

1(c)

UNAUDITED CASH FLOW STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2005

	Group		Group	
	3 months ended 30/09/2005 S'000	3 months ended 30/09/2004 S'000	9 months ended 30/09/2005 S'000	9 months ended 30/09/2004 S'000
Cash flow from operating activities:				
Profit before tax	7,582	5,057	18,327	12,200
Adjustments for:				
Share of result of associate	55	0	77	0
Depreciation	345	196	1,337	536
Allowance for doubtful debts	12	0	24	0
Interest income	(138)	(87)	(461)	(217)
Interest expense	63	0	105	0
Operating profit before working capital changes	7,919	5,166	19,409	12,519
Fixed deposits (pledged to) unpledged from financial institutions	(183)	(2,302)	2,641	(1,204)
Trade receivables	(2,927)	(2,512)	(8,887)	(3,423)
Other receivables	(81)	2,694	(1,871)	2,518
Inventories	405	(741)	(3,169)	(1,544)
Trade payables	(3,708)	2,365	(7,334)	(2,808)
Other payables	365	4,358	(4,238)	4,747
Deferred income	8	53	32	(333)
Cash from (used in) operations	1,798	9,081	(3,417)	10,472
Interest received	138	87	461	217
Income tax refund (paid)	(89)	(268)	(426)	(380)
Net cash from (used in) operating activities	1,847	8,900	(3,382)	10,309
Cash flow used in investing activities:				
Purchase of fixed assets	(1,438)	(189)	(3,174)	(2,100)
Contribution by minority interests	0	0	79	0
Consolidation of interest in a subsidiary	0	(2,990)	0	(2,990)
Acquisition of investment	0	0	(4,250)	0
Net cash used in investing activities	(1,438)	(3,179)	(7,345)	(5,090)
Cash flow used in financing activities:				
Dividend paid	0	0	(4,000)	0
Interest paid	(63)	0	(105)	0
Net cash used in investing activities	(63)	0	(4,105)	0
Net effect of exchange rate changes in consolidating subsidiaries	2,007	(396)	3,475	(320)
Net increase decrease in cash and cash equivalents	2,353	5,325	(11,357)	4,899
Cash and cash equivalents at beginning of financial period	47,328	48,948	61,038	49,374
Cash and cash equivalents at end of financial period	49,681	54,273	49,681	54,273

1(b)(i)

UNAUDITED BALANCE SHEETS

	Group 30/09/2005 S'000	Group 31/12/2004 S'000	Company 30/09/2005 S'000	Company 31/12/2004 S'000
Fixed assets	17,085	16,459	0	0
Investment in associate	12,996	8,826	0	0
Investment in subsidiaries	0	0	6,000	6,000
	<u>30,081</u>	<u>25,285</u>	<u>6,000</u>	<u>6,000</u>
Current assets				
Trade receivables	23,587	14,724	0	0
Other receivables	10,065	8,577	39,329	35,934
Inventories	6,471	3,302	0	0
Cash and cash equivalents	49,681	61,038	5,480	12,123
Pledged bank deposits	590	3,231	0	0
	<u>90,394</u>	<u>90,872</u>	<u>44,809</u>	<u>48,057</u>
Current liabilities				
Trade payables	3,009	10,343	0	0
Other payables	9,660	14,943	44	145
Short term,unsecured	1,045	0	0	0
Income tax payable	546	277	0	0
	<u>14,260</u>	<u>25,563</u>	<u>44</u>	<u>145</u>
Net current assets	<u>76,134</u>	<u>65,309</u>	<u>44,765</u>	<u>47,912</u>
Non-current liabilities				
Deferred income	1,010	1,362	0	0
Deferred tax	0	0	0	0
	<u>1,010</u>	<u>1,362</u>	<u>0</u>	<u>0</u>
Net assets	<u>105,205</u>	<u>89,232</u>	<u>50,765</u>	<u>53,912</u>
Capital and reserves				
Issued capital	8,000	8,000	8,000	8,000
Share premium	39,828	39,828	39,828	39,828
Reserves	49,043	34,384	2,937	6,084
	<u>96,871</u>	<u>82,212</u>	<u>50,765</u>	<u>53,912</u>
Minority interests	<u>8,334</u>	<u>7,020</u>	<u>0</u>	<u>0</u>
Total capital and reserves	<u>105,205</u>	<u>89,232</u>	<u>50,765</u>	<u>53,912</u>

