year ended 31 March 2005

MAIN BANKERS

Malayan Banking Berhad
CIMB Bank Berhad
DBS Bank Ltd
The Hongkong and Shanghai Banking Corporation Limited

Message to Shareholders

Tan Sri Datuk Tiong Hiew King
Executive Chairman

Foo Sac Phoon
Chief Executive Officer

Dear Shareholders

Fiscal Year 2008 ("FY2008") was another difficult year for our Group. Our business was adversely impacted by the highly competitive electronics environment, exacerbated by the on-going credit crisis and global economic slowdown.

Coupled with weakening demand and prices in the electronics sector, our Group's revenue declined 38% to $12.0 million for the full year ended 31 December 2008. The reduced sales have been insufficient to cover the factory overheads during the year, resulting in a gross loss of $6.6 million. As a result of the deteriorating electronics business, closure costs of excess manufacturing facilities, substantial losses incurred on disposal of assets and impairment provisions made for idle assets, the Group registered a net loss of $20.3 million in FY2008.

Message to Shareholders

Strengthening our Electronics Business

During the year, the Group continued to take drastic measures to reduce our losses by streamlining our business and keeping a tight leash on our operating costs. In June 2008, we completed the consolidation of our manufacturing facilities in Shenzhen with a gross floor area of 85,000 square feet.

In September 2008, we also announced our decision to close our factory in Penang, Malaysia and consolidate into one facility in response to the difficult business environment. We expect to complete the Penang closure by end March 2009. This strategic move will not only consolidate our manufacturing resources, but also centralize our management time in one manufacturing base.

On the business front, the Group remains focused on our major revenue generator - printed circuit board assembly. At the same time, we are gradually increasing our box-build services to provide turnkey solutions for our customers.

Despite the contraction of customer orders due to poor market conditions, we are relentlessly marketing our services to export-based customers with low to mid-volume niche strategy customer products such as telecommunications, medical, automotive, industrial automations and controllers, equipment and instrumentation, office automations and peripherals.

In addition, the Group has laid down several key strategies to sustain our electronics business. Firstly, we will continue to adopt a consignment strategy which relieves pressure on our cash flow and working capital. Secondly, we are keeping a tight rein on our costs, productivity and efficiency, as we maintain leaner manufacturing operations in Shenzhen, and lastly, we are focused on growing our customer base while upholding the highest standards of customer service and product quality.

Looking ahead, we anticipate the electronics industry to remain highly competitive as large electronics companies down-size to compete with smaller manufacturers like us. Given the current financial crisis and global economic slowdown, the Board is of the opinion that the Group is expected to incur a loss before exceptional items in its electronics business in 2009. Regardless, the Group is hopeful that our growth strategies will pay off as we look beyond the near-term challenges.

Message to Shareholders

Embracing New Opportunities

In view of the difficulties faced in our electronics business, the Group announced last year our proposed acquisition of KRL to develop and produce crude oil in China. We believe this acquisition offers an attractive investment platform for the Group to venture into the oil and gas industry, so as to create a new revenue stream and improve the Group's financial condition.

KRL has signed a production sharing contract with China National Petroleum Corporation to jointly develop and produce hydrocarbon resources in an oilfield in Songliao Basin in Jilin Province, China. The total area covered by the contract, known as Block 1 of Fuyu, is approximately 254.9 square kilometers.

The Group has submitted an Additional Listing Application and a draft circular (enclosing relevant professional reports) containing details of the proposed acquisition of KRL to the SGX-ST for approval. The application is currently under consideration by the SGX-ST. We are also liaising with SGX-ST for all information as required. Once the SGX-ST has granted the approval, we will, in due course, issue a circular explaining the rationale for the proposed acquisition and convene

Message to Shareholders

an extraordinary general meeting to seek shareholders' approval.

Along with the proposed acquisition, we have also entered into a conditional Debt Conversion Deed with our major shareholder, Surreyville Pte Ltd ("Surreyville") as per our announcement dated 18 August 2008.

The Group's financial condition and results have been weighed down by recurring losses, the liabilities owed to Surreyville, banks and creditors. With the proposed debt conversion, the Group will be able to improve our net tangible assets value; reduce our gearing and loss per share; as well as restore the Group to a better financial position.

We are confident that our business diversification is the right strategy for the Group's long-term prospects. Our immediate focus is to restore the financial health of the Group and to have ourselves removed from Singapore Exchange's Watch List. In the longer run, our aim is to leverage this new business platform to further grow shareholders' value.

Note of Appreciation

We are grateful for the commitment of our major shareholder, Surreyville, who has supported the Group financially over the past years. We would also like to extend our appreciation to all our stakeholders – investors, customers, business partners, and bankers – for your unwavering support even during these difficult times. Last but not least, we would like to express our gratitude to all our employees for their firm dedication and faithfulness to the Group.

We sincerely hope you will continue to support us in our journey.

Tan Sri Datuk Tiong Hiew King
Executive Chairman

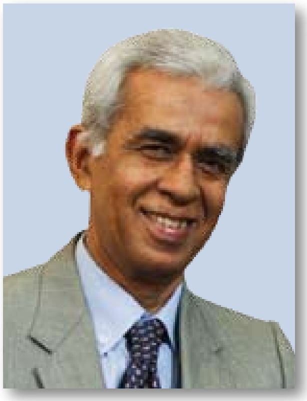
Foo Sac Phoon
Chief Executive Officer

Board of Directors

Tan Sri Datuk Tiong Hiew King
(Executive Chairman)

Dato' Sri Dr Tiong Ik King
(Executive Director)

Foo Sac Phoon
(Executive Director and Chief Executive Officer)



Abbasbhoy Haider Nakhoda
(Independent Director)

Bernard Yeo Yun Seng
(Independent Director)

Lee Hock Lye
(Independent Director)

Board of Directors

TAN SRI DATUK TIONG HIEW KING was appointed Executive Director and Executive Chairman of the Company on 13 March 2008. He is also the Executive Chairman of Rimbunan Hijau Group, a large diversified conglomerate in Malaysia with extensive business around the world. Tan Sri Datuk Tiong has extensive experience in a number of industries, including timber, oil palm plantations, oil and gas, media and publishing, mining, fishery and manufacturing. He also holds directorships in many private limited companies and publicly listed companies around the world, including Rimbunan Sawit Berhad in Malaysia. He is also the Chairman of Media Chinese International Limited, a publicly listed media company in both Hong Kong and Malaysia, which publishes 5 Chinese-language newspapers with a total daily circulation of over 1 million copies and over 30 magazines in key cities in North America, Southeast Asia, and China.

DATO' SRI DR TIONG IK KING who had been a Non-Executive Director since 7 March 1997 and Non-Executive Chairman since 31 March 2005, was re-designated as Executive Director on 13 March 2008. He graduated with a M.B.B.S Degree from National University of Singapore in 1975 and attained M.R.C.P. from the UK Royal College of Physicians, United Kingdom, in 1977. Dato' Sri Dr Tiong is also an Executive Director of Media Chinese International Limited, a publicly listed media company in both Hong Kong and Malaysia, which publishes 5 Chinese-language newspapers with a total daily circulation of over 1 million copies and over 30 magazines in key cities in North America, Southeast Asia, and China. He also sits on the boards of two other listed companies, including EON Capital Berhad, the holding company of EON Bank Bhd and Jaya Tiasa Berhad, a timber and oil palm plantation company in Malaysia.

MR FOO SAC PHOON was promoted to Chief Executive Officer on 11 November 2005. Prior to that, he was the Vice President of Marketing & Strategic Business Development. Mr Foo is responsible for the Group's overall profitability and strategic development.

Mr Foo joined the Group in 2001, when he was tasked to lead our Corporate Marketing and strategic business development, as well as establish new markets and opportunities for the Group. Before joining Tri-M, he held various senior positions in Singapore listed companies and MNCs.

Mr Foo graduated with a Bachelor of Engineering Degree with First Class Honours in Production Engineering & Management from Strathclyde University, Glasgow in 1990. He was also the winner of FORD Motor, Dean Listing and LEE Foundation Book Prize, for that year. He obtained his MBA with a major in International Business from Henley Management College, through Brunel University, West London, in 1996 with a Letter of Commendation.

MR ABBASBHOY HAIDER NAKHODA was appointed as an Independent Director on 17 June 1997. He is also the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. Mr Nakhoda has had more than 35 years experience as a Certified Public Accountant, having been a partner of Ernst & Young since 1974 and its Managing Partner from 1989 until his retirement in 1996. He holds a degree in Economics from the London School of Economics and is presently a member of the Institute of Certified Public Accountants in Singapore and a Fellow of the Institute of Chartered Accountants in England and Wales.

MR BERNARD YEO YUN SENG was appointed as an Independent Director on 1 November 2001. He is also the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. Currently Mr Yeo is the principal partner of HT & BY Financial Management Consultants. He is a council member of SHRI and fellow member of ACCA. An accountant by profession, he was Director of Finance and Strategic Investment at Compaq Computers Asia Pacific Pte Ltd.

MR LEE HOCK LYE was appointed as an Independent Director on 27 November 2003. He is also Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. He has extensive experience in banking and finance. He had held several senior positions with HSBC Group in Singapore, where he spent more than 30 years prior to his retirement. Mr Lee holds a Bachelor of Social Sciences Honours degree in economics from the University of Singapore and is an Associate of the Chartered Institute of Bankers, London.

Management

MR FOO SAC PHOON was promoted to Chief Executive Officer on 11 November 2005. Prior to that, he was the Vice President of Marketing & Strategic Business Development. Mr Foo is responsible for the Group's overall profitability and strategic development.

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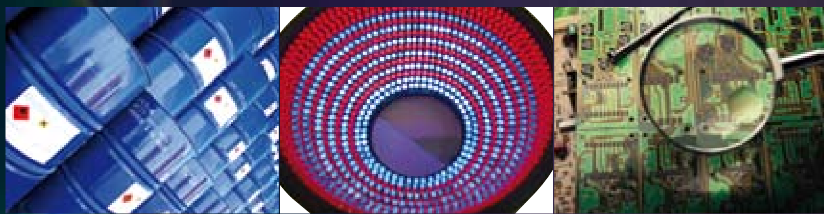
MR THEN GUANG YAW is the Group Financial Controller. He joined the Group in 2006 as Internal Audit Manager and was stationed in our China plant for a year. His earlier background was in external and internal audit with companies in Malaysia. Prior to joining us in 2006, he spent 6 years as Financial Controller and later as General Manager of a company in South America. Mr Then is a Fellow of the Association of Chartered Certified Accountants.

MR STEVEN ANG LEE TONG is the Director & General Manager of our China Operations since May 2006. He has more than 20 years of electronics and contract manufacturing experience accumulated in China and Singapore. The companies he worked for included Celestica (Suzhou) where he was the Manufacturing Manager in-charge of manufacturing and later with added responsibilities for test and engineering. Prior to that he was with Samina-SCI (Kunshan, Shanghai), Goldtron Electronics (Singapore) as well as Seagate (Singapore). Mr Ang has a Diploma in Production Engineering from the Singapore Polytechnic.

MR YEO KONG JOO is the Senior Operations Manager of our China Operations. He joined the Group in November 2007. He has more than 20 years of experience in the PCBA manufacturing industry, of which about 15 years were in China. Mr Yeo has worked in managerial positions with Goldtron (both in Singapore and Shenzhen), MSL (Shenzhen) and MMI (Tianjin). Prior to joining us, he was the Senior Operations Manager with Hi-P Electronics (Tianjin). Mr Yeo possesses an ITC certificate in Electronic Engineering, a Diploma in Computer Science and a Graduate Diploma in Business Administration.

