GHIM LI GLOBAL PTE LTD
(Registration number 199904299D)

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 31 DECEMBER 2004

GHIM LI GLOBAL PTE LTD

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

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GHIM LI GLOBAL PTE LTD

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of the Company for the financial year ended 31 December 2004.

1 DIRECTORS

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

Ang Suan Hong
Surina Gan Meng Hui

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors holding office at the end of the financial year had no interests in the share capital of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in the name of director or nominee		Shareholdings in which a director is deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
Ultimate holding company - JES Fashion Co. Pte Ltd (Ordinary shares of $1 each)				
Ang Suan Hong	2,572,063	2,572,063	2,882,063	2,882,063
Surina Gan Meng Hui	290,000	290,000	2,882,063	2,882,063

	Shareholdings registered in the name of director or nominee		Shareholdings in which a director is deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
Intermediate holding company - Ghim Li Holdings Co. Pte Ltd (Ordinary shares of $1 each)				
Ang Suan Hong	*11,489,799	*11,489,799	16,262,988	11,489,799
Surina Gan Meng Hui	*2,933,843	*2,933,843	16,262,988	2,933,843

* Ang Suan Hong's holding of 11,489,798 shares and Surina Gan Meng Hui's holding of 2,933,843 are held in trust for the ultimate holding company, JES Fashion Co. Pte Ltd.

By virtue of Section 7 of the Singapore Companies Act, the above directors with shareholdings are deemed to have an interest in the Company and in all the related corporations of the Company.

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest except as disclosed in the financial statements. The directors also received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

5 OPTION TO TAKE UP UNISSUED SHARES

During the financial year, no option to take up unissued shares of the Company was granted.

6 OPTION EXERCISED

During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

7 UNISSUED SHARES UNDER OPTION

At the end of the financial year, there were no unissued shares of the Company under option.

8 AUDITORS

The auditors, Deloitte & Touche, have expressed their willingness to accept re-appointment.

....
Ang Suan Hong

....
Surina Gan Meng Hui

Singapore
3 March 2005

Deloitte.

Deloitte & Touche
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AUDITORS' REPORT TO THE MEMBER OF

GHIM LI GLOBAL PTE LTD

We have audited the financial statements of Ghim Li Global Pte Ltd for the financial year ended 31 December 2004 set out on pages 5 to 22. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as, evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 December 2004 and of the results, changes in equity and cash flows 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.

Deloitte & Touche
Certified Public Accountants

Singapore
3 March 2005

GHIM LI GLOBAL PTE LTD

BALANCE SHEET
31 December 2004

	Note	2004 US$	2003 US$
ASSETS			
Current assets:			
Cash and bank balances		3,213,136	1,193,488
Trade receivables	6	35,203,836	24,690,703
Other receivables, deposits and prepayments	7	31,520,709	29,041,936
Inventories	8	281,589	376,608
Total current assets		70,219,270	55,302,735
Non-current asset:			
Plant and equipment	9	1,965,265	767,075
Total assets		72,184,535	56,069,810
LIABILITIES AND EQUITY			
Current liabilities:			
Bank overdrafts	10	130,527	109,684
Bills payable to banks	10	10,323,839	3,499,174
Trust receipts	10	33,728,267	14,156,261
Trade payables	11	8,329,915	29,336,327
Other payables	12	746,626	819,398
Income tax payable		523,329	264,041
Current portion of finance leases	13	384,010	8,809
Total current liabilities		54,166,513	48,193,694
Non-current liabilities:			
Finance leases	13	1,662,014	11,538
Deferred tax liabilities	14	182,363	75,368
Total non-current liabilities		1,844,377	86,906
Capital and accumulated profits:			
Issued capital	15	553,740	553,740
Accumulated profits		15,619,905	7,235,470
Total equity		16,173,645	7,789,210
Total liabilities and equity		72,184,535	56,069,810

See accompanying notes to financial statements.

