

The Board of Directors of Comat Industrial Ltd. is pleased to announce the consolidated results of the Group for the half year ended 30 June 2005.

**PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, & Q3) HALF-YEAR AND FULL YEARS RESULTS**

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

**CONSOLIDATED INCOME STATEMENTS**

(Amounts expressed in thousands of Chinese Renminbi ("RMB") currency).

These figures have not been audited.

	THE GROUP		
	6 Months Ended 30 June		
	Actual 2005 RMB '000	Proforma 2004 RMB '000	Change %
Revenue	131,850	117,460	12.25 %
Cost of sales	(104,502)	(86,580)	20.70 %
<b>Gross profit</b>	<b>27,348</b>	<b>30,880</b>	<b>(11.44)%</b>
Other income	1,544	1,915	(19.37)%
Selling and distribution expenses	(3,983)	(4,045)	(1.53)%
Administrative expenses	(6,760)	(3,647)	85.36 %
Other operating expenses	(124)	(160)	(22.50)%
<b>Profit from operations</b>	<b>18,025</b>	<b>24,943</b>	<b>(27.74)%</b>
Finance costs	(2,252)	(2,752)	(18.17)%
<b>Profit before taxation</b>	<b>15,773</b>	<b>22,191</b>	<b>(28.92)%</b>
Taxation	(2,126)	(2,501)	(14.99)%
<b>Net profit for the period</b>	<b>13,647</b>	<b>19,690</b>	<b>(30.69)%</b>

NM: Not Meaningful

**Explanatory Notes**

- A**
- (i) Comat Industrial Ltd. (the "Company") was incorporated in Singapore on 18 August 2004 as a company limited by shares. On 29 September 2004, the Company changed its name to Comat Industrial Ltd. and was listed on the mainboard of SGX-ST on 24 November 2004.
  - (ii) The actual group, that is, Comat Industrial Ltd. and its subsidiary, Jiangyin Litai Decorative Materials Co., Ltd (collectively, the "Group"), was formed as a result of a restructuring exercise as described in the Company's prospectus dated 8 November 2004 ("Restructuring Exercise").
  - (iii) The unaudited proforma consolidated financial information of the Group for the half year ended 30 June 2004 has been prepared on the assumption that the current Group structure had been in existence since 1 January 2004.

**B Profit before taxation**

The following items have been included in arriving at profit before taxation:

	THE GROUP	
	6 Months Ended 30 June	
	Actual	Proforma
	2005	2004
	RMB '000	RMB '000
Interest income	(229)	(1,024)
Interest expenses	2,150	2,651
Allowance for doubtful trade receivables	867	216
Foreign exchange loss	86	28
Amotisation of lease prepayment	18	18
Amortisation of negative goodwill	-	(566)
Loss on disposal of property, plant and equipment	120	-
Depreciation of property, plant and equipment	1,698	1,616

**1(b)(i) A balance sheet (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.**

**BALANCE SHEETS**

(Amounts expressed in thousands of Chinese Renminbi ("RMB") currency).

**These figures have not been audited.**

	Group		Company	
	Actual as at 30-Jun-05 RMB'000	Actual as at 31-Dec-04 RMB'000	Actual as at 30-Jun-05 RMB'000	Actual as at 31-Dec-04 RMB'000
<b>NON CURRENT ASSETS</b>				
Property, plant and equipment	32,642	33,388	197	208
Lease prepayment	1,625	1,643	-	-
Investment in subsidiary	-	-	88,830	88,830
Loan to subsidiary	-	-	4,960	4,955
Negative goodwill	-	(46,636)	-	-
<b>CURRENT ASSETS</b>				
Inventories	47,309	35,040	-	-
Trade and bills receivables	70,330	60,248	-	-
Other receivables	856	1,527	467	572
Advances to suppliers	15,823	13,624	-	-
Due from a related party (trade)	2,318	-	-	-
Cash and bank balances	72,250	127,522	9,077	10,964
<b>Total Current Assets</b>	<b>208,886</b>	<b>237,961</b>	<b>9,544</b>	<b>11,536</b>
<b>CURRENT LIABILITIES</b>				
Trade payables	9,936	13,057	-	-
Other payables	7,866	10,809	1,326	3,326
Advances from customers	1,815	2,380	-	-
Provision for taxation	1,403	1,998	-	-
Due to a related party (trade)	1,953	190	-	-
Due to subsidiary (non-trade)	-	-	2,728	2,283
Due to directors	277	111	29	-
Short-term bank borrowings	55,000	83,000	-	-
<b>Total Current Liabilities</b>	<b>78,250</b>	<b>111,545</b>	<b>4,083</b>	<b>5,609</b>
<b>Net Current Assets</b>	<b>130,636</b>	<b>126,416</b>	<b>5,461</b>	<b>5,927</b>
<b>Net Assets</b>	<b>164,903</b>	<b>114,811</b>	<b>99,448</b>	<b>99,920</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	54,637	54,637	54,637	54,637
Share premium	47,162	46,973	47,162	46,973
General reserve fund	1,405	1,405	-	-
Translation reserve	740	1,084	821	1,161
Retained profits/ (Accumulated losses)	60,959	10,712	(3,172)	(2,851)
<b>Total shareholders' funds</b>	<b>164,903</b>	<b>114,811</b>	<b>99,448</b>	<b>99,920</b>