EMBRACING NEW OPPORTUNITIES



While we strive to improve our electronics business, we are also actively seeking opportunities to increase value for our shareholders. Our proposed strategy to diversify into the oil and gas sector offers an attractive platform to create a new revenue stream and enhance the Group's financial condition.

Financial Contents

Corporate Governance Report

Tri-M Technologies (S) Limited (the "Company") is committed to maintaining a high standard of corporate governance. Good corporate governance establishes and maintains an ethical environment and enhances the interests of all shareholders. This report describes the Company's corporate governance processes and activities with specific reference to the Code of Corporate Governance (the "Code").

BOARD OF DIRECTORS

The Company is headed by an effective Board of Directors (the "Board") to lead and control its operations and affairs. Following the appointment of Tan Sri Datuk Tiong Hiew King as an Executive Chairman of the Company and the re-designation of Dato' Sri Dr Tiong Ik King as an Executive Director of Company on 13 March 2008, the Board now consists of six directors, half of whom are independent non-executive directors. The Board is of the view that:-

(a) The current board size is appropriate, taking into account the nature and scope of the Group's operations; and

(b) The objective judgement of the independent non-executive directors on corporate affairs and their collective experience and contributions are valuable to the Company.

The Board members comprises businessmen and professionals with accounting and financial background, business and management experience, and industry knowledge, all of whom as a group, provides the Board with the necessary experience and expertise to direct and lead the Group:

Tan Sri Datuk Tiong Hiew King (Appointed on 13 March 2008)	-	Executive Chairman
Dato' Sri Dr Tiong Ik King	-	Executive Director
Foo Sac Phoon	-	Executive Director and Chief Executive Officer
Abbasbhoy Haider Nakhoda	-	Independent Non-Executive Director
Yeo Yun Seng Bernard	-	Independent Non-Executive Director
Lee Hock Lye	-	Independent Non-Executive Director

The Board met eight times during the year to discuss the relocation and closure of the manufacturing plants in China and Penang, to receive updates on the Company's proposed acquisition of the entire share capital of Kingworld Resources Limited ("KRL"), to review the forecast for the ensuring year and to review and approve the announcements of the half-year and full-year results and the quarterly updates pursuant to Rule 1313(2) of the Listing Manual for release to the Singapore Exchange Securities Trading Limited ("SGX-ST"). In addition, the Directors had met informally on several occasions to discuss the following corporate events and actions:

- Supervising the management of the business and affairs of the Group;

- Reviewing the financial performance of the Group;

- Reviewing and approving the broad policies, strategies and financial objectives of the Company;

Corporate Governance Report

- Overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;

- Reviewing and approving annual budgets, major funding proposals, potential investment and divestment proposals, including material capital investment;

- Assuming responsibility for corporate governance; and

- Monitoring the performance of Management.

The Company's Articles of Association allow a board meeting to be conducted by way of a tele-conference. Frequency of Board meetings and Committee meetings held during the financial year ended 31 December 2008 ("FY2008") are set out in Table "A".

To enable the Board to fulfil its responsibilities, Management provides the Board with monthly/periodical management and financial reports containing complete, adequate and timely information prior to Board meetings and on an on-going basis. In addition, all relevant information, complete with background and explanations, on the Group's annual budgets and forecasts, financial statements, material events and transactions are circulated to Directors as and when required.

The Directors have access to the Company's senior management and the advice and services of the Company Secretary. Should the Directors, whether as a group or individually, need independent professional advice, the Company will, upon direction by the Board, appoint a professional advisor selected by the group or the individual to render the advice. During the year, the Board had appointed several professionals to assist and advise the Directors in relation to the Company's proposed acquisition of KRL's entire share capital and the diversification of the Company's business from the existing core electronics business to the oil and gas sector.

Newly appointed directors are briefed by the Management on the business activities of the Group and its strategic directions and will also be updated on major events of the Company. All the existing Directors are encouraged to attend seminars, conferences or any courses in connection to new laws, regulations and commercial risks conducted by SGX-ST and professional bodies including the Singapore Institute of Directors.

The roles of the Executive Chairman and the Chief Executive Officer ("CEO") are separate. There is a clear division of responsibilities between the two directors. Tan Sri Datuk Tiong Hiew King ("Tan Sri Datuk Tiong"), the Executive Chairman, plays a pivotal in steering the strategic direction and growth of the business and ensures timely flow of information between Management and the Board, while the CEO focuses his attention on the day-to-day running of the operations.

The Company Secretary attends all Board meetings and ensures that Board procedures are followed. The Company Secretary also ensures that requirements of the Companies Act, Cap. 50 and all the rules and regulations of the SGX-ST are complied with.

NOMINATING COMMITTEE

A majority of the members of the Nominating Committee ("NC") are independent non-executive directors. Mr Lee Hock Lye, an independent non-executive director, chairs the NC and the other members of the NC are Mr Yeo Yun Seng Bernard, Mr Abbasbhoy Haider Nakhoda, who are also independent non-executive directors, and Dato' Sri Dr Tiong Ik King.

The NC is regulated by a set of written Terms of Reference and is responsible for making recommendations to the Board on all Board appointments and re-appointments through a formal and transparent process. Its key functions include:

- To review and determine the independence of each director;
- To assess suitable candidates for appointment or election to the Board, based on their requisite qualifications, expertise and experience; and
- To conduct a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board, particularly when a director serve on multiple Boards.

Under the Company's Articles of Association, each director is required to retire at least once in every three years by rotation and all newly appointed directors would have to retire at the next Annual General Meeting following their appointment. The retiring directors are eligible to offer themselves for re-election.

During FY2008, the NC met once to review and recommend the re-election of directors retiring pursuant to the Company's Articles of Association and also conducted the evaluation and assessment of the Board's performance and effectiveness as a whole, in addition to the appointment of Tan Sri Datuk Tiong as the Executive Chairman and the re-designation of Dato' Sri Dr Tiong Ik King as an Executive Director of the Company.

The NC has also recommended the re-election of two directors, Messrs Yeo Yun Seng Bernard and Foo Sac Phoon, who are retiring under the Company's Articles of Association and the re-appointment of Tan Sri Datuk Tiong, pursuant to Section 153(6) of the Companies Act, Cap. 50, at this forthcoming Annual General Meeting. The Board has accepted the NC's recommendation and the three retiring directors will be offering themselves for re-election.

Corporate Governance Report

REMUNERATION COMMITTEE

The Remuneration Committee ("RC") is chaired by Mr Yeo Yun Seng Bernard, an independent non-executive director. The other members of the RC are Messrs Abbasbhoy Haider Nakhoda, Lee Hock Lye, who are also independent non-executive directors, and Dato' Sri Dr Tiong Ik King.

The RC is regulated by a set of written Terms of Reference. Its key functions include:

- To recommend to the Board a framework of remuneration for executive directors and key executives that is competitive and sufficient to attract, retain and motivate key executives of the required quality to run the company successfully; and
- To review and determine the specific remuneration packages and terms of employment for each executive director and senior executives.

During FY2008, the RC had met once to review and recommend to the Board:-

(a) the Executive Director's remuneration package and service contract;

(b) the remuneration packages of key management staff; and

(c) the payment of Directors' Fees for the financial year ended 31 December 2008.

No individual director is involved in fixing his own remuneration.

DISCLOSURE ON REMUNERATION

Remuneration of Directors

A breakdown showing the level and mix of each individual director's remuneration payable for the FY2008 is as per Table "B".

Remuneration of Top Key Executives who are not Directors

	FY2008	FY2007
$500,000 and above	–	–
$250,000 to below $500,000	0	2
Below $250,000	6	9

For FY2008, none of the key executives' remuneration had exceeded $250,000 and none of the employees are immediate family members of the Directors and the CEO.

The Company currently does have an employee share option scheme, which is administered by the RC.

AUDIT COMMITTEE

The Audit Committee ("AC") comprises four members, a majority of whom are independent and non-executive directors. The Chairman of the AC, Mr Abbasbhoy Haider Nakhoda, is an accountant by profession, while the three other AC members, namely Mr Yeo Yun Seng Bernard, Mr Lee Hock Lye and Dato' Sri Dr Tiong Ik King, have accounting or related financial management background.

The AC met three times during FY2008 to review the Group's financial performance for the year, the audit plan/report, the audit findings, the internal audit activities for the year, and the announcements of the half-year and full-year results before being approved by the Board for release to the SGX-ST. In addition, the AC had met informally with Management and the Auditors on several occasions during the year to discuss the Group's business and financial performance.

The key responsibilities of the AC include the following:

- To review the external and internal audit plans, including the nature and scope of the audit before the audit commences, the internal auditors' evaluation of the Company's system of internal controls, the external and internal audit reports and management letter issued by the external auditors (if any) and Management's response to the letter;

- To review the announcements of the interim and annual results prior to their submission to the Board for approval for release to the SGX-ST;

- To review interested person transactions in accordance with the requirements of the Listing Rules of the SGX-ST;

- To review all non-audit services provided by the external auditors to determine if the provision of such services would affect the independence of the external auditors; and

- To review and recommend the re-appointment of the external auditors.

The AC may meet with the external auditors at any time, without the presence of the Company's Management. It may also examine any other aspects of the Company's affairs, as it deems necessary where such matters relate to exposures or risks of regulatory or legal nature, and monitor the Company's compliance with its legal, regulatory and contractual obligations.

The AC has reviewed the non-audit services provided by the external auditors, Messrs Ernst & Young LLP, and is of the opinion that the provision of such services does not affect their independence. The AC has recommended the re-appointment of Messrs Ernst & Young LLP as external auditors at the forthcoming Annual General Meeting.

The AC has implemented a policy whereby staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting, fraudulent acts and other matters and which will ensure that arrangements are in place for independent investigations of such matters and for appropriate follow-up actions.

Corporate Governance Report

INTERNAL CONTROLS AND INTERNAL AUDIT

The Board believes in the importance of maintaining a sound system of internal controls to safeguard the interests of the shareholders and the Group's assets. To achieve this, internal reviews are constantly being undertaken to ensure that the system of internal controls maintained by the Group is sufficient to provide reasonable assurance that the Group's assets are safeguarded against loss from unauthorised use or disposition, transactions are properly authorised and proper financial records are being maintained.

The AC has reviewed the Company's risk assessment based on the reports of the auditors and is assured that adequate internal controls are in place.

During the year, AC had reviewed the internal audit reports on the review of the adequacy of the Group's operations in China.

COMMUNICATION WITH SHAREHOLDERS

The Board is mindful of the obligation to provide timely and fair disclosure of material information. The Board is accountable to the shareholders while Management is accountable to the Board.

Results and other material information are released through the SGXNet system on a timely basis for the dissemination to shareholders and the public in accordance with the requirements of the SGX-ST. A copy of the Annual Report and Notice of the Annual General Meeting ("AGM") are sent to every shareholder of the Company. The Notice is also advertised in the newspapers and released via SGXNet. During AGMs, shareholders are given opportunities to speak and seek clarifications concerning the Company.

The Chairman of the various sub-committees and the external auditors are or would be present at every AGM to address any relevant questions that may be raised by the shareholders.

DEALINGS IN THE COMPANY'S SECURITIES

The Company has adopted a Code of Conduct to provide guidance to the Directors and all key officers of both the Company and its subsidiaries with regard to dealings in the Company's securities.

INTERESTED PERSON TRANSACTIONS ("IPTS")

The Company has adopted an internal policy governing procedures for the identification, approval and monitoring of transactions with interested persons. All IPTs are subject to review by the AC.

