

Mentor Media Ltd

Company Registration No. 199302450H

Third Quarter Financial Statement And Dividend Announcement for the Period Ended 31/12/2005

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

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

1(a)(i) Income Statement

	Group					
	Q3 2006 S\$'000	Q3 2005 S\$'000	% Change	9 mths 2006 S\$'000	9 mths 2005 S\$'000	% Change
Revenue	75,477	52,512	43.73%	192,988	132,448	45.71%
Cost of sales	(60,589)	(41,608)	45.62%	(154,052)	(105,817)	45.58%
Gross profit	14,888	10,904	36.54%	38,936	26,631	46.21%
Other income/(expense)	(27)	(262)	-89.69%	723	580	24.66%
Administrative expenses	(3,438)	(3,487)	-1.41%	(11,145)	(8,118)	37.29%
Selling and distribution expenses	(2,139)	(1,634)	30.91%	(6,173)	(4,153)	48.64%
Profit from operations	9,284	5,521	68.16%	22,341	14,940	49.54%
Other non-operating income / (expense)*	(327)	-	NM	(557)	-	NM
Finance costs	(58)	-	NM	(103)	-	NM
Profit from ordinary activities before taxation	8,899	5,521	61.18%	21,681	14,940	45.12%
Taxation	(1,046)	(116)	801.72%	(2,355)	(1,400)	68.21%
Profit from ordinary activities after taxation	7,853	5,405	45.29%	19,326	13,540	42.73%
Minority interests	-	-	NM	-	-	NM
Net profit for the period	7,853	5,405	45.29%	19,326	13,540	42.73%

NM : Not meaningful

*Other non-operating income/(expense) comprises the following:

	Group			Group		
	Q3 2006 S\$'000	Q3 2005 S\$'000	% Change	9 mths 2006 S\$'000	9 mths 2005 S\$'000	% Change
Legal and professional fees incurred in relation to due diligence expenses for the scheme of arrangement	(327)	-	NM	(557)	-	NM
	(327)	-	NM	(557)	-	NM

1(a)(ii) Notes to the income statement

	Group					
	Q3 2006 S\$'000	Q3 2005 S\$'000	% Change	9 mths 2006 S\$'000	9 mths 2005 S\$'000	% Change
Profit from operations include the following:						
Gain/(Loss) on disposal of property, plant and equipment	(5)	46	-110.87%	27	62	-56.45%
Other income including interest income	360	214	68.22%	748	575	30.09%
Depreciation and amortisation expenses	(992)	(692)	43.35%	(2,821)	(1,858)	51.83%
Inventories written off	(342)	(126)	171.43%	(608)	(261)	132.95%
(Allowance for doubtful debts)/bad debts written back	-	(284)	NM	(301)	(284)	5.99%
Foreign exchange gain/(loss)	(382)	(522)	-26.82%	(52)	(57)	-8.77%
Interest on borrowings	(58)	-	NM	(103)	-	NM

1(a)(iii) Amount of any adjustment for under or overprovision of tax in respect of prior years

N.A.

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

S\$'000	Group		Company	
	31/12/2005	31/3/2005	31/12/2005	31/3/2005
Non-current assets				
Property, plant and equipment	19,981	17,550	9,796	10,086
Investment in subsidiaries	-	-	15,363	13,204
Goodwill	1,022	1,022	-	-
Current assets				
Inventories	15,000	14,209	9,543	8,921
Trade receivables	67,523	48,073	40,348	26,089
Other receivables, deposits and prepayment	4,467	4,453	2,383	3,596
Amount due from subsidiaries	-	-	2,888	2,746
Cash and cash equivalents	26,158	23,075	9,475	12,177
	113,148	89,810	64,637	53,529
Current liabilities				
Trade payables	(36,967)	(29,449)	(18,878)	(17,269)
Other payables and accrued operating expenses	(8,721)	(9,808)	(3,940)	(6,313)
Amount due to subsidiaries	-	-	(11,927)	(5,783)
Short-term bank loan	(3,450)	(1,650)	(2,832)	(1,650)
Provision for taxation	(2,886)	(2,571)	(1,618)	(1,348)
	(52,024)	(43,478)	(39,195)	(32,363)
Net current assets	61,124	46,332	25,442	21,166
Non-current liabilities				
Deferred taxation	(1,178)	(1,176)	(969)	(969)
Net assets	80,949	63,728	49,632	43,487
Capital and reserves				
Share capital	12,659	12,621	12,659	12,621
Reserves	68,290	51,107	36,973	30,866
Shareholders' equity	80,949	63,728	49,632	43,487

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

Amount repayable in one year or less, or on demand

As at 31/12/2005		As at 31/3/2005	
Secured	Unsecured	Secured	Unsecured
-	3,450,000	-	1,650,000

Amount repayable after one year

As at 31/12/2005		As at 31/3/2005	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

None.