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

	<b>THE GROUP</b>			
	Actual		Actual	
	As at 30 June 2005		As at 31 December 2004	
	Secured	Unsecured	Secured	Unsecured
	RMB '000	RMB '000	RMB '000	RMB '000
Amount repayable in one year or less, or on demand	7,000	48,000	5,000	78,000

**Details of any collateral**

As at 30 June 2005, bank loans totalling RMB7 million were secured by land use rights and leasehold buildings with net book value amounting to approximately RMB12.7 million (2004: RMB12.2 million).

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

**CONSOLIDATED CASH FLOW STATEMENTS**

(Amounts expressed in thousands of Chinese Renminbi ("RMB") currency).

These figures have not been audited.

	THE GROUP	
	6 months ended 30 June	
	Actual 2005 RMB'000	Proforma 2004 RMB'000
<b>Operating activities</b>		
Profit before taxation	15,773	22,191
Adjustments for:		
Amortisation of lease prepayment	18	18
Amortisation of negative goodwill	-	(566)
Allowance for doubtful trade receivables	867	216
Depreciation of property, plant and equipment	1,698	1,616
Loss on disposal of property, plant and equipment	120	-
Interest expenses	2,150	2,651
Interest income	(229)	(1,024)
Operating profit before working capital changes	20,397	25,102
Changes in working capital:		
Inventories	(12,268)	(20,804)
Trade and bills receivables	(10,949)	(15,705)
Other receivables	(1,528)	(8,842)
Trade and other payables	(6,441)	(93,807)
Due to directors	166	-
Balances with related parties	(555)	103,505
Cash used in operations	(11,178)	(10,551)
Income tax paid	(2,721)	(1,087)
Interest received	229	1,024
Interest paid	(2,150)	(2,651)
Net cash used in operating activities	(15,820)	(13,265)
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(1,214)	(1,745)
Proceeds on disposal of property, plant and equipment	142	-
Net cash used in investing activities	(1,072)	(1,745)
<b>Cash flows from financing activities:</b>		
Pledged bank deposits	-	107,500
Repayment of short-term bank loans	(28,000)	(31,000)
Effect of exchange rate changes	(344)	(6)
Dividends paid	(10,036)	-
Net cash (used in)/ from financing activities	(38,380)	76,494
Net (decrease)/ increase in cash and cash equivalents	(55,272)	61,484
Cash and cash equivalents at beginning of period	127,522	41,312
Cash and cash equivalents at end of period	72,250	102,796

**STATEMENTS OF CHANGES IN EQUITY**

(Amount expressed in thousands of Chinese Renminbi ("RMB") currency).