Currently, the Company does not have a general mandate from its shareholders in relation to IPTs and there were no IPTs during FY2008, except for the conditional Debt Conversion Deed entered into between the Company and Surreyville Pte Ltd ("Surreyville"), a substantial shareholder of the Company, on 18 August 2008, for the proposed debt conversion of the shareholders' loan into new shares in the Company's share capital, subject to shareholders' and SGX-ST's approval, which was announced on 18 August 2008.

As at 31 December 2008, the aggregate amount of loans owed by the Company to Surreyville is $10.7 million.

MATERIAL CONTRACTS

Except for the transactions/agreements disclosed under IPTs above and the following transactions, there were no other material contracts entered between the Company or any of its subsidiaries with any director or controlling shareholder in FY2008:-

(a) A non-binding memorandum of understanding, dated 14 March 2008, regarding the acquisition of all the ordinary shares of KRL, a company incorporated in the British Virgin Islands, which will engage in the business of development and production of crude oil, conditional upon and subject to the parties' agreement to the purchase consideration and manner of settlement, as well as other terms and conditions of sale.

The entire issued share capital of KRL is wholly-owned by Tan Sri Datuk Tiong and Tiong Kiu King (collectively the "Vendors"), both are brothers of Dato' Sri Dr Tiong Ik King. On 18 August 2008, the Company had executed a definitive Sale and Purchase Agreement with the Vendors, to acquire the entire issued and paid-up share capital of KRL comprising 50,000 issued ordinary shares of par value US$1.00 each. Please refer to the announcements released to-date on this proposed transaction for more details.

(b) A placement agreement dated 17 March 2008 with HL Bank (the "Placement Agent") and Surreyville to issue up to 40,000,000 new Shares (the "New Shares") in the capital of the Company at the price of $0.109 for each New Share.

Pursuant to the Placement Agreement, on 24 March 2008, Surreyville had lent 40,000,000 Shares to the Placement Agent to facilitate the early settlement of the New Shares to end-placees procured by the Placement Agent. On 25 March 2008, the placement exercise was completed with the issue of 40,000,000 new ordinary shares in the capital of the Company to Surreyville. Please refer to the announcement released on 25 March 2008 for more details.

Corporate Governance Report

As at 31 December 2008, the status of the usage of the placement proceeds of $4,360,000, was as follows:-

(a) Placement expenses of $121,000;

(b) Expenses arising in connection with the proposed acquisition of KRL of $772,000; and

(c) Working capital requirements of $1,729,000.

The balance of the placement proceeds as at 31 December 2008 was $1,738,000.

RISK MANAGEMENT POLICIES AND PROCESSES

Management of all forms of business risk continues to be an important part of ensuring that the Group creates and protects values for its shareholders.

TABLE "A"

Directors' Attendance at Board and Committee Meetings

Meeting of	Board	Audit Committee	Nominating Committee	Remuneration Committee
Total held for the FY2008	**8**	**3**	**1**	**1**
Tan Sri Datuk Tiong Hiew King (Appointed on 13 March 2008)	5	–	–	–
Dato' Sri Dr Tiong Ik King	8	3	1	1
Foo Sac Phoon	8	–	–	–
Abbasbhoy Haider Nakhoda	8	3	1	1
Yeo Yun Seng Bernard	8	3	1	1
Lee Hock Lye	8	3	1	1

TABLE "B"

Breakdown of each Director's Remuneration by Percentage

	FY2008			FY2007		
Remuneration Band & Name of Directors	**Salary including CPF (%)**	**Bonus / Profit–sharing**	**Fee (%)**	**Salary including CPF (%)**	**Bonus / Profit–sharing**	**Fee (%)**
$500,000 and above	Nil	Nil	Nil	Nil	Nil	Nil
$250,000 to below $500,000						
Foo Sac Phoon	96	4	–	91	9	–
Below $250,000						
Dato' Sri Dr Tiong Ik King	–	–	–	–	–	–
Abbasbhoy Haider Nakhoda	–	–	100	–	–	100
Yeo Yun Seng Bernard	–	–	100	–	–	100
Lee Hock Lye	–	–	100	–	–	100

Directors' Report

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of Tri-M Technologies (S) Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2008.

Directors

The Directors of the Company in office at the date of this report are:

Tan Sri Datuk Tiong Hiew King (Appointed on 13 March 2008)
Dato' Sri Dr Tiong Ik King
Foo Sac Phoon
Abbasbhoy Haider Nakhoda
Yeo Yun Seng Bernard
Lee Hock Lye

Arrangements to enable Directors to acquire shares and debentures

Except as disclosed below in this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate:-

The Company had executed a non-binding memorandum of understanding dated 14 March 2008 and subsequently a definitive Sale and Purchase Agreement dated 18 August 2008, for the acquisition of the entire issued and paid-up share capital of Kingworld Resources Limited ("KRL") comprising 50,000 issued ordinary shares of par value US$1.00 each. KRL is a company incorporated in the British Virgin Islands, which will engage in the business of development and production of crude oil, conditional upon and subject to the parties' agreement to the purchase consideration and manner of settlement, as well as other terms and conditions of sale. The entire issued share capital of KRL is wholly-owned by Tan Sri Datuk Tiong Hiew King, a director of the Company, and Tiong Kiu King , a brother of both Tan Sri Datuk Tiong Hiew King and Dato' Sri Dr Tiong Ik King.

The Company had entered into a conditional Debt Conversion Deed with Surreyville Pte Ltd ("Surreyville"), a substantial shareholder of the Company, on 18 August 2008, for the proposed debt conversion of the shareholders' loan into new shares in the Company's share capital, subject to the approval of shareholders and Singapore Exchange Securities Trading Limited ("SGX-ST").

Directors' interests in shares and debentures

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares of the Company and related corporations as stated below:

	Direct interest		Deemed interest	
Name of Director	At beginning of the financial year or date of appointment	At end of the financial year	At beginning of the financial year or date of appointment	At end of the financial year
<u>The Company</u>				
Tri-M Technologies (S) Limited				
(Ordinary shares)				
Tan Sri Datuk Tiong Hiew King	–	–	207,889,486	187,889,486
Dato' Sri Dr Tiong Ik King	–	–	207,889,486	187,889,486
Foo Sac Phoon	50,000	50,000	20,000	20,000
<u>Ultimate holding company</u>				
Woodsville International Limited				
(Ordinary shares)				
Tan Sri Datuk Tiong Hiew King	22	22	–	–
Dato' Sri Dr Tiong Ik King	18	18	–	–

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2009.

By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Tan Sri Datuk Tiong Hiew King and Dato' Sri Dr Tiong Ik King are deemed to have interest in the 187,889,486 ordinary shares held by Surreyville Pte Ltd. Woodsville International Limited is the holding company of Surreyville Pte Ltd. Mr. Foo Sac Phoon is deemed to be interested in the 20,000 ordinary shares held by his spouse, Ms. Tan Lay Yen.

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Directors' Report

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Options

At an Extraordinary General Meeting held on 28 September 2001, the shareholders approved the employee share option plan, Tri-M Option Scheme 2001 ("the Scheme"), for granting of non-transferable options to subscribe for ordinary shares of the Company to eligible Directors and employees of the Company.

The Remuneration Committee administering the Scheme comprises the following Directors:-

Yeo Yun Seng Bernard (Chairman)
Dato' Sri Dr Tiong IK Kiing
Abbasbhoy Haider Nakhoda
Lee Hock Lye

There were no unexpired options as at 31 December 2008 and no options were granted or exercised during the financial year.

Since the commencement of the Scheme till the end of the financial year:

- No options have been granted to the controlling shareholders of the Company and their associates;
- No participants have received 5% or more of the total options available under the Scheme;
- No options have been granted to Directors and employees of the holding company and its subsidiaries;
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted; and
- No options have been granted at a discount.

Audit Committee

The Audit Committee ("AC") carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Cap. 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Company and reviewed the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the external and internal auditors;
- Reviewed the annual financial statements and the auditors' report on the annual financial statements of the Company before their submission to the Board of Directors;
- Reviewed effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
- Met with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditors;
- Reviewed the nature and extent of non-audit services provided by the external auditors;
- Recommended to the Board of Directors the external auditors to be nominated, approved the compensation of the external auditors, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the SGX-ST's Listing Manual.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

The AC convened 3 meetings during the year with full attendance from all members. The AC has also met with external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

Directors' Report

Auditors

Ernst & Young LLP have expressed their willingness to accept reappointment as auditors.

On behalf of the Board of Directors:

Dato' Sri Dr Tiong Ik King
Director

Foo Sac Phoon
Director

Singapore
27 March 2009

Statement by Directors

We, Dato' Sri Dr Tiong Ik King and Foo Sac Phoon, being two of the Directors of Tri-M Technologies (S) Limited, do hereby state that, in the opinion of the Directors,

(i) the accompanying balance sheets, consolidated income statement, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and the results of the business, changes in equity and cash flow of the Group and the changes in equity of the Company for the year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due, as one of its major shareholders has undertaken to provide adequate funds for the Group and Company to meet their liabilities as and when they fall due.

On behalf of the Board of Directors:

Dato' Sri Dr Tiong Ik King
Director

Foo Sac Phoon
Director

Singapore
27 March 2009

Independent Auditors' Report

to the Members of Tri-M Technologies (S) Limited

We have audited the accompanying financial statements of Tri-M Technologies (S) Limited (the "Company") and its subsidiaries (collectively, the "Group") which comprise the balance sheets of the Group and the Company as at 31 December 2008, the statements of changes in equity of the Group and the Company and the income statement and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and the results, changes in equity and cash flow of the Group and the changes in equity of the Company for the year ended on that date; and

Independent Auditors' Report

to the Members of Tri-M Technologies (S) Limited

(b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Without qualifying our opinion, we draw your attention to Note 1(b) to the financial statements. The Group and the Company incur losses of $20,338,000 and $29,425,000 respectively during the financial year ended 31 December 2008 and as at that date, the Group's current liabilities exceeded its current assets by $1,938,000 and the Group's and the Company's total liabilities exceeded the Group's and the Company's total assets by $11,340,000 and $9,367,000 respectively. In addition, as described in Note 12 to the financial statements, the Group and the Company have not complied with certain loan covenants of the credit facilities agreement with one of its bankers. The bank has not exercised its rights under the credit facilities agreement to recall the credit facilities. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concerns.

The ability of the Group and the Company to continue as going concerns is dependent on (a) the bank not demanding immediate repayment of the Group's and Company's credit facilities; (b) the success of the measures presently being explored to enhance the Group's and Company's financial position such as refinancing their borrowings; (c) shareholders providing continuing financial support to the Group and Company; and (d) the generation of significant positive cash flow from the Group's and Company's core businesses and their ability to secure new profitable contracts or new businesses.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which would differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to reclassify certain non-current assets and non-current liabilities as current assets and current liabilities. No such adjustments have been made to these financial statements.