1(b)(ii)**Amount repayable in one year or less, or on demand**

As at 30/09/2005		As at 31/12/2004	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Nil	1,045	Nil	Nil

Amount repayable after one year

As at 30/09/2005		As at 31/12/2004	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Nil	Nil	Nil	Nil

Not applicable

1(c)

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(1)(d)(i)

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

Group	Attributable to Shareholders of the Company						Total	Minority interest	Total equity
	Issued capital	Share premium	Accumulated profits	Other reserves	Legal reserves	Translation reserves			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000			
Balance as at 1 January 2005	8,000	39,828	30,553	1,500	3,558	(1,227)	82,212	7,020	89,232
Profit for the period	-	-	4,638	-	-	-	4,638	224	4,862
Transfer to legal reserves	-	-	(1,108)	-	1,108	-	-	-	-
Currency translation differences	-	-	-	-	-	210	210	10	220
Balance as at 31 March 2005	8,000	39,828	34,083	1,500	4,666	(1,017)	87,060	7,254	94,314
Profit for the period	-	-	4,848	-	-	-	4,848	710	5,558
Final dividend paid	-	-	(4,000)	-	-	-	(4,000)	-	(4,000)
Currency translation differences	-	-	-	-	-	634	634	100	734
Balance as at 30 June 2005	8,000	39,828	34,931	1,500	4,666	(383)	88,542	8,064	96,606
Profit for the period	-	-	6,993	-	-	-	6,993	225	7,218
Currency translation differences	-	-	-	-	-	1,336	1,336	45	1,381
Balance as at 30 September 2005	8,000	39,828	41,924	1,500	4,666	953	96,871	8,334	105,205
Balance as at 1 January 2004	8,000	39,828	14,158	-	-	(669)	61,317	4,496	65,813
Profit for the period	-	-	3,981	-	-	-	3,981	(5)	3,976
Change in shareholding in minority interest	-	-	-	-	-	-	-	(2,990)	(2,990)
Currency translation differences	-	-	-	-	-	(402)	(402)	(8)	(410)
Balance as at 31 March 2004	8,000	39,828	18,139	0	0	(1,071)	64,896	1,493	66,389
Profit for the period	-	-	3,418	-	-	-	3,418	(5)	3,413
Currency translation differences	-	-	-	-	-	415	415	29	444
Balance as at 30 June 2004	8,000	39,828	21,557	0	0	(656)	68,729	1,517	70,246
Profit for the period	-	-	5,488	-	-	-	5,488	-	5,488
Transfer to legal reserves	-	-	(1,686)	-	1,686	-	-	-	0
Currency translation differences	-	-	-	-	-	(331)	(331)	(28)	(359)
Balance as at 30 September 2004	8,000	39,828	25,359	0	1,686	(987)	73,886	1,489	75,375
Company	Issued capital	Share premium	Accumulated profits				Total		
	\$'000	\$'000	\$'000				\$'000		
Balance as at 1 January 2005	8,000	39,828	6,084				53,912		
Profit for the period	0	0	335				335		
Balance as at 31 March 2005	8,000	39,828	6,419				54,247		
Profit for the period	0	0	430				430		
Final dividend paid	0	0	(4,000)				(4,000)		
Balance as at 30 June 2005	8,000	39,828	2,849				50,677		
Profit for the period	0	0	88				88		
Balance as at 30 September 2005	8,000	39,828	2,937				50,765		
Balance as at 1 January 2004	8,000	39,828	57				47,885		
Profit for the period	0	0	160				160		
Balance as at 31 March 2004	8,000	39,828	217				48,045		
Profit for the period	0	0	96				96		
Balance as at 30 June 2004	8,000	39,828	313				48,141		
Profit for the period	0	0	7				7		
Balance as at 30 September 2004	8,000	39,828	320				48,148		

- 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.**

During the third quarter and nine months ended 30 September 2005, the issued capital of the Group and of the Company remained unchanged. No options were granted nor new shares issued pursuant to the employees' share option Scheme.