**These figures have not been audited.**

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Share Capital RMB'000	Share Premium RMB'000	General Reserve Fund RMB'000	Translation Reserve RMB'000	(Accumulated losses)/ retained profits RMB'000	Total RMB'000
<b>Group</b>						
<b>Proforma</b>						
Balance as at 1 January 2004	40,602	8,316	-	-	(120)	48,798
Foreign currency translation difference	-	-	-	(6)	-	(6)
Net profit for the period	-	-	-	-	19,690	19,690
<b>Balance as at 30 June 2004</b>	<b>40,602</b>	<b>8,316</b>	<b>-</b>	<b>(6)</b>	<b>19,570</b>	<b>68,482</b>
<b>Actual</b>						
Balance as at 1 January 2005, as previously reported	54,637	46,973	1,405	1,084	10,712	114,811
Impact of adopting FRS 103 (see para 5)	-	-	-	-	46,636	46,636
Balance as at 1 January 2005, restated	54,637	46,973	1,405	1,084	57,348	161,447
Foreign currency translation difference	-	-	-	(344)	-	(344)
Overprovision of professional fees in connection with IPO	-	189	-	-	-	189
Dividend paid	-	-	-	-	(10,036)	(10,036)
Net profit for the period	-	-	-	-	13,647	13,647
<b>Balance as at 30 June 2005</b>	<b>54,637</b>	<b>47,162</b>	<b>1,405</b>	<b>740</b>	<b>60,959</b>	<b>164,903</b>
<b>Company</b>						
<b>Actual</b>						
Balance as at 1 January 2005	54,637	46,973	-	1,161	(2,851)	99,920
Foreign currency translation difference	-	-	-	(340)	-	(340)
Overprovision of professional fees in connection with IPO	-	189	-	-	-	189
Dividend paid	-	-	-	-	(10,036)	(10,036)
Net profit for the period	-	-	-	-	9,715	9,715
<b>Balance as at 30 June 2005</b>	<b>54,637</b>	<b>47,162</b>	<b>-</b>	<b>821</b>	<b>(3,172)</b>	<b>99,448</b>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There was no change in the Company's issued share capital.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Other than the adoption of the new Financial Reporting Standards ("FRS") as mentioned in paragraph 5 below, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting periods as compared to the most recent audited annual financial statements for the financial year ended 31 December 2004.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

With effect from 1 January 2005, the Group and the Company adopted the following revised and new FRS issued by the Council on Corporate Disclosure and Governance ("CCDG"):

(i) FRS 103 – Business Combinations

The adoption of FRS 103 resulted in changes to the Group's accounting policies for negative goodwill. Previously, the Group amortized negative goodwill arising on the acquisition of its subsidiary over the remaining average useful life of 13 years. Pursuant to FRS 103, negative goodwill should be recognized immediately in the income statement.

As allowed by the transitional provisions of FRS 103, the negative goodwill of RMB46.6 million, representing its remaining net book value as at 31 December 2004, was credited to the retained profits of the Group as at 1 January 2005.

(ii) FRS 39 – Financial instruments: Recognition and Measurement  
FRS 102 – Share-based payment

The adoption of the above FRS, which took effect from financial year beginning on or after 1 January 2005, are currently assessed to have no material financial impact on the results and retained earnings of the Group and the Company.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	THE GROUP	
	6 months ended 30 June	
	2005	2004
	Actual	Proforma
	RMB '000	RMB '000
Profit after taxation	13,647	19,690
Weighted average number of ordinary shares in issue applicable to earnings	222,880,660	166,880,660
Earnings per ordinary share (RMB cents)		
- Basic	6.12	11.80
- Dilluted	6.12	11.80

Earnings per share is calculated by dividing the profit after tax attributable to members of the Company by the weighted average number of shares.

Earnings per share for the period ended 30 June 2004 is computed using the pre-invitation share capital of 166,880,660 shares of \$0.05 each.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:**

**(a) current financial period reported on; and**

**(b) immediately preceding financial year.**

	Group		The Company	
	Actual	Proforma	Actual	Proforma
	As at	As at	As at	As at
	30 June 2005	31 December 2004	30 June 2005	31 December 2004
	RMB '000	RMB '000	RMB '000	RMB '000
Net assets (RMB'000):	164,903	114,811	99,448	99,920
Net asset value per ordinary share based on issued share capital at the end of respective periods (in RMB cents):	73.99	51.51	44.62	44.83

Net asset value per ordinary share was calculated based on the 222,880,660 issued ordinary shares of S\$0.05 each as at 30 June 2005 and 31 December 2004.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

## REVIEW OF PERFORMANCE

### A Consolidated Income Statements (Actual HY2005 vs Proforma HY2004)

#### (i) Revenue

Revenue increased by approximately 12.3% from RMB117.5 million for HY2004 to RMB131.9 million for HY2005. The increase was due primarily to an increase in demand for our interior Aluminium Composite Panels and overseas markets, as a result of our continuous marketing efforts. On the other hand, the average selling prices of our products had decreased marginally due to market competition.