ERNST & YOUNG LLP
Public Accountants and
Certified Public Accountants
Singapore

27 March 2009

Balance Sheets

as at 31 December 2008

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Non-Current Assets					
Property, plant and equipment	5	1,297	19,164	7	9
Investment in subsidiaries	6	–	–	–	12,481
Deferred tax assets	7	–	624	–	–
		1,297	19,788	7	12,490
Current Assets					
Assets held for sale	8	4,377	–	–	–
Inventories	9	141	414	–	–
Trade and other receivables	10	3,569	6,812	2,794	14,061
Other current assets	23	1,042	103	957	20
Cash and cash equivalents	11	2,362	886	1,893	417
		11,491	8,215	5,644	14,498
Current Liabilities					
Loans and borrowings	12	6,818	9,287	978	1,746
Trade and other payables	13	6,302	8,141	3,197	4,809
Income tax payable		309	380	144	144
		13,429	17,808	4,319	6,699
Net Current (Liabilities)/Assets		(1,938)	(9,593)	1,325	7,799
Non-Current Liabilities					
Loans and borrowings	12	10,699	4,807	10,699	4,470
Deferred tax liabilities	7	–	624	–	–
		10,699	5,431	10,699	4,470
Net (Liabilities)/Assets		(11,340)	4,764	(9,367)	15,819
Capital and reserves					
Share capital	15	22,945	18,706	22,945	18,706
Reserves	16	(34,285)	(13,942)	(32,312)	(2,887)
Total (Deficit)/Equity		(11,340)	4,764	(9,367)	15,819

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Income Statement

for the year ended 31 December 2008

	Note	Group 2008 $'000	Group 2007 $'000
Revenue		12,018	19,341
Cost of sales		(18,651)	(22,919)
Gross loss		(6,633)	(3,578)
Other income	17	1,029	1,098
Selling and distribution expenses		(744)	(867)
Administrative expenses		(4,237)	(4,831)
Other operating expenses	17	(8,513)	(2,820)
Finance costs	18	(573)	(755)
Loss before exceptional items		(19,671)	(11,753)
Exceptional items	19	(743)	(104)
Loss before taxation	20	(20,414)	(11,857)
Income tax expense	21	76	(284)
Loss for the year		(20,338)	(12,141)
Loss for the year attributable to equity holders of the parent		(20,338)	(12,141)
Basic and fully diluted loss per share attributable to equity holders of the parent (cents per share)	22	(7.69)	(5.44)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the year ended 31 December 2008

Group	Share capital $'000	Capital reduction reserve $'000	Asset revaluation reserve $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Total reserves $'000	Total (deficit)/ equity $'000
	Attributable to equity holders of the parent						
At 1 January 2007	6,232	3,710	2,373	(6,180)	(1,715)	(1,812)	4,420
Foreign currency translation, representing net income recognised directly in equity	–	–	–	11	–	11	11
Loss for the year	–	–	–	–	(12,141)	(12,141)	(12,141)
Total recognised income and expenses for the year	–	–	–	11	(12,141)	(12,130)	(12,130)
Issuance of shares (Note 15)	12,474	–	–	–	–	–	12,474
At 31 December 2007 and 1 January 2008	18,706	3,710	2,373	(6,169)	(13,856)	(13,942)	4,764
Impairment loss on leasehold, land and building (Note 5)	–	–	(75)	–	–	(75)	(75)
Foreign currency translation, representing net income recognised directly in equity	–	–	–	70	–	70	70
Net income and expense recognised directly in equity	–	–	(75)	70	–	(5)	(5)
Loss for the year	–	–	–	–	(20,338)	(20,338)	(20,338)
Total recognised income and expenses for the year	–	–	(75)	70	(20,338)	(20,343)	(20,343)
Issuance of shares (Note 15)	4,360	–	–	–	–	–	4,360
Shares issue expenses (Note 15)	(121)	–	–	–	–	–	(121)
At 31 December 2008	22,945	3,710	2,298	(6,099)	(34,194)	(34,285)	(11,340)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the year ended 31 December 2008

Company	Share capital $'000	Capital reduction reserve $'000	Accumulated losses $'000	Total reserves $'000	Total (deficit)/ equity $'000
At 1 January 2007	6,232	3,710	(10,001)	(6,291)	(59)
Profit for the year, representing total recognised income for the year	–	–	3,404	3,404	3,404
Issuance of shares (Note 15)	12,474	–	–	–	12,474
At 31 December 2007 and 1 January 2008	18,706	3,710	(6,597)	(2,887)	15,819
Loss for the year, representing total recognised expense for the year	–	–	(29,425)	(29,425)	(29,425)
Issuance of shares (Note 15)	4,360	–	–	–	4,360
Shares issue expenses (Note 15)	(121)	–	–	–	(121)
At 31 December 2008	22,945	3,710	(36,022)	(32,312)	(9,367)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2008

	2008 $'000	2007 $'000
Operating activities		
Loss before taxation	(20,414)	(11,857)
Adjustments for:		
Allowance for doubtful trade receivables	–	144
Bad debts written off	–	8
Allowance for inventory obsolescence	67	458
Depreciation of property, plant and equipment	6,043	7,662
Interest income on bank deposits	(3)	(4)
Interest expense	573	755
Gain on waiver of loan from a corporate shareholder	–	(3,000)
Loss on disposal of property, plant and equipment	2,099	13
Impairment loss in value of idle property, plant and equipment (Note 5)	6,135	1,213
Write down in value of property, plant and equipment due to closure and relocation of factory (Note 5)	323	2,620
Operating cash flows before changes in working capital	(5,177)	(1,988)
Decrease in inventories	206	597
Decrease in trade and other receivables	2,742	5,185
Decrease in trade and other payables	(1,839)	(1,807)
Cash flows (used in)/generated from operations	(4,068)	1,987
Income tax refund/(paid)	5	(146)
Interest paid	(573)	(755)
Interest received	3	4
Net cash flows (used in)/generated from operating activities	(4,633)	1,090
Investing activities		
Proceeds from disposal of property, plant and equipment	446	40
Purchase of property, plant and equipment (Note 5)	(473)	(411)
Payment for professional fees for the proposed acquisition of Kingworld Resources Limited (Note 23)	(659)	–
Net cash flows used in investing activities	(686)	(371)
Financing activities		
Repayment of term loans	(1,747)	(1,449)
Repayment of finance leases	(458)	(1,020)
Loans from a corporate shareholder	6,229	2,950
Net proceeds from issuance of shares	4,239	–
Net cash generated from financing activities	8,263	481
Net increase in cash and cash equivalents	2,944	1,200
Cash and cash equivalents at beginning of year	(2,033)	(2,765)
Net effect of exchange rate changes on opening cash and cash equivalents	(667)	(468)
Cash and cash equivalents at end of year (Note 11)	244	(2,033)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1(a). Corporate information

Tri-M Technologies (S) Limited (the "Company") is a limited liability company, which is incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The immediate and ultimate holding companies are Surreyville Pte Ltd and Woodsville International Limited respectively.

The registered office and principal place of business of the Company is located at 25 Kallang Avenue #07-01, Singapore 339416.

The principal activities of the Company are those of a trading company and investment holding. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

1(b). Fundamental accounting concept

The Group and the Company incur losses of $20,338,000 and $29,425,000 respectively during the financial year ended 31 December 2008 and as at that date, the Group's current liabilities exceeded its current assets by $1,938,000 and the Group's and the Company's total liabilities exceeded the Group's and the Company's total assets by $11,340,000 and $9,367,000 respectively.

In addition as described in Note 12 to the financial statements, the Group and the Company have not complied with certain loan covenants of the credit facilities agreement with one of its bankers. The bank has not exercised its rights under the credit facilities agreement to recall the credit facilities and the banker had maintained the credit facilities as status quo (details in Note 12). In the event that the breach of covenants is not rectified, the bank may exercise its rights under the credit facilities agreement and the credit facilities may then be repayable at the bank's demand. These factors indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as going concerns.

The ability of the Group and the Company to continue as going concerns is dependent on (a) the bank not demanding immediate repayment of the Group's and Company's credit facilities; (b) the success of the measures presently being explored to enhance the Group's and Company's financial positions such as refinancing their borrowings; (c) shareholders providing continuing financial support to the Group and Company; and (d) the generation of significant positive cash flow from the Group's and Company's core businesses and their ability to secure new profitable contracts or new businesses.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which would differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to reclassify certain non-current assets and non-current liabilities as current assets and current liabilities. No such adjustments have been made to these financial statements.

Notes To The Financial Statements

31 December 2008

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared under the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

2.2 Future changes in accounting policies

The Group has not adopted the following FRS and INT FRS that have been issued but not yet effective:

Reference		Description	Effective for annual period beginning on or after
FRS 1	:	Presentation of Financial Statements – Revised Presentation	1 January 2009
FRS 1	:	Presentation of Financial Statements – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 23	:	Borrowing Costs	1 January 2009
FRS 27	:	Consolidated and Separate Financial Statements – Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
FRS 32	:	Financial Instruments: Presentation – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 39	:	Financial Instruments: Recognition and Measurement – Amendments relating to Eligible Hedged Items	1 July 2009
FRS 101	:	First-time Adoption of Financial Reporting Standards – Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
FRS 102	:	Share-based Payments – Amendments relating to Vesting Conditions and Cancellation	1 January 2009
FRS 108	:	Operating Segments	1 January 2009

2. Summary of significant accounting policies (cont'd)

2.2 Future changes in accounting policies (cont'd)

Reference		Description	Effective for annual period beginning on or after
INT FRS 113	:	Customer Loyalty Programmes	1 July 2008
INT FRS 114	:	FRS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2009
INT FRS 116	:	Hedges of a Net Investment in a Foreign Operation	1 October 2008
INT FRS 117	:	Distribution of Non-cash Assets to Owners	1 July 2009

The Directors expect that the adoption of the above pronouncements will have no material impact on the financial statements in the period of initial application, except for FRS 1 and FRS 108 as indicated below.

FRS 1 Presentation of Financial Statements - Revised Presentation

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expenses recognised in profit or loss, together with all other items of recognised income and expenses, either in one single statement, or in two linked statements. The Company is currently evaluating the format to adopt.

FRS 108 Operating Segments

FRS 108 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker. The impact of this standard on the other segment disclosures is still to be determined. As this is a disclosure standard, it will have no impact on the financial position and results of the Company when implemented in 2009.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Notes To The Financial Statements

31 December 2008

2. Summary of significant accounting policies (cont'd)

2.3 Basis of consolidation (cont'd)

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in the income statement on the date of acquisition.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.4 Foreign currency

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries, which are primarily SGD, US Dollar (USD) and Renminbi (RMB), and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated income statement on disposal of the foreign operation.

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the balance sheet date and their income statement are translated at the weighted average exchange rates for the year. The exchange differences arising on translation are taken directly to a separate component of equity as foreign currency translation reserve. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

2. Summary of significant accounting policies (cont'd)

2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, leasehold improvements, plant, machinery and equipment, furniture, fittings and office equipment, and motor vehicles are measured at cost less accumulated depreciation and accumulated impairment losses. Leasehold land and building are measured at fair value less accumulated depreciation on building and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the leasehold land and building at the balance sheet date.

Any revaluation surplus is credited directly to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in income statement, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The whole of the revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Leasehold land	-	over term of lease of 60 years from 1992
Leasehold building	-	33 years
Leasehold improvements	-	3 to 10 years
Plant, machinery and equipment	-	4 to 5 years
Furniture, fittings and office equipment	-	3 to 5 years
Motor vehicles	-	3 to 5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Notes To The Financial Statements

31 December 2008

2. Summary of significant accounting policies (cont'd)

2.5 Property, plant and equipment (cont'd)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

2.6 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflow that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flow expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the income statement except for assets that are previously revalued where the revaluation was taken to equity. In this case, the impairment is also recognised in equity up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment be recognised previously. Such reversal is recognised in the income statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.7 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

2. Summary of significant accounting policies (cont'd)

2.8 Financial assets

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flow from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the income statement.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

2.9 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the income statement.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Notes To The Financial Statements

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2. Summary of significant accounting policies (cont'd)

2.9 Impairment of financial assets (cont'd)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statement.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand. These also include bank overdrafts that form an integral part of the Group's cash management.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials – purchase costs on a first-in, first-out basis;
- Finished goods and work-in-progress – costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.12 Financial liabilities

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the income statement when the liabilities are derecognised or impaired, and through the amortisation process.