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

	Qtr ending 31/12/05 \$'000	Qtr ending 31/12/04 \$'000
Operating Activities		
Profit before taxation	8,899	5,521
Adjustments for :		
Depreciation of property, plant and equipment	992	692
Interest expense	58	-
Interest income	(53)	(17)
Loss/(gain) on disposal of property, plant and equipment	5	(46)
Operating profit before changes in working capital	9,901	6,150
Changes in working capital:		
Inventories	4,148	(2,194)
Trade receivables	(7,352)	(7,941)
Other receivables, deposits and prepayments	630	(1,394)
Trade payables	(3,142)	704
Other payables and accrued operating expenses	(289)	2,450
Cash generated from operations	3,896	(2,225)
Interest paid	(58)	-
Interest received	53	17
Income tax paid	(682)	(507)
Dividend paid	-	(2,100)
Net cash inflow/(outflow) from operating activities	3,209	(4,815)
Investing Activities		
Purchase of property, plant and equipment	(1,389)	(1,243)
Proceeds on disposal of property, plant and equipment	13	125
Acquisition of subsidiary	-	(725)
Net cash (outflow) from investing activities	(1,376)	(1,843)
Financing Activities		
Issue of shares	4	714
Proceeds from bank loans	-	-
Repayment of short-term bank loans	(2,212)	-
Net cash (outflow)/inflow from financing activities	(2,208)	714
Net (decrease) in cash and cash equivalents	(375)	(5,944)
Effect of exchange rate changes on balances held in foreign currencies	(249)	(594)
Cash and cash equivalents at beginning of the quarter	26,755	21,088
Cash and cash equivalents at end of the quarter	26,131	14,550

Note :

	Qtr ended 31/12/05	Qtr ended 31/12/04
Cash and bank balances	26,131	12,916
Fixed deposits	27	1,634
Total	26,158	14,550
Fixed deposits held as collateral by banks	(27)	-
Cash and cash equivalents	26,131	14,550

- 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

Statement of changes in equity for the quarter ended 31 December 2005

	Share Capital S\$'000	Share premium S\$'000	Statutory reserve S\$'000	Exchange translation reserve S\$'000	Unappropriated profits S\$'000	Total S\$'000
The Group						
At 1 October 2004	10,397	8,422	264	(577)	36,719	55,225
Issue of shares under share option scheme	117	597	-	-	-	714
Translation losses on consolidation of foreign subsidiaries and branches	-	-	-	(721)	-	(721)
Profit for the period	-	-	-	-	5,405	5,405
Dividend of 1.25 cent per share net of tax at 20%	-	-	-	-	(2,100)	(2,100)
At 31 December 2004	10,514	9,019	264	(1,298)	40,024	58,523
At 1 October 2005						
At 1 October 2005	12,658	7,085	1,004	966	51,726	73,439
Issue of shares under share option scheme	1	3	-	-	-	4
Translation loss on consolidation of foreign subsidiaries and branches	-	-	-	(347)	-	(347)
Profit for the period	-	-	-	-	7,853	7,853
Transfer to statutory reserve	-	-	80	-	(80)	-
At 31 December 2005	12,659	7,088	1,084	619	59,499	80,949

	Share Capital S\$'000	Share premium S\$'000	Exchange Translation reserve S\$'000	Unappropriated profits S\$'000	Total S\$'000
The Company					
At 1 October 2004	10,397	8,422	(123)	26,018	44,714
Issue of shares under share option scheme	117	597	-	-	714
Translation losses on consolidation of foreign branches	-	-	143	-	143
Loss for the period	-	-	-	(602)	(602)
Dividend of 1.25 cent per share net of tax at 20%	-	-	-	(2,100)	(2,100)
At 31 December 2004	10,514	9,019	20	23,316	42,869
At 1 October 2005					
At 1 October 2005	12,658	7,085	32	25,561	45,336
Issue of shares under share option scheme	1	3	-	-	4
Translation gain on consolidation of foreign branches	-	-	8	-	8
Profit for the period	-	-	-	4,284	4,284
At 31 December 2005	12,659	7,088	40	29,845	49,632

- 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 or 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

1(d)(ii)a Movements in issued and paid-up capital

	Number of Shares	Issued and Paid-Up Capital S\$'000
Ordinary Shares		
Balance as at 30 Sep 2005	253,169,397	12,658
Shares issued under the Mentor Share Option Scheme	15,000	1
Balance as at 31 Dec 2005	253,184,397	12,659

- 1(d)(ii)b During the period, the following share options were exercised pursuant to the terms of the Mentor Share Option Scheme:

Date of Grant	Exercise price	Number of share options exercised
22/07/2003	0.280	15,000
Total		15,000

As at 31 Dec 2005, there were 11,080,000 (31/12/2004: 9,465,000) unexercised share options as follows:

Date of Grant	Exercise price	Number of Outstanding Options
12/10/2000	0.270	188,000
15/05/2001	0.210	206,000
23/05/2001	0.230	26,000
26/07/2001	0.250	616,000
3/12/2001	0.230	905,000
16/05/2002	0.310	700,000
22/7/2003	0.280	2,508,000
23/10/2003	0.370	186,000
9/12/2004	0.360	2,745,000
27/05/2005	0.410	3,000,000
Total		11,080,000

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements, or an equivalent standard)

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

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

N.A.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current year as compared with the audited financial statements as at 31 March 2005 except for the adoption of the new/revised Financial Reporting Standards (FRS) that are applicable to the Group and the Company with effect from 1 April 2005. It is currently assessed that the adoption of these FRS does not have a material impact on the Group's and the Company's financial statements for the quarter ended 31/12/2005.