#### (ii) Cost of Sales and Gross Profit

Cost of sales amounted to RMB104.5 million for HY2005, representing a 20.7% increase over the corresponding financial period of 2004. Such increase was expected with the increase in business volume. However, a disproportionate increase in the prices of principal raw materials – namely, aluminium coils, low density polyethylene, PVDF paint and thermosol had led to an overall higher increase in cost of sales vis-à-vis that of revenue.

As a result of the foregoing, gross profit decreased by RMB3.5 million or 11.4% from RMB30.9 million in HY2004 to RMB27.3 million in HY2005 and gross profit margin decreased from 26.3% in HY2004 to 20.7% in HY2005.

#### (iii) Operating Expenses

Selling and distribution expenses decreased marginally by 1.5% from RMB4.1 million in HY2004 to RMB4.0 million for HY2005. This was due mainly to a decrease in travelling expenses of approximately RMB1,288,000 as a result of management effort to contain such expenses; but was partially offset by increases in other expenses such as staff costs (RMB299,000) and transportation expenses (RMB858,000), as a result of higher business volume.

Administrative expenses amounted to RMB6.8 million for HY2005, representing a 85.4% increase over the corresponding financial period of 2004. This was due mainly to the payroll costs, office rental expense, professional fees and costs, compliance costs and other general office expenses incurred by the Company following its listing on the Singapore Exchange Securities Trading Limited.

#### (iv) Other Income

Other income amounted to RMB1.5 million for HY2005, representing a 19.3% decrease over the corresponding financial period of 2004. The decrease in other income was due mainly to the non-amortization of negative goodwill in relation to the acquisition of Jiangyin Litai (2004: approximately RMB 566,000) as a result of the adoption of FRS103 as more fully detailed in paragraph 5 above and the lower interest income recorded for HY2005. Higher interest income was recorded in HY2004 as the Group had a large sum of pledged bank deposits for securing the bills payable in early 2004. These bills payables were eventually settled in full by 31 August 2004. The decrease was partially offset by compensation received from a distributor for shortfall in sales quota in the current period.

#### (v) Finance Costs

Finance costs decreased by 18.2% to RMB2.3 million for HY2005. The decrease was due primarily to a decrease in short-term bank borrowings.

**(vi) Income Tax**

The applicable tax rate was 12.0%, being the concessionary tax rate granted to our principal subsidiary, Jiangyin Litai Decorative Materials Co., Ltd ("Jiangyin Litai"). The effective income tax expense of the Group varies from the amount arrived at by applying the concessionary income tax rate of the PRC, the country of the Group's main operation, on profit before tax as the Group's net profit was reduced by the loss incurred by the Company and certain non-deductible items were added back for tax purposes.

**(vii) Net Profit**

Net profit for the period amounted to RMB13.6 million for HY2005, representing a 30.7% decrease over the corresponding financial period of 2004 due to the reasons explained above.

**B Consolidated Balance Sheets (Actual 30 June 2005 vs Actual 31 December 2004)**

The shareholders' equity as at 30 June 2005 amounted to RMB164.9 million, representing a 43.6% increase compared to RMB114.8 million as at 31 December 2004. The increase was due primarily to the current period's profit coupled with the adoption of FRS 103, which resulted in a write-back of the negative goodwill of RMB46.6 million to the retained profits as at 1 January 2005 as more fully described in paragraph 5 above. However, the increase was partially offset by the interim dividend declared for the financial year ending 31 December 2005 amounting to approximately RMB10 million in April 2005.

The negative goodwill amounted to RMB46.6 million as at 31 December 2004 was fully credited to the retained profits as at 1 January 2005 as more fully described in paragraph 5 above.

Total current assets decreased by 12.2% from RMB238.0 million as at 31 December 2004 to RMB208.9 million as at 30 June 2005. This was due primarily to a decrease in cash and bank balances, the details of which are analysed in paragraph 1(c) above. At the same time, inventories, trade and bills receivables and advances to suppliers increased as a consequence of increase in business volumes.

Total current liabilities amounted to RMB78.3 million as at 30 June 2005, representing a 29.8% decrease compared to those as at 31 December 2004. This was due primarily to the partial repayment of short-term bank borrowings. Lower trade and other payables, advances from customers and provision for taxation balances also contributed to the overall decrease in current liabilities.