2. Summary of significant accounting policies (cont'd)

2.13 Employee benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.14 Leases

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.15 Assets held for sale

An asset is deemed to be held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, these assets are not depreciated and is measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in the income statement.

2.16 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

Notes To The Financial Statements

31 December 2008

2. Summary of significant accounting policies (cont'd)

2.16 Revenue (cont'd)

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Interest income

Interest income is recognised using the effective interest method.

2.17 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

Current taxes are recognised in the income statement except that tax relating to items recognised directly in equity is recognised directly in equity.

(b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are recognised for all temporary differences, except:

- Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss;

- In respect of temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and

- In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilised.

2. Summary of significant accounting policies (cont'd)

2.17 Income taxes (cont'd)

(b) Deferred tax (cont'd)

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxes are recognised in the income statement except that deferred tax relating to items recognised directly in equity is recognised directly in equity.

(c) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.18 Segment reporting

A business segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

2.19 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

Notes To The Financial Statements

31 December 2008

2. Summary of significant accounting policies (cont'd)

2.20 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

2.21 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees are recognised initially at fair value. Subsequent to initial recognition, financial guarantees are recognised as income in the income statement over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the income statement.

3. Significant accounting judgement and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgement made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Income taxes

The Group has exposure to income taxes in several jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payables as at 31 December 2008 was $309,000 (2007: $380,000).

3. Significant accounting judgement and estimates (cont'd)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful lives of plant, machinery and equipment

The cost of plant, machinery and equipment for the assembly of printed circuit boards and related accessories is depreciated on a straight-line basis over the plant, machinery and equipment estimated economic useful lives. Management estimates the useful lives of these plant, machinery and equipment to be within 4 to 5 years. These are common life expectancies applied in the electronics industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised. The carrying amount of the Group's plant, machinery and equipment at the balance sheet date is disclosed in Note 5 to the financial statements.

(b) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flow from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flow.

(c) Impairment of loans and receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the balance sheet date is disclosed in Note 10 to the financial statements.

Notes To The Financial Statements

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4. Related party transactions

An entity or individual is considered a related party of the Group for the purposes of the financial statements if: i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or ii) it is subject to common control or common significant influence.

In addition to the related party information disclosed elsewhere in the financial statements the following significant transactions between the Group and related parties took place at terms agreed between parties during the financial year.

Compensation of key management personnel

	2008 $'000	**2007 $'000**
Short-term employee benefits	1,119	1,309
Central Provident Fund contributions	45	53
Ex-gratia payment	10	66
Total compensation paid to key management personnel	1,174	1,428
Comprise amounts paid to:		
■ Directors of the Company	415	450
■ Other key management personnel	759	978
	1,174	1,428

Directors' interest in employee share option plan

No share options were granted during the years ended 31 December 2007 and 2008. There are no outstanding share options granted by the Company to any Directors as at 31 December 2007 and 2008.

5. Property, plant and equipment

Group	Leasehold land $'000	Leasehold building $'000	Leasehold improve-ments $'000	Plant, machinery and equipment $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Total $'000
Cost or valuation:	← At valuation →		← At cost →				
As at 1 January 2007	2,909	2,887	5,199	42,216	9,915	266	63,392
Additions	–	13	18	820	73	–	924
Disposals	–	–	–	(4,277)	(523)	(25)	(4,825)
Net exchange differences	(1)	(2)	25	602	22	–	646
As at 31 December 2007 and 1 January 2008	2,908	2,898	5,242	39,361	9,487	241	60,137
Additions	–	–	260	560	33	41	894
Disposals	–	–	(828)	(7,881)	(835)	(13)	(9,557)
Transfer to assets held for sale	(2,804)	(2,780)	–	(6,373)	(759)	(92)	(12,808)
Net exchange differences	(104)	(118)	243	176	279	4	480
As at 31 December 2008	–	–	4,917	25,843	8,205	181	39,146
Accumulated depreciation and impairment loss:							
As at 1 January 2007	518	737	924	26,051	5,662	192	34,084
Depreciation for the year	76	134	477	5,889	1,069	17	7,662
Disposals	–	–	–	(4,552)	(207)	(13)	(4,772)
Impairment loss	–	–	2,619	1,071	143	–	3,833
Net exchange differences	(5)	3	20	413	(265)	–	166
As at 31 December 2007 and 1 January 2008	589	874	4,040	28,872	6,402	196	40,973
Depreciation for the year	10	196	169	4,785	829	54	6,043
Disposals	–	–	(747)	(5,452)	(540)	(10)	(6,749)
Impairment loss	–	75	1,412	3,348	1,685	13	6,533
Transfer to assets held for sale	(127)	(1,080)	–	(6,373)	(759)	(92)	(8,431)
Net exchange differences	(472)	(65)	43	(534)	508	–	(520)
As at 31 December 2008	–	–	4,917	24,646	8,125	161	37,849
Net carrying amount							
As at 31 December 2007	2,319	2,024	1,202	10,489	3,085	45	19,164
As at 31 December 2008	–	–	–	1,197	80	20	1,297
Net carrying amount had cost method been used							
As at 31 December 2007	1,207	1,290	1,202	10,489	3,085	45	17,318
As at 31 December 2008	–	–	–	1,197	80	20	1,297

Notes To The Financial Statements

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5. Property, plant and equipment (cont'd)

Company	Plant, machinery and equipment $'000	Furniture, fittings and office equipment $'000	Total $'000
Cost:			
As at 1 January 2007	1,880	1,398	3,278
Additions	–	1	1
Disposals	(1,880)	(63)	(1,943)
As at 31 December 2007 and 1 January 2008	–	1,336	1,336
Additions	–	5	5
As at 31 December 2008	–	1,341	1,341
Accumulated depreciation and impairment loss:			
As at 1 January 2007	1,880	1,294	3,174
Depreciation for the year	–	33	33
Disposals	(1,880)	–	(1,880)
As at 31 December 2007 and 1 January 2008	–	1,327	1,327
Depreciation for the year	–	7	7
As at 31 December 2008	–	1,334	1,334
Net carrying amount:			
As at 31 December 2007	–	9	9
As at 31 December 2008	–	7	7

Revaluation of leasehold land and building

The Group engaged Henry Butcher Malaysia (Seberang Perai) Sdn. Bhd., an accredited independent valuer to determine the fair value of its leasehold land and building. Fair value was determined for the leasehold vacant land by reference to open market values on an existing use basis, while the leasehold land and building was determined by reference to the forced sale value. The date of the revaluation was 26 September 2008.

5. Property, plant and equipment (cont'd)

Revaluation of leasehold land and building (cont'd)

The leasehold land and building were used for manufacturing operations. Particulars of the leasehold land and building are as follows:

Description/location	Tenure of land/(gross floor area)
Leasehold land and building Plot 15/16, Jalan Jelawat Seberang Jaya, 13700 Prai, Penang, Malaysia	60 years from 1992 (38,614 sq m)

Assets held under finance leases

During the year, the Group acquired plant and equipment with an aggregate cost of $421,000 (2007: $513,000) by means of finance leases. The cash outflow on acquisition of plant and equipment amounted to $473,000 (2007: $411,000).

The carrying amount of plant, machinery and equipment held under finance leases at the balance sheet date was $490,000 (2007: $687,000).

Leased assets are pledged as security for the related finance lease liabilities.

Assets pledged as security

In addition to assets held under finance leases, the Group's plant, machinery and equipment which have been fully depreciated (2007: carrying value of $72,000) are charged to a licensed bank to secure a subsidiary's term loan, as disclosed in Note 12 to the financial statements.

Impairment of assets

During the year, the Group carried out a review of the recoverable amount of its idle plant and equipment. An impairment loss of $6,135,000 (2007: $1,213,000) representing the write-down of certain plant and equipment to recoverable amount was recognised in Other operating expenses (Note 17) line item of the income statement.

The recoverable amount was determined at the cash-generating unit level and is based on the fair value less costs to sell determined with respect to amounts received in recent transactions for similar assets within the same industry.

In addition, an impairment loss of $323,000 (2007: $2,620,000) was recognised in Exceptional items (Note 19) line item of the income statement. This represented the write-down of plant and equipment consequent to the closure of TRIM Technologies (M) Sdn Bhd in 2008 and relocation of TRIM Electronics (Shenzhen) Co. Ltd. in 2007.

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5. Property, plant and equipment (cont'd)

Impairment of assets (cont'd)

A further impairment loss of $75,000 (2007: Nil) representing the write-down of leasehold land and building consequent to the closure of TRIM Technologies (M) Sdn Bhd. was recognised in asset revaluation reserve for the year ended 31 December 2008.

Transfer to assets held for sale (Note 8)

On 30 September 2008, the Group announced the closure of its manufacturing operations in Penang, Malaysia. After assessing and evaluating the current market conditions of the electronics business, the Board of the Company is of the view that it is no longer viable to maintain a separate manufacturing facility in Penang. The Group has decided to sell off majority of its assets to fund the closure of its Penang plant.

At 31 December 2008, all its plant and equipment have been written down to net realisable values. The leasehold vacant land has been recognised at fair value determined by reference to open market values on an existing use basis, while the leasehold land and building was determined by reference to the forced sale value based on a valuation performed by an accredited independent valuer, Henry Butcher Malaysia (Seberang Perai) Sdn. Bhd. on 26 September 2008.

The following property, plant and equipment were transferred to assets held for sale at their fair value/net realisable value:

	Group	
	2008	**2007**
	$'000	**$'000**
Leasehold land	2,677	–
Leasehold building	1,700	–
	4,377	–

6. Investment in subsidiaries

	Company	
	2008	**2007**
	$'000	**$'000**
Unquoted shares, at cost	12,520	12,520
Impairment losses	(12,520)	(39)
	–	12,481

6. Investment in subsidiaries (cont'd)

Details of subsidiaries are as follows:

	Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2008 $'000	Cost of investment 2007 $'000	Proportion of ownership interest 2008 %	Proportion of ownership interest 2007 %
	Held by the Company					
(1)	TRIM Technologies (M) Sdn Bhd (Malaysia)	Assembly of printed circuit boards and related accessories (Malaysia)	12,144	12,144	100	100
(3)	Tri-M Technologies Inc. (United States of America)	Dormant (United States of America)	39	39	100	100
(5)	Tri-M Technologies (Philippines) Inc. (Philippines)	Dormant (Philippines)	337	337	100	100
(4)	TRIM Intelligent Systems Pte. Ltd. (Singapore)	Dormant. (Singapore)	#	#	100	100
(4)	TRIM Technologies International Pte. Ltd. (Singapore)	Investment holding (Singapore)	#	#	100	100
(3)	Mastique Investments Limited (British Virgin Islands)	Investment holding (British Virgin Islands)	*	–	100	–
			12,520	12,520		

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6. Investment in subsidiaries (cont'd)

	Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of ownership interest 2008 %	2007 %
	Held by subsidiaries			
(4)	TRIM Technologies (China) Pte. Ltd. (Singapore)	Investment holding (Singapore)	100	100
(2)	TRIM Technologies (Shenzhen) Co. Ltd. (China)	Assembly of printed circuit boards and related accessories (China)	100	100
(2)	TRIM Electronics (Shenzhen) Co. Ltd. (China)	Assembly of printed circuit boards and related accessories (China)	100	100
(4)	TRIM Technologies (Hong Kong) Ltd (Hong Kong)	Dormant (Hong Kong)	100	100

(1) Audited by member firm of Ernst & Young Global.

(2) Audited by Shenzhen Zhongfa Certified Public Accountants.

(3) Not required to be audited by law in its country of incorporation

(4) No audit is performed for these Companies as they did not carry on business and had no income since the end of previous financial year.