GHIM LI GLOBAL PTE LTD

PROFIT AND LOSS STATEMENT
Financial year ended 31 December 2004

	Note	2004 US$	2003 US$
Revenue	16	178,316,787	91,410,218
Cost of sales		(161,524,737)	(82,855,286)
Gross profit		16,792,050	8,554,932
Other operating income	17	2,099,350	2,016,855
Distribution costs		(936,355)	(2,586,757)
Administrative expenses		(7,604,460)	(4,202,918)
Other operating expenses		(490,218)	(67,493)
Profit from operations	18	9,860,367	3,714,619
Finance costs	19	(839,937)	(332,223)
Profit before income tax		9,020,430	3,382,396
Income tax expense	20	(635,995)	(79,325)
Profit after income tax		8,384,435	3,303,071

See accompanying notes to financial statements.

GHIM LI GLOBAL PTE LTD

STATEMENT OF CHANGES IN EQUITY
Financial year ended 31 December 2004

	Issued capital US$	Accumulated profits US$	Total US$
Balance at 1 January 2003	553,740	3,932,399	4,486,139
Net profit for the year	-	3,303,071	3,303,071
Balance at 31 December 2003	553,740	7,235,470	7,789,210
Net profit for the year	-	8,384,435	8,384,435
Balance at 31 December 2004	553,740	15,619,905	16,173,645

See accompanying notes to financial statements.

GHIM LI GLOBAL PTE LTD

CASH FLOW STATEMENT
Financial year ended 31 December 2004

	2004 US$	2003 US$
Cash flows from operating activities:		
Profit before income tax	9,020,430	3,382,396
Adjustments for:		
Depreciation expense	639,169	265,839
Interest expense	839,937	332,223
Gain on disposal of plant and equipment	(8,755)	-
Operating profit before working capital changes	10,490,781	3,980,458
Trade receivables	(9,762,270)	27,044,637
Other receivables, deposits and prepayments	(2,973,129)	(28,829,007)
Inventories	95,019	334,430
Trade payables	(21,062,729)	(177,092)
Other payables	(72,772)	(1,006,540)
Cash (used in) generated from operations	(23,285,100)	1,346,886
Interest paid	(839,937)	(332,223)
Income tax paid	(269,712)	(651,871)
Net cash (used in) from operating activities	(24,394,749)	362,792
Cash flows from (used in) investing activities:		
Proceeds from disposal of plant and equipment	33,100	-
Purchase of plant and equipment (Note A)	(498,351)	(464,033)
Net cash used in investing activities	(465,251)	(464,033)
Cash flows from (used in) financing activities:		
Obligations under (Repayment of) finance lease (Note B)	462,134	(7,973)
Proceeds from borrowings from banks	26,396,671	-
Repayment of borrowings from banks	-	(287,940)
Net cash from (used in) financing activities	26,858,805	(295,913)
Net increase (decrease) in cash and cash equivalents	1,998,805	(397,154)
Cash and cash equivalents at beginning of year	1,083,804	1,480,958
Cash and cash equivalents at end of year (Note C)	3,082,609	1,083,804

Note A: Purchase of plant and equipment

During the financial year, the Company acquired plant and equipment from third parties with an aggregated cost of US$1,049,416, of which US$551,065 was acquired by means of finance leases and the balance of US$498,351 by cash.

Note B: Finance lease

Included in the lease obligations during the financial year is an amount of US$778,764 incurred on behalf of related companies which acquired plant and equipment funded by finance leases.

Note C: Cash and cash equivalents comprise of:

	2004 US$	2003 US$
Cash and bank balances	3,213,136	1,193,488
Bank overdrafts	(130,527)	(109,684)
Net	3,082,609	1,083,804

Note D: Acquisition of assets and liabilities from intermediate holding company and related companies

During the financial year, the Company acquired certain assets and assumed certain liabilities from its intermediate holding company and 2 related companies (Note 4) at their carrying amounts. The summary of the effects of the acquisition of the assets and assumption of liabilities is as follows:

	2004 US$	2003 US$
Cash	2,263	-
Plant and equipment	947,256	-
Trade payables	(56,317)	-
Obligations under finance leases	(233,714)	-
Total consideration	659,488	-
Less: Cash	(2,263)	-
Consideration net of cash	657,225	-

The consideration net of cash for the above acquisition was satisfied via intercompany balance accounts.

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration number 199904299D) is incorporated in the Republic of Singapore with its principal place of business and registered office at 41 Changi South Avenue 2, Singapore 486153. The financial statements are prepared in the measurement currency of the United States dollar as the operations are denominated primarily in United States dollar and the principal market place is in the United States of America.