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

N.A..

- 6(a)(i) Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group		
	Q3 2006	Q3 2005	As previously reported Q3 2005
Earnings per ordinary share for the period based on net profit attributable to shareholders:			
(i) Based on the weighted average number of ordinary shares on issue (cts)	3.10	2.17	2.61
(ii) On a fully diluted basis (cts)	3.05	2.12	2.55

6(a)(ii) Earnings per share - The Group

The calculation of earnings per share is based on the Group's earnings after taxation of \$7,853,000 (31/12/04: \$5,405,000), divided by the weighted average number of shares of 252,978,364 (31/12/04: 248,764,005) ordinary shares.

6(a)(iii) Diluted earnings per share

The calculation of diluted earnings per share is based on the Group's earnings after taxation of \$7,853,000 (31/12/04: \$5,405,000), divided by the weighted average number of 257,704,299 (31/12/04: 254,364,518) ordinary shares after adjusting for the effects of all dilutive potential 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 period reported on and (b) immediately preceding financial year

	Group		Company	
	31/12/2005	31/3/2005	31/12/2005	31/3/2005
Net Asset Value per ordinary share based on issued share capital at the end of the financial year (cts)	31.97	25.24	19.60	17.22

The net asset value per ordinary share is calculated based on the 253,184,397 (31/3/05: 252,412,397) ordinary shares of S\$0.05 each outstanding at the end of the financial period.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**Overview**

The Mentor Media Group provides integrated, value-added outsourcing and customised supply chain management services to the world's leading technology and telecommunication giants and electronics contract manufacturers at its 15 manufacturing sites in Singapore, China, Taiwan, Korea and the United States.

Revenue

The ongoing trend of outsourcing among multinationals continued to benefit the Group. Revenue for 3QFY2006 rose 43.7% to \$75.5 million.

In Singapore, higher sales to customers in telecommunications and consumer electronics contributed to the 152% growth in revenue to \$39.6 million. Revenue from "Other Regions" rose 21.4% to \$9.4 million with increased sales to other parts of Asia.

Revenue from China declined by 8.9% to \$26.5 million in 3QFY2006 due to slower growth in the consumer electronics sector.

Profitability

With the strong growth in revenue, gross profit grew 36.5% to \$14.9 million. More hardware in the product mix moderated gross margin to 19.7% for the quarter. Higher operating expenses were incurred to support business expansion. As a result of the growth in revenue and effective cost control, net profit for 3QFY2006 rose 45.3% to \$7.9 million.

Cash Flow & Balance Sheet

Inventories, trade receivables and trade payables rose in tandem with the higher revenue. Healthy cash flow generated from operations funded investments in fixed assets and a \$2.2 million bank loan repayment. The cash and cash equivalents remained strong at \$26.1 million as at 31 December 2005.

Sales breakdown is provided as follows:**By Business segments**

	Group Turnover		Group Turnover	
	Q3 2006 S\$'000	Q3 2005 S\$'000	9 mths 2006 S\$'000	9 mths 2005 S\$'000
Hardware	71,987	49,580	184,488	123,374
Software	3,490	2,932	8,500	9,074
Total	75,477	52,512	192,988	132,448

By Geographical segments

	Group Turnover		Group Turnover	
	Q3 2006 S\$'000	Q3 2005 S\$'000	9 mths 2006 S\$'000	9 mths 2005 S\$'000
Singapore	39,574	15,683	92,028	35,376
China	26,503	29,087	77,878	72,997
Other regions	9,400	7,742	23,082	24,075
Total	75,477	52,512	192,988	132,448

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

The 3QFY2006 results were satisfactory.

10. **A commentary at the date of the announcement of the 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**

Business conditions are expected to remain competitive for the rest of FY2006. The Group will continue to work with multinationals in assisting them with their last mile supply chain operations.

11. **Dividend**

(a) **Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? No.

(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/recommended, a statement to that effect**

No dividend is declared/recommended for the period under review.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

N.A.

14. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

N.A.

15. **A breakdown of sales**

N.A.

16. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Total Annual Dividend	Latest Full Year	Previous Full Year
Ordinary	-	-
Preference	-	-
Total:	-	-

17. **Interested Person Transactions**

Name of Interested person	Aggregate value of all interested person transactions during the period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Straits Printers (Pte) Ltd		
- Purchases	NIL	\$611,929
- Sales	NIL	NIL

BY ORDER OF THE BOARD

Lo Swee Wen
Company Secretary
14/02/2006

Submitted by Lo Swee Wen, Company Secretary on 14/02/2006 to the SGX