(5) This subsidiary is in process of being liquidated.

Cost of investment is $2

* Cost of investment is US$1

7. Deferred tax

Deferred income tax as at 31 December 2008 relates to the following:

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Deferred tax liabilities:				
Revaluation of leasehold land and building to fair value	–	(624)	(624)	–
Deferred tax assets:				
Allowance for inventory obsolescence	–	318	318	272
Unabsorbed tax losses	–	284	284	(284)
Differences in depreciation for tax purposes	–	22	22	(22)
Unutilised reinvestment allowance	–	–	–	272
	–	624		
Deferred income tax expense			–	238

Deferred tax assets not recognised

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Provisions	–	20	–	20
Difference in depreciation	48	89	48	89
Unabsorbed losses	8,915	8,783	7,857	7,936
Deferred tax assets not recognised	8,963	8,892	7,905	8,045

The unrecognised tax losses are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

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8. Assets held for sale

	Group	
	2008	2007
	$'000	$'000
Leasehold land	2,677	–
Leasehold building	1,700	–
	4,377	–

On 30 September 2008, the Group announced the closure of its manufacturing operations in Penang, Malaysia. After assessing and evaluating the current market conditions of the electronics business, the Board of the Company is of the view that it is no longer viable to maintain a separate manufacturing facility in Penang. The Group has decided to sell off majority of its assets to fund the closure of its Penang plant.

At 31 December 2008, all its plant and equipment have been written down to net realisable values. The leasehold vacant land has been recognised at fair value determined by reference to open market values on an existing use basis, while the leasehold land and building was determined by reference to the forced sale value based on a valuation performed by an accredited independent valuer, Henry Butcher Malaysia (Seberang Perai) Sdn. Bhd. on 26 September 2008 (Note 5).

All the assets have been classified as assets held for sale and the Group is currently actively seeking suitable buyers for the leasehold land and building. The other assets, other than leasehold land and building have been fully impaired.

Particulars of these leasehold land and building are detailed in Note 5.

9. Inventories

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Balance sheet:				
Raw materials	694	1,919	237	60
Work-in-progress	–	208	–	–
Finished goods	27	132	–	–
	721	2,259	237	60
Allowance for inventory obsolescence	(580)	(1,845)	(237)	(60)
Total inventories at lower of cost and net realisable value	141	414	–	–

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Movements in allowance account:				
At 1 January	1,845	3,602	60	518
Charge for the year	67	458	177	–
Written off	(1,332)	(2,215)	–	(458)
At 31 December	580	1,845	237	60

	Group	
	2008	2007
	$'000	$'000
Income statement:		
Inventories recognised as an expense in cost of sales	5,929	8,196

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10. Trade and other receivables

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Trade and other receivables (current):				
Trade receivables				
- Third parties	3,174	6,477	2,614	4,262
- Subsidiaries	–	–	–	9,621
Deposits	129	258	16	16
Advance to suppliers	42	77	3	77
Sundry receivables	224	–	161	85
Total trade and other receivables	3,569	6,812	2,794	14,061
Add: Cash and cash equivalents (Note 11)	2,362	886	1,893	417
Total loans and receivables	5,931	7,698	4,687	14,478

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 day terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Trade receivables before allowance for doubtful amounts are denominated in the following foreign currency:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
United States Dollar	5,419	7,954	4,860	6,695

Related party balances

Amounts due from/(to) subsidiaries are unsecured, non-interest bearing and repayable on demand.

10. Trade and other receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to $2,940,000 (2007: $3,766,000) that are past due at balance sheet date but not impaired. These receivables are unsecured and the analysis of their ageing at the balance sheet date is as follows:

	Group	
	2008	2007
	$'000	$'000
Trade receivables past due:		
Lesser than 30 days	–	18
More than 120 days	2,940	3,748
	2,940	3,766

Receivables more than 120 days were not impaired as these customers are also suppliers to the Group and there are corresponding payable balances sufficient to offset these receivable balances.

Receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2008	2007
	$'000	$'000
Trade receivables-nominal amounts	2,262	2,437
Allowance for doubtful trade receivables	(2,262)	(2,437)
	–	–

	2008	2007
	$'000	$'000
Movements in allowance account:		
At 1 January	2,437	2,488
Charge to income statement for the year	–	144
Written off	(175)	(195)
At 31 December	2,262	2,437

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10. Trade and other receivables (cont'd)

Receivables that are impaired (cont'd)

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

11. Cash and cash equivalents

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Cash at bank and in hand	2,362	886	1,893	417

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Cash at bank and in hand are denominated in the following foreign currencies:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
United States Dollar	321	434	44	307
Others	–	7	–	–
	321	441	44	307

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at balance sheet date:

	Group	
	2008	2007
	$'000	$'000
Cash at bank and in hand	2,362	886
Bank overdrafts (Note 12)	(2,118)	(2,919)
Cash and cash equivalents at end of year	244	(2,033)

Bank overdrafts are included in the determination of cash and cash equivalents because they form an integral part of the Group's cash management.

12. Loans and borrowings

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Current				
Obligations under finance leases (Note 14)	147	360	111	256
Bank overdrafts	2,118	2,919	867	1,490
Revolving credits	3,315	3,416	–	–
RMB - term loans	958	2,256	–	–
MYR - term loans	280	336	–	–
	6,818	9,287	978	1,746
Non-current				
Obligations under finance leases (Note 14)	–	45	–	–
MYR - term loans	–	292	–	–
Loans from a corporate shareholder	10,699	4,470	10,699	4,470
	10,699	4,807	10,699	4,470
Total loans and borrowings	17,517	14,094	11,677	6,216

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 5). The average discount rate implicit in the leases is 3% (2007: 3%) per annum.

Bank overdrafts and revolving credits

Bank overdrafts bear interest at rates ranging from 6.00% to 8.50% (2007: 4.25% to 8.75%) per annum and are covered by a negative pledge over the subsidiary's unencumbered assets, a corporate guarantee from the Company and personal guarantee from two Directors of the Company.

Revolving credits are denominated in Malaysian Ringgit (MYR), bear interest at 5.10% to 5.64% (2007: 5.15% to 5.23%) per annum are covered by a negative pledge over the subsidiary's assets and a corporate guarantee from the Company.

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12. Loans and borrowings (cont'd)

<u>Bank overdrafts and revolving credits (cont'd)</u>

As at 31 December 2008, the Company has breached certain covenants of the credit facilities agreement with one of its bankers. The bank has not exercised its rights under the credit facilities agreement to recall the credit facilities of $867,000 (2007: $1,458,000) and had maintained the credit facilities as status quo. In the event that the breach of covenants is not rectified, the bank may exercise its rights under the credit facilities agreement and the credit facilities may then be repayable at the banks' demand. Subsequent to the year end, 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. The bank has also agreed to give the Company a grace period of six months to 30 June 2009 to comply with the required covenants.

At the date of these annual financial statements, the Board of the Company is actively exploring various measures to enhance the Group's financial position such as refinancing its borrowings, seeking new customers with favourable trading terms and seeking new business opportunities.

<u>RMB term loan</u>

The loan is granted to a China subsidiary and is covered by personal guarantee from two Directors of the Company, a subordinated deed and a corporate guarantee from the Company and a negative pledge over the assets of the subsidiary. The loan bears interest at an average rate of 8.25% (2007: 8.40%) per annum and is rolled-over every 6 months. The loan is for 3 years commencing on 5 March 2007. The bank reserves the right to cancel the loan by giving a 7-day notice.

<u>MYR term loan</u>

The loan is secured by a specific charge over the plant, machinery and equipment (Note 5), negative pledge over the subsidiary's assets and a corporate guarantee from the Company. The loan bears interest at 8.00% to 8.75% (2007: 8.25% to 8.75%) per annum and is repayable in 36 equal monthly instalments commencing from July 2006.

<u>Loans from a corporate shareholder</u>

The loans from the corporate shareholder, Surreyville Pte Ltd ("Surreyville") are interest-free, have no repayment terms and are repayable only when the cash flow of the Company permits. Accordingly, the fair value of the loan is not determinable as the timing of the future cash flow arising from the repayment of these loans cannot be estimated reliably.

The Company had entered into a conditional Debt Conversion Deed with Surreyville on 18 August 2008, for the proposed debt conversion of the shareholders' loan into new shares in the Company's share capital, subject to the approval of shareholders and SGX-ST.

13. Trade and other payables

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Trade and other payables (current):				
Trade payables				
- Third parties	4,122	5,405	2,191	3,819
- Subsidiary	–	–	179	–
Accruals for purchases and VAT payable	–	52	–	–
Accrued operating expenses	1,776	1,978	654	475
Sundry payables	404	706	173	515
Total trade and other payables	6,302	8,141	3,197	4,809
Add: Loans and borrowings (Note 12)	17,517	14,094	11,677	6,216
Total financial liabilities carried at amortised cost	23,819	22,235	14,874	11,025

Trade payables are non-interest bearing and are normally settled on 60-day terms.

Trade and other payables of the Group and Company are denominated in the following foreign currencies:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Malaysian Ringgit	357	474	17	107
United States Dollar	1,839	4,344	1,798	3,446
Others	164	249	164	226
	2,360	5,067	1,979	3,779

Amount payable to a subsidiary is unsecured, non-interest bearing and is repayable on demand.

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14. Obligations under finance leases

The Group and Company have finance leases for certain items of motor vehicles and plant, machinery and equipment. These leases have terms of renewal but no purchase option and escalation clauses. There are no restrictions placed upon the Group and Company by entering into these leases. The average discount rate implicit in the leases is 3% (2007: 3%) per annum.

The finance leases of the Company as at 31 December 2007 and 2008 are undertaken on behalf of the subsidiaries in China.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2008		2007	
Group	**Total minimum lease payments $'000**	**Present value of payments $'000**	**Total minimum lease payments $'000**	**Present value of payments $'000**
Within one year	155	147	396	360
After one year but not more than five years	–	–	40	45
Total minimum lease payments	155	147	436	405
Amount representing finance charges	(8)	–	(31)	–
Present value of minimum lease payments	147	147	405	405

	2008		2007	
Company	**Total minimum lease payments $'000**	**Present value of payments $'000**	**Total minimum lease payments $'000**	**Present value of payments $'000**
Within one year and total minimum lease payments	117	111	278	256
Amount representing finance charges	(6)	–	(22)	–
Present value of minimum lease payments	111	111	256	256

14. Obligations under finance leases (cont'd)

Obligations under finance leases are denominated in the following foreign currency:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Malaysian Ringgit	36	149	–	–

15. Share capital

	Group and Company			
	2008		2007	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid				
At 1 January	233,821	18,706	77,904	6,232
Issued during the year	40,000	4,360	155,917	12,474
Share issue expenses	–	(121)	–	–
At 31 December	273,821	22,945	233,821	18,706

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

On 25 March 2008, the Company completed a placement of 40,000,000 new shares in the capital of the Company at an issue price of S$0.109 for each new share.

A debt conversion exercise was approved at the Company's Extraordinary General Meeting on 19 January 2007. Pursuant to this debt conversion exercise, an aggregate amount of $12,474,000 owing by the Company to a corporate shareholder was converted into 155,917,000 shares at an issue price of $0.08 per share.