The Company is principally engaged in the business of manufacturing and trading of garment and the provision of marketing services to related companies.

The financial statements of the Company for the year ended 31 December 2004 were authorised for issue by the Board of Directors on 3 March 2005.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements are prepared in accordance with the historical cost convention and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards.

FINANCIAL ASSETS – The Company's principal financial assets are cash and bank balances, trade and other receivables. Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

FINANCIAL LIABILITIES AND EQUITY - Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Significant financial liabilities include bank overdrafts, bills payable, trust receipts, trade and other payables and finance lease obligations.

Bank overdrafts, bills payable and trust receipts are recorded at the proceeds received, net of direct issue costs. Trade and other payables are stated at their nominal value.

The accounting policy adopted for finance lease obligations is outlined below.

Finance charges are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Equity instruments are recorded at the fair value of the consideration received, net of direct issue costs.

INVENTORIES - Inventories are measured at the lower of cost (First-In First-Out method) and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution. Allowance is made where necessary for obsolete, slow-moving and defective inventories.

PLANT AND EQUIPMENT - Plant and equipment are carried at cost less accumulated depreciation and any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised as income.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Plant and machinery	-	10 years
Furniture, fittings and office equipment	-	3 to 10 years
Motor vehicles	-	5 years

No depreciation is provided on capital-work-in-progress

Fully depreciated assets still in use are retained in the financial statements..

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets or, when shorter, the term of the relevant leases.

IMPAIRMENT OF ASSETS - At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that the asset has suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the greater of net selling prie and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as an income immediately.

PROVISIONS - Provisions are recognised when the Company has a present obligation as a result of a past event where it is probable that such obligation will result in an outflow of economic benefits that can be reasonably estimated.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Company at their fair values at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the profit and loss statement over the term of the relevant lease using the effective interest rate method.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

REVENUE RECOGNITION - Revenue from sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and the costs of the transaction can be measured reliably.

Revenue from the rendering of services that are of short duration is recognised when the services are completed.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans (including state-managed retirement benefit schemes, such as the Singapore Central Provident Fund) are charged as an expense when incurred.

EMPLOYEE LEAVE ENTITLEMENTS – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

FOREIGN CURRENCY TRANSACTIONS - The financial statements of the Company are prepared in its measurement currency of the United States dollar. Transactions arising in currencies other than in United States dollar are converted into United States dollar at rates of exchange approximating those ruling at transaction dates. Monetary assets and liabilities other than in United States dollar outstanding at the balance sheet date are converted at rates of exchange approximating those ruling at that date. Exchange differences are taken to the profit and loss statement.

INCOME TAX - Tax expense is determined on the basis of tax effect accounting, using the liability method, and it is applied to all significant temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is charged or credited to the profit and loss statement.

3 FINANCIAL RISK MANAGEMENT

The Company handles the risk management of the entire Ghim Li Group of companies ("the group"). This is carried out by a Central Group Treasury which monitors, identifies, evaluates and hedges financial risks when appropriate in consultation with the Executive Chairman, the Chief Executive Officer and the Chief Financial Officer.

The Company's activities are exposed to a number of financial risks, including credit risk, foreign currency risk and interest rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Foreign exchange contracts and, at the appropriate time, interest rate swaps are used to hedge these exposures.

a) <u>Credit risk</u>

Concentrations of credit risk exist when changes in economic, industry or geographical factors similarly affect group of counterparties whose aggregate exposure is significant in relation to the Company's total credit exposure.

As at the end of the year, the Company's top three third-party customers' balances amounted to US$13,652,000 (2003 : US$3,296,000), equivalent to 77% (2003 : 73%) of total gross third-party trade receivables.