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

The figures have not been audited or reviewed by the Company's 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.**

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period compared with the audited financial statements as at 31 December 2004, except for the adoption of the following new Financial Reporting Standard ("FRS") that are mandatory for financial year beginning 1 January 2005.

FRS 1	Presentation of Financial Statements
FRS 2	Inventories
FRS 8	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 10	Events after the Balance Sheet Date
FRS 16	Property, Plant and Equipment
FRS 17	Leases

FRS 21	The Effects of Changes in Foreign Exchange Rates
FRS 24	Related Party Disclosures
FRS 27	Consolidated and Separate Financial Statements
FRS 28	Investments in Associates
FRS 32	Financial Instruments: Disclosure and Presentation
FRS 33	Earnings per Share
FRS 39	Financial Instruments: Recognition and Measurement
FRS 102	Share-based Payments
FRS 104	Insurance Contracts
FRS 105	Non-current Assets Held for Sale and Discontinued Operations

The adoption of these new accounting policies did not result in material changes to the financial statements, except for the treatment of dilution gain from associate in accordance with FRS 28 – Investment In Associates

- 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.**

FRS 28 states that the adjustments to the carrying amount of investment in associates may be necessary for changes in the investor's proportionate interest in the investee arising from changes in the investee's equity that have not been recognised in the investee's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The investor's share of those changes is recognized directly in equity of the investor.

Accordingly, there was no impact on the total equity of the Group as at 1 January 2005. However, The Group's opening accumulated profits were decreased by \$1.5 million; and likewise, the other reserves of the Group were adjusted upwards by the same amount.

- 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.**

Earnings Per Share

	Group	Group
	9 months ended	9 months ended
	30/09/2005	30/09/2004

Earnings per ordinary share after deducting any provision for preference dividends were:		
Based on the weighted average number of ordinary shares in issue; and	4.12 cents	3.22 cents
On a fully diluted basis	4.12 cents	3.22 cents

The weighted average number of ordinary shares is 400,000,000.

There were no potential dilutive ordinary shares.

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.**

Net Asset Value

	Group	Group	Company	Company
	30/09/2005	31/12/2004	30/09/2005	31/12/2004
Net asset value per ordinary share based on issued share capital as at the end of the financial period	24.21 cents	20.55 cents	12.69 cents	13.48 cents

The net asset value per ordinary share is calculated based on the issued share capital of 400,000,000 shares.

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.**

Profit and Loss Statement

Nine Months Ended 30 September

Group revenue in the nine months ended 30 September 2005 rose 39% to S\$50.4 million compared to the same period last year, mainly due to the new revenue streams from 51% owned Jiangxi New Ruifeng Biochemical Co., Ltd (“New Ruifeng”), a company specializing in the R&D, production and sales & marketing of gibberellins. The turnover from this new subsidiary amounted to S\$13.9 million, contributing 28% of the total Group revenue. Gross profit was up by 35% to S\$22.6 million and gross margin remained stable at about 45%.

At the pre-tax level, Group profit of S\$18.3 million was 41% higher than a year ago. Other operating income of S\$1.5 million was mainly exchange gain and interest income. Operating expense increase by 10% to S\$5.6 million due to the increase in staff cost, depreciation and rental expense incurred as a result of expansion of the Group’s business. However operating expense as a percentage of revenue decreased to 11% from 14% for the corresponding period last year.