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16. Reserves

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Accumulated losses	(34,194)	(13,856)	(36,022)	(6,597)
Asset revaluation reserve	2,298	2,373	–	–
Foreign currency translation reserve	(6,099)	(6,169)	–	–
Capital reduction reserve	3,710	3,710	3,710	3,710
	(34,285)	(13,942)	(32,312)	(2,887)

(a) Asset revaluation reserve

The asset revaluation reserve records increases in the fair value of leasehold land and building and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

(b) Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

	Group	
	2008	2007
	$'000	$'000
At 1 January	(6,169)	(6,180)
Net effect of exchange differences arising from translation of financial statements of foreign operations	70	11
At 31 December	(6,099)	(6,169)

(c) Capital reduction reserve

The capital reduction reserve relates to excess on reduction in capital, arising from the reduction in par value of shares from $0.30 to $0.08 each, over the amount of accumulated losses as at 30 September 2005.

17. Other income/(expenses)

	Group	
	2008	2007
	$'000	$'000
Other income:		
Interest income on bank deposits	3	4
Foreign exchange gain	791	–
Miscellaneous income	204	885
Bad debts recovered	31	209
	1,029	1,098
Other operating expenses:		
Foreign exchange loss	–	(759)
Allowance for doubtful trade receivables	–	(144)
Allowance for inventory obsolescence	(67)	(458)
Impairment loss in value of idle property, plant and equipment	(6,135)	(1,213)
Directors' fees	(90)	(110)
Bank charges	(59)	(115)
Bad debts written off	–	(8)
Loss on disposal of property, plant and equipment	(2,099)	(13)
Loan restructuring fees	(63)	–
	(8,513)	(2,820)

18. Finance costs

	Group	
	2008	2007
	$'000	$'000
Interest on:		
- bank overdrafts	(172)	(243)
- finance leases	(34)	(57)
- short-term revolving credits	(175)	(144)
- term loans	(191)	(317)
- others	(1)	6
	(573)	(755)

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19. Exceptional items

	Group	
	2008	**2007**
	$'000	**$'000**
Gain on waiver of loan from a corporate shareholder	–	3,000
Retrenchment costs	(443)	–
Write down in value of property, plant and equipment due to closure and relocation of factory (Note 5)	(323)	(2,620)
Relocation expenses written back/(written off)	23	(484)
	(743)	(104)

20. Loss before taxation

Loss before tax included the following:

	Group	
	2008	**2007**
	$'000	**$'000**
Depreciation of property, plant and equipment	6,043	7,662
Non-audit fees paid to auditors of the Company	238	26
Operating lease expense	678	1,045
Staff costs:		
- Salaries and bonuses	6,120	6,515
- Contribution to approved pension schemes	413	460

21. Income tax expense

(a) Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2008 and 2007 are:

	Group	
	2008	2007
	$'000	$'000
Current income tax		
- (Over)/under provision in respect of previous years	(76)	46
Deferred income tax		
- Origination and reversal of temporary differences	–	(26)
- Underprovision in respect of previous years	–	268
- Effect of reduction in tax rate	–	(4)
	–	238
Income tax expense recognised in the income statement	(76)	284

(b) Relationship between income tax expense and accounting loss

The reconciliation between income tax expense and the product of loss before taxation multiplied by the applicable tax rate for the years ended 31 December 2008 and 2007 is as follows:

	Group	
	2008	2007
	$'000	$'000
Loss before taxation	(20,414)	(11,857)
Tax at the domestic rate applicable to profits/losses in the countries where the Group operates	(5,267)	(3,434)
Adjustments:		
Non-deductible expenses	3,236	685
Income not subject to tax	1,960	1,855
Effect of reduction in tax rate	-	(5)
Deferred tax assets not recognised	71	869
(Over)/underprovision in respect of previous years	(76)	314
Income tax expense recognised in income statement	(76)	284

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21. Income tax expense (cont'd)

(b) Relationship between income tax expense and accounting loss (cont'd)

As at 31 December 2008, the Group has unabsorbed tax losses, capital allowances and unutilised reinvestment allowance of approximately $47,719,000 (2007: $47,227,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses and unutilized capital allowance is subject to the agreement of the tax authorities, and compliance with certain provisions of tax legislation of the respective countries in which the companies operate.

22. Loss per share

Basic loss per share amounts are calculated by dividing loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted loss per share amounts are calculated by dividing loss for the year that is attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

The following table reflects the income statement and share data used in the computation of basic and diluted loss per share for the year ended 31 December:

	Group	
	2008	**2007**
	$'000	**$'000**
Loss for the year attributable to ordinary equity holders of the parent used in computation of basic and diluted loss per share	(20,338)	(12,141)
	No. of shares	**No. of shares**
Weighted average number of ordinary shares for basic and diluted loss per share computation	264,531,826	223,142,196

23. Other current assets

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Prepaid operating expenses	104	103	19	20
Professional fees for the proposed acquisition of Kingworld Resources Limited	938	–	938	–
	1,042	103	957	20

Professional fees for the proposed acquisition of Kingworld Resources Limited

The professional fees incurred in relation to an agreement entered on 18 August 2008 by the Company with the shareholders of Kingworld Resources Limited ("KRL"), a company incorporated in the British Virgin Islands, to acquire the entire share capital of KRL. The proposed acquisition is subject to the approval of the SGX-ST and the shareholders at an Extraordinary General Meeting. At the date of this report, the proposed acquisition has yet to be completed as the required approvals have not been obtained. Upon completion of the proposed acquisition, these professional fees will be transferred to cost of investment.

24. Operating lease commitments

The Group and the Company lease certain properties under lease agreements that are non-cancellable within a year. These leases have remaining non-cancellable lease terms of between 1 to 2 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions. Future minimum lease payments payable under non-cancellable operating leases as of 31 December 2008 and 31 December 2007 are as follows:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Within 1 year	451	685	74	111
Within 2 to 5 years	779	1,166	–	74
	1,230	1,851	74	185

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25. Segment information

Business segments

The Group is principally engaged in one business segment which is contract manufacturing for companies in the electronics and computer related industries and all of its assets, liabilities and capital expenditure of the Group are employed in the Southeast Asia region and People's Republic of China ("PRC").

Geographical segments

The following table provides an analysis of the Group's sales by geographical market in which the customers are located, irrespective of the origin of the goods. Total assets and capital expenditure are shown by the geographical areas in which these assets are located.

	Revenue		Total assets		Total capital expenditure		Depreciation	
	2008	2007	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
United States of America	787	1,083	–	–	–	–	–	–
Europe	1,306	2,351	–	–	–	–	–	–
Japan	2,658	2,388	–	–	–	–	–	–
People's Republic of China	2,355	5,594	3,073	17,504	889	894	5,616	6,954
Singapore	4,912	7,925	5,651*	4,886	5	1	7	96
Malaysia	–	–	4,064	5,613	–	29	420	612
	12,018	19,341	12,788	28,003	894	924	6,043	7,662

* The total assets for Singapore comprises mainly receivables.

26. Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments whose carrying amount approximates fair value

Management has determined that the carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables, current loans and borrowings, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

26. Fair value of financial instruments (cont'd)

Financial instruments carried at other than fair value

The non-current loans from a corporate shareholder has no repayment terms and are repayable only when the cash flow of the Group permits or if converted to new shares in the Company (Note 12). Accordingly, the fair value of the loans is not determinable as the timing of the future cash flow arising from the loans cannot be estimated reliably.

27. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year the Group's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables and cash at bank and on hand. The Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy to monitor receivable balances on an ongoing basis with the result that the Group's exposure to bad debts is not unduly significant.

As at 31 December 2008, 15% (2007: 23%) of the Group's trade receivables were due from three major customers whom the Group has ongoing business. These multi-industry conglomerates in 2008 are located in Europe, Japan and Singapore (2007: located in PRC and Japan).

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27. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's gross trade receivables at the balance sheet date is as follows:

	Group			
	2008		2007	
	$'000	% of total	$'000	% of total
By country:				
United States of America	14	–	374	4%
Europe	4,403	81%	4,920	55%
Japan	252	5%	381	4%
People's Republic of China	114	2%	1,608	18%
Singapore	653	12%	1,631	19%
	5,436	100%	8,914	100%
By industry sector:				
Electronics	5,436	100%	8,914	100%

The Group's current funding are mainly from loans, from a corporate shareholder, bank overdrafts, term loans and revolving credits.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 10.

27. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's current funding are mainly from loans from a corporate shareholder, bank overdrafts, term loans and revolving credits.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on contractual undiscounted payments.

	2008			2007			
Group	**1 year or less $'000**	**More than 5 years $'000**	**Total $'000**	**1 year or less $'000**	**1 to 5 years $'000**	**More than 5 years $'000**	**Total $'000**
Trade and other payables	6,302	–	6,302	8,141	–	–	8,141
Loans and borrowings	6,818	10,699	17,517	9,287	337	4,470	14,094
	13,120	10,699	23,819	17,428	337	4,470	22,235
Company							
Trade and other payables	3,197	–	3,197	4,809	–	–	4,809
Loans and borrowings	978	10,699	11,677	1,746	–	4,470	6,216
	4,175	10,699	14,874	6,555	–	4,470	11,025

As at 31 December 2008, the Company has breached certain covenants of the credit facilities agreement with one of its bankers. The bank has not exercised its rights under the credit facilities agreement to recall the credit facilities of $867,000 (2007: $1,458,000) and had maintained the credit facilities as status quo. In the event that the breach of covenants is not rectified, the bank may exercise its rights under the credit facilities agreement and the credit facilities may then be repayable at the bank's demand.

Notes To The Financial Statements

31 December 2008

27. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Subsequent to the year end, 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. The bank has also agreed to give the Company a grace period of six months to 30 June 2009 to comply with the required covenants.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

Sensitivity analysis for interest rate risk

A change of 100 basis points in interest rate at the reporting date would increase/decrease equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, remain constant.

		Group	
	Increase/ decrease in basis points $'000	Effect on loss net of tax $'000	Effect on equity $'000
2008			
- SGD	+100	(9)	–
- MYR	+100	(48)	–
- RMB	+100	(10)	–
- SGD	-100	9	–
- MYR	-100	48	–
- RMB	-100	10	–
2007			
- SGD	+100	(15)	–
- MYR	+100	(54)	–
- RMB	+100	(23)	–
- SGD	-100	15	–
- MYR	-100	54	–
- RMB	-100	23	–

27. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group, primarily SGD, USD and RMB. The foreign currencies in which the Group's transactions are denominated are mainly in the USD and Malaysian Ringgit (MYR). Approximately 47% (2007: 37%) of the Group's sales are denominated in foreign currencies, whilst almost 64% (2007: 83%) of costs are denominated in the respective functional currencies of the Group's entities.

The Group does not enter into forward foreign exchange contracts to hedge against its foreign exchange risk resulting from sale and purchase transactions denominated in foreign currencies.

The Group's foreign currency exposure from its trade receivables and trade payables at balance sheet date are detailed in Notes 10 and 13 respectively.

The Group and the Company also hold cash at bank and in hand denominated in foreign currencies for working capital purposes. Details of such foreign currency balances are set out in Note 11.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, principally in Malaysia and PRC.

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the USD and MYR exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant.

	Group			
	2008		2007	
	Loss net of tax $'000	Equity $'000	Loss net of tax $'000	Equity $'000
USD - strengthened 3% (2007: 3%)	+118	–	+121	–
- weakened 3% (2007: 3%)	-118	–	-121	–
MYR - strengthened 3% (2007: 3%)	-1	–	-3	–
- weakened 3% (2007: 3%)	+1	–	+3	–

28. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value.

The capital structure of the Group consist of debts, which includes loans and borrowings as disclosed in Note 12, trade and other payables as disclosed in Note 13, cash and cash equivalents as disclosed in Note 11 and equity attributable to equity holders of the Company, comprising issued share capital and other reserves as disclosed in Notes 15 and 16.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares through new allotment or by way of conversion of shareholders' loans. No changes were made in the objectives, policies or processes during the years ended 31 December 2007 and 31 December 2008.

