

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") set out on pages 23 to 65, which comprise the balance sheets of the Group and the Company as at 31 December 2007, 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 judgment, including the assessment of the risks 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.

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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 2007 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
- (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 attention to Note 1(b) to the financial statements. The Group continued to incur losses of \$12,141,000 (2006: \$365,000) during the financial year ended 31 December 2007 and at that date, the Group has net current liabilities of \$9,593,000 (2006: \$20,473,000). In addition, as described in Note 13 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 (details in Note 13). 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.

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 could 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 liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

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Public Accountants and
Certified Public Accountants Singapore
Singapore
3 April 2008