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

Not applicable.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

As a consequence of the national fiscal policies, the Group's growth in the domestic market is expected to be moderate. The Group therefore intends to increase its business development and marketing efforts in the domestic market. Growth from our overseas markets, on the other hand, has been encouraging. The Group will continue its efforts to expand its overseas markets and expects reasonable growth in the coming months.

The Group was affected by fluctuation in raw material prices, as reflected in its declining gross margins. However, our Executive Directors expect raw material prices to stabilize and thus ease pressure on our gross margins.

Overall, barring any unforeseen circumstances, the Executive Directors are cautiously optimistic that the Group would remain profitable for FY2005 and that the second half results would be better as compared to the first half.

This release contains certain statements that are not statement of historical fact, i.e. forward-looking statements. Readers can identify some of these statements by forward-looking terms such as 'expect', 'believe', 'plan', 'intend', 'estimate', 'anticipate', 'may', 'will', 'would', 'could' or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. Forward-looking statements are made based on current expectations, projections and assumptions about future events. Although Comat Industrial believes that these expectations, projections and assumptions are reasonable at the time of making them, these forward-looking statements are subject to risks (known and unknown), uncertainties and certain assumptions about Comat Industrial, its business operations, and the environment it operates in. Actual future performance, outcomes and results may therefore differ materially from those expressed in forward-looking statements. Representative examples of these risk factors include (without limitation) general industry and economic conditions, interest rate movements, cost of capital and capital availability, competition from other companies and venues for sales/manufacture/distribution of goods and services, shift in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. Readers are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

## 11. Dividend

### (a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

On 25 April 2005, the Board of Directors declared an interim one-tier tax exempt dividend of 0.9 Singapore cent per ordinary share in the capital of the Company amounting to approximately S\$2.0 million (RMB10.0 million) for the financial year ending 31 December 2005. The dividend was paid on 30 May 2005. The details of this dividend are as follows:-

Name of Dividend	:	Interim Dividend
Dividend Type	:	Ordinary
Dividend Amount Per Share	:	S\$0.009
Optional – Dividend Rate (in %)	:	18.0%
Par Value Per Share	:	S\$0.05
Tax Rate	:	One-Tier Tax Exempt

### (b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Name of Dividend	:	Not applicable.
Dividend Type	:	--
Dividend Amount Per Share	:	--
Optional – Dividend Rate (in %)	:	--
Par Value Per Share	:	--
Tax Rate	:	--

Nil.

### (c) Date payable

Please refer to paragraph 11(a) above.

### (d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for the half year ended 30 June 2005 save as detailed in paragraph 11(a) above.

The Company wishes to reiterate its dividend policy which was first announced on 20 May 2005. The Board of Directors intends to recommend not less than 50% of the Company's net profit attributable to shareholders for FY2005 and not less than 50% of the Company's net profit attributable to shareholders for FY2006 as dividends, barring unforeseen circumstances and subject to the amount of dividends that the Company received from its subsidiary and the timing of such receipts. For full details of our dividend policy, please refer to our announcement dated 20 May 2005.

**13. Aggregate value of interested persons transactions conducted pursuant to a shareholders' general mandate for the half year ended 30 June 2005.**

Pursuant to Rule 920(1)(a)(ii) of the Listing Manual, the details of the aggregate value of interested person transactions conducted pursuant to a shareholders' general mandate are as follows:

Name of Interested Person	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) for the half year ended 30 June 2005
	RMB'000
<b>Jiangyin Haida Group., Ltd</b>	
Reimbursements of electricity expenses	(787)
Purchases of raw materials	65,408
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**BY ORDER OF THE BOARD**

**Xu Youcai, Chief Executive Officer**  
**04 August 2005**

*CIMB-GK Securities Pte Ltd, ("CIMB-GK") (formerly known as G.K. Goh Stockbrokers Pte Ltd) is the issue manager and the sponsor of Comat Industrial Ltd.'s initial public offering. This announcement has been prepared and released by the Company. CIMB-GK is not required to and has not been involved in the preparation or release of this announcement and has not verified the accuracy, completeness or adequacy of the information contained herein. Accordingly, no representation, warranty, covenant or recommendation, express or implied, is made by CIMB-GK or any of its affiliates as to the accuracy, completeness or adequacy of the information contained in this announcement. CIMB-GK does not accept responsibility for, and disclaims any liability with respect to, the accuracy, completeness or adequacy of the information contained in this announcement or incorporated by reference herein.*