The Group relies on one of its substantial shareholders to provide continuing financial support to meet its debts as and when they fall due.

29. Events occurring after the balance sheet

In January 2009, the Singapore Government announced the 2009 Budget with a "Resilience Package: which provides for a number of measures to cushion the impact of the slowing Singapore economy. The Group will benefit largely from two key budget measures, namely the reduction in corporate tax and the Job Credit Scheme. The following are major implications relating to these items.

(a) Singapore corporate tax rate

The Singapore Finance Minister announced the revision in the Singapore corporate tax rate from 18% to 17% with effect from Year of Assessment 2010. In accordance with FRS 12, Income Taxes, and FRS 10, Events After the Balance Sheet Date, this is a non-adjusting subsequent event and the financial effect of the reduced tax rate will be reflected in the 31 December 2009 financial year.

(b) Jobs Credit Scheme

The Singapore Finance Minister announced the Job Credit Scheme to encourage businesses to preserve jobs in the downturn.

Details of the scheme are as follows:

- Employers will receive a 12% cash grant on the first $2,500 of each month's wages for each employee on their CPF payroll.

29. Events occurring after the balance sheet (cont'd)

(b) Jobs Credit Scheme (cont'd)

- The Jobs Credit is for one year, and employers will receive the Jobs Credit in 4 payments: March, June, September and December 2009.

- For each payment, employers will receive Jobs Credits on the employees that are on their CPF payrolls at the start of the quarter in which payment is made. The wages paid to these employees in the previous quarter will be the qualifying wages used to calculate the 12% cash credit that employers will receive.

In accordance with FRS 20, Accounting for Government Grants and Disclosure of Government Assistance and FRS 10, Events After the Balance Sheet Date, this is a non-adjusting subsequent event and the financial effect of the Job Credit Scheme will be reflected in the 31 December 2009 financial year.

The Group's staff costs have been computed at the year end without adjusting for the effect of the grant under the Job Credit Scheme. Adjusting for the grant to be received under this scheme will result in approximately $11,000 reduction in staff costs.

(c) Proposed acquisition of KRL

The following were the announcements made during the financial year regarding the proposed acquisition of KRL:

- As announced on 14 March 2008, the Company has entered into a non-binding memorandum of understanding to indicate its intention to acquire all the ordinary shares of KRL, a company incorporated in the British Virgin Islands, which will engage in the business of development and production of crude oil in Songliao Basin, Jilin Province, China.

- As announced on 18 August 2008, the Company has executed a definitive Sale and Purchase Agreement with Tan Sri Datuk Tiong Hiew King and Tiong Kiu King, to acquire the entire issued and paid-up share capital of KRL.

- As announced on 18 August 2008, the Company has also entered into a conditional Debt Conversion Deed with Surreyville Pte Ltd.

At the date of this report, the Company has submitted to the SGX-ST, an Additional Listing Application and a draft Circular (enclosing relevant professional reports) containing details of the proposed acquisition of KRL for approval.

The application is currently still under consideration by the SGX-ST. The Company is also liaising with SGX-ST for all information as required.

Notes To The Financial Statements
31 December 2008

30. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2008 were authorised for issue in accordance with a resolution of the Directors on 27 March 2009.

Statistics of Shareholdings

As at 18 March 2009

Class of equity securities	Number of equity securities	Voting Rights
Ordinary Shares	273,821,443	One vote per share

There are no treasury shares held in the issued share capital of the Company.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	4	0.33	1,520	0.00
1,000 - 10,000	1,137	92.44	2,224,300	0.81
10,001 - 1,000,000	79	6.42	7,749,480	2.83
1,000,001 AND ABOVE	10	0.81	263,846,143	96.36
TOTAL :	1,230	100.00	273,821,443	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	SURREYVILLE PTE LTD	187,889,486	68.62
2.	DMG & PARTNERS SECURITIES PTE LTD	19,575,607	7.15
3.	HSBC (SINGAPORE) NOMINEES PTE LTD	15,009,000	5.48
4.	DB NOMINEES (S) PTE LTD	9,517,393	3.48
5.	HL BANK NOMINEES (S) PTE LTD	9,000,000	3.29
6.	GREENDALE INVESTMENTS PTE LTD	8,487,657	3.10
7.	CHAU CHEUK WAH	5,000,000	1.83
8.	TIONG KIEW CHIONG	3,755,000	1.37
9.	WONG YIING NGIIK	2,867,000	1.05
10.	RAFFLES NOMINEES PTE LTD	2,745,000	1.00
11.	WONG KIN KEONG	952,000	0.35
12.	ELISABETH SAMUEL	610,000	0.22
13.	KIM ENG SECURITIES PTE LTD	600,000	0.22
14.	TIONG HOCK CHAI	445,000	0.16
15.	PHILLIP SECURITIES PTE LTD	414,000	0.15
16.	CHIA LAI MEI	284,000	0.10
17.	OCBC NOMINEES SINGAPORE PTE LTD	246,000	0.09
18.	UOB KAY HIAN PTE LTD	206,000	0.08
19.	SIM JUEE HIONG	200,000	0.07
20.	WONG SUI YEE	200,000	0.07
	TOTAL :	268,003,143	97.88

Statistics of Shareholdings

As at 18 March 2009

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Surreyville Pte Ltd	187,889,486	68.62	–	–
Woodsville International Limited (1)	–	–	187,889,486	68.62
Tan Sri Datuk Tiong Hiew King (1)	–	–	187,889,486	68.62
Dato' Sri Dr Tiong Ik King (1)	–	–	187,889,486	68.62

Note:

(1) The deemed interest results from their shareholdings in Woodsville International Limited, the holding company of Surreyville Pte Ltd.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

31.36% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of TRI-M TECHNOLOGIES (S) LIMITED ("the Company") will be held at 25 Kallang Avenue #07-01, Singapore 339416, on Tuesday, 28 April 2009 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2008 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to Article 106 of the Company's Articles of Association:

   Mr Yeo Yun Seng Bernard **(Resolution 2)**
   Mr Foo Sac Phoon **(Resolution 3)**

   Mr Yeo Yun Seng Bernard will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee, a member of the Audit and Nominating Committees and will be considered independent.

3. To re-appoint Tan Sri Datuk Tiong Hiew King, a director of the Company retiring under Section 153(6) of the Companies Act, Cap. 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company. [See Explanatory Note (i)] **(Resolution 4)**

4. To approve the payment of Directors' fees of S$90,000 for the year ended 31 December 2008 (2007:S$100,000). **(Resolution 5)**

5. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

Notice of Annual General Meeting

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to issue shares**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares shall be based on the total number of issued shares in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) the 50% limit in sub-paragraph (1) above may be increased to 100% for the Company to undertake pro-rata renounceable rights issues;

(4) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association of the Company; and

(5) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. [See Explanatory Note (ii)]

(Resolution 7)

8. **Authority to issue shares other than on a pro-rata basis pursuant to the aforesaid share issue mandate at discounts not exceeding twenty per centum (20%) of the weighted average price for trades done on the SGX-ST.**

That subject to and pursuant to the aforesaid share issue mandate being obtained, the Directors of the Company be hereby authorised and empowered to issue shares other than on a pro-rata basis at a discount not exceeding twenty per centum (20%) to the weighted average price for trades done on the SGX-ST for the full market day on which the placement or subscription agreement in relation to such shares is executed (or if not available for a full market day, the weighted average price must be based on the trades done on the preceding market day up to the time the placement or subscription agreement is executed), provided that :-

(a) in exercising the authority conferred by this Resolution, the Company complies with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST); and

Notice of Annual General Meeting

(b) unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. [See Explanatory Note (iii)]

(Resolution 8)

By Order of the Board

Yeo Poh Noi Caroline
Company Secretary
Singapore, 9 April 2009

Explanatory Notes:

(i) The effect of the Ordinary Resolution 4 proposed in item 3 above, is to re-appoint a director of the Company who is over 70 years of age.

(ii) The Ordinary Resolution 7 in item 7 above, if passed, will empower the Directors of the Company of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders of. The 50% limit referred to in the preceding sentence may be increased to 100% for the Company to undertake pro-rata renounceable rights issues.

For determining the aggregate number of shares that may be issued, the total number of issued shares will be calculated based on the total number of issued shares in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities, or share options or vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus, consolidation or subdivision of shares.

The 100% renounceable pro-rata rights issue limit is one of the new measures implemented by the SGX-ST as stated in a press release entitled "SGX introduces further measures to facilitate fund raising" dated 19 February 2009 and which became effective on 20 February 2009. It will provide the Directors with an opportunity to raise funds and avoid prolonged market exposure by reducing the time taken for shareholders' approval, in the event the need arises. Minority shareholders' interests are mitigated as all shareholders have equal opportunities to participate and can dispose their entitlements through trading of nil-paid rights if they do not wish to subscribe for their rights shares. It is subject to the condition that the Company makes periodic announcements on the use of the proceeds as and when the funds are materially disbursed and provides a status report on the use of proceeds in the annual report.

Notice of Annual General Meeting

(iii) The Ordinary Resolution 8 in item 8 above is pursuant to measures implemented by the SGX-ST as stated in a press release entitled "SGX introduces further measures to facilitate fund raising" dated 19 February 2009 and which became effective on 20 February 2009. Under the measures implemented by the SGX-ST, issuers will be allowed to undertake non pro-rata placements of new shares priced at discounts of up to 20% to the weighted average price for trades done on the SGX-ST for a full market day on which the placement or subscription agreement in relation to such shares is executed, subject to the conditions that (a) shareholders' approval be obtained in a separate resolution (the "Resolution") at a general meeting to issue new shares on a non pro-rata basis at discount exceeding 10% but not more than 20%; and (b) that the resolution seeking a general mandate from shareholders for issuance of new shares on a non pro-rata basis is not conditional upon the Resolution.

It should be noted that under the Listing Manual of the SGX-ST, shareholders' approval is not required for placements of new shares, on a non pro-rata basis pursuant to a general mandate, at a discount of up to 10% to the weighted average price for trades done on the SGX-ST for a full market day on which the placement or subscription agreement in relation to such shares is executed.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 25 Kallang Avenue #07-01, Singapore 339416, not less than forty-eight (48) hours before the time appointed for holding the Meeting.

TRI-M TECHNOLOGIES (S) LIMITED
[Company Registration No. 198701138Z]
(Incorporated In The Republic of Singapore)

IMPORTANT:
1. For investors who have used their CPF monies to buy TRI-M Technologies (S) Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM
(Please see notes overleaf before completing this Form)

I/We, ____

of ____

being a member/members of TRI-M Technologies (S) Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above , the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on 28 April 2009 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 December 2008		
2	Re-election of Mr Yeo Yun Seng Bernard as a Director		
3	Re-election of Mr Foo Sac Phoon as a Director		
4	Re-appointment of Tan Sri Datuk Tiong Hiew King as a Director		
5	Approval of Directors' fees amounting to S$90,000		
6	Re-appointment of Messrs Ernst & Young LLP as Auditors		
7	Authority to issue new shares		
8	Authority to issue new shares up to discount of 20%		

Dated this __________ day of ________________ 2009

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 25 Kallang Avenue #07-01, Singapore 339416, not less than 48 hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

SINGAPORE

(Corporate Head Office)

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For business, please contact:
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Email: nwong@tri-m.com.sg

Ms Tung Siew Lee
Email: sltung@tri-m.com.sg

CHINA

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TRI-M TECHNOLOGIES (S) LIMITED
太 安 科 技 (新 加 坡) 有 限 公 司

Company Registration 198701138Z

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