After taking into account minority interests’ share of profits, Group attributable profit was S\$16.5 million, up by 28% from S\$12.9 million for the nine months ended 30 September 2004. Group tax expense of S\$0.70 million was higher than corresponding period last year on account of higher profit achieved and lower tax relief.

3Q 2005 vs 3Q 2004

Gross profit for the 3Q 2005 grew 33% to S\$9.5 million on sales of S\$16.6 million compared to S\$15.3 million last period.

Profit before tax improved by 38% to S\$7.5 million for 3Q 2005 vs 3Q 2004. Operating expense increased by 12% to S\$2.4 million in line with higher business activities. After taking into account minority interests’ share of profits, Group attributable profit rose by 27% to S\$7.0 million compared to the same period last year. Our subsidiary “New Ruifeng” contributed less profit in this quarter as a result of reduced production due to plant’s scheduled shutdown for maintenance and repair.

Balance Sheet

The increase of the investment in associate is due to the acquisition of

50% stake in Microdyn-Nadir GmbH, which is a leading European developer, manufacturer and supplier of a full spectrum of filtration and separation membranes.

The turnover days for trade receivables and trade payables currently stands at 104 days (2004: 71days) and 55 days (2004:71 days) respectively. The inventory days improved from 50 days in 2004 to 48 days in 1H 2005.

Shareholders' equity of the group rose by 18% to S\$97 million or 24.21 cents per share as compared to S\$82.2 million or 20.55 cents per share last year.

Cashflow Statement

For the nine months ended 30 September 2005, higher net cash was generated from operating activities before working capital changes of approximately S\$19.4 million compared to S\$12.5 million last year. Net cash used in operating activities amounted to S\$3.4 million versus a positive cash flow of S\$10.4million a year ago, principally due to increased working capital requirements as a result of increased sales.

Net cash used in investing activities of S\$7.3 million was mainly due to the new investment of fixed asset and acquisition of the associated company, Microdyn-Nadir GmbH.

The Group's cash position remained strong and stood at S\$50.2 million at 30 September 2005.

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

In the previous announcement, we said that our investment in New Reifeng and Microdyn-Nadir is a good example of upstream and downstream integration strategy. Microdyn-Nadir incurred a small loss and yet to contribute positively to the group. New Ruifeng will contribute positively to the group.

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.

The Group has forged successful partnerships with leading pharmaceutical manufacturers in China through the application of its membrane-based process and engineering solutions, which provides higher yields, higher product quality, lower energy consumption and minimizes pollution. The Group believes that Sinomem's technology is more complex and requires greater scientific expertise and stronger R&D capabilities and this has differentiated the Group from other players in the water treatment industry.

Besides the push to improve their cost competitiveness, pharmaceutical manufacturers are also upgrading their production processes to comply with the Cleaner Production Promotion Laws that were passed in January 2003. The Group stands to benefit from this modernization move.

To fuel further growth, the Group has continued its corporate strategies to leverage on its capabilities by exploiting synergies which will integrate both downstream and upstream activities. One key move was its recent establishment of 51%-owned New Ruifeng in December 2004. New Ruifeng has been set up to focus on the production and sales of gibberellins (a plant growth regulator) and other fermentation-based biochemical products. In line with our strategy to invest in upstream activities, we acquired 50% shareholdings in Microdyn-Nadir GmbH (M-N) in April 2005. This acquisition will enable the Group to have a complete range of products in the chains of membrane industry and to be more competitive in the market place through reducing the product cost.

During the year, New Ruifeng is in the process of upgrading its production facility to expand capacity and to improve the operation efficiency. With advance membrane technology and manufacturing expertise from M-N Germany, the group will set up the production facilities of M-N China, a joint venture with M-N Germany in Xiamen by 2006.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for the third quarter and nine months ended 30 September 2005.

BY ORDER OF THE BOARD

Low Mei Mei, Maureen
Company Secretary
08/11/2005