Except as disclosed above, the Company does not have any significant concentration of credit risk with a single customer or any parties except for balances with related companies (Note 4) and related party (Note 5).

b) Foreign currency risk

All the Company's sales and a substantial amount of the Company's purchases are denominated in United States dollar. The Company's operating expenses are denominated mainly in the local currency which is Singapore dollar. The Company's foreign currency exchange risk arises mainly from the mismatch of sales which are denominated in United States dollar against the purchase of goods and operating expenses which are denominated in the local currency. Central Group Treasury currently does not have any formal policy for hedging foreign exchange risk. When the need arises, Central Group Treasury will hedge the foreign currency risk by entering into foreign currency forward contracts.

c) Interest rate risk

The Company's borrowings are at floating rates. The borrowing rates are based on the prime rates of the lending banks as well as on money market related rates. Hence the Company's borrowing cost is susceptible to interest rate volatility. The Company will consider various options to hedge this risk by swapping some of the floating rates into fixed rates or by refinancing some or all of the existing floating rate loans by fixed rate ones as and when the scenario changes.

d) Liquidity risk

The Company maintains sufficient liquidity by closely monitoring its cash flow. The Company also aims at maintaining flexibility in funding by keeping committed credit lines available.

e) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables and other liabilities and amounts payable approximate their respective fair values.

It is not practicable within the constraint of cost to reliably determine the fair value of amounts receivables and payables to related companies as these balances have no fixed repayment terms.

4 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a wholly-owned subsidiary of Ghim Li Group Pte Ltd, incorporated in Singapore. Its intermediate holding company is Ghim Li Holdings Co. Pte Ltd and its ultimate holding company is JES Fashion Co. Pte Ltd, both incorporated in Singapore.

Previously, the Company was a wholly-owned subsidiary of Ghim Li Holdings Co. Pte Ltd which transferred its equity interest in the Company to Ghim Li Group Pte Ltd during the current financial year following a restructuring exercise which took effect from 1 January 2004.

Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Many of the Company's transactions and arrangements are between members of the Group and the effects of these on the bases determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, interest-free and without fixed repayment terms.

Significant intercompany transactions, other than those disclosed elsewhere in the notes to profit and loss statement are as follows:

	2004 US$	2003 US$
With intermediate holding company:		
Sale of plant and equipment at net carrying amount	132,862	-
Rental expenses	-	(322,668)
Marketing commission expenses	-	(1,810,419)
With related companies:		
Sale of plant and equipment at net carrying amount	2,106	-
Marketing commission income	134,554	1,788,214
Logistics support income	1,420,344	-
Market research expenses	(92,578)	-
Purchase of garments	(161,285,629)	(81,593,525)
Purchase of stocklots	-	(88,830)

During the financial year, the Company acquired certain assets and assumed certain liabilities from its intermediate holding company and related companies as set out in Note D to the cash flow statement.

The Company also entered into finance leases on behalf of its related companies as set out in Note B to the cash flow statement.

5 RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercises significant influence over the other party in making financial and operating decisions.

Some of the Company's transactions and arrangements are with related parties and the effects of these on the bases determined between the parties are reflected in these financial statements. The balances are unsecured, interest free and without fixed repayment terms unless stated otherwise.

Significant related party transaction, other than those disclosed elsewhere in the notes to profit and loss statement is as follows:

	2004 US$	2003 US$
Rental paid to directors	38,649	42,545

In 2003, the Company sold approximately US$688,865 of stocklots to an entity in which a relative of a director had a financial interest at the material time when the sales were made. In 2004, the Company did not make any sale to this entity.

6 TRADE RECEIVABLES

	2004 US$	2003 US$
Outside parties	17,789,876	5,202,934
Related companies (Note 4)	17,413,960	19,487,769
Total	35,203,836	24,690,703

Included in the trade receivables in 2003 was an amount of US$680,622 due from an entity which was guaranteed up to US$500,000 by a controlling shareholder of the Company's ultimate holding company. This guarantee of US$500,000 also covered US$653,267 due from this entity to a related company. The trade receivable from this entity was interest-free.

The balance outstanding from this entity as at December 31, 2004 was transferred to the immediate holding company.

Included in the amount due from related companies in 2004 is an amount of US$878,490 guaranteed by the intermediate holding company.

7 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2004 US$	2003 US$
Intermediate holding company (Note 4)	-	27,801,868
Immediate holding company	30,686,007	-
Related parties (Note 5)	-	204,370
Other receivables	728,379	1,018,746
Prepayment	106,323	16,952
Total	31,520,709	29,041,936

8 INVENTORIES

	2004 US$	2003 US$
At cost:		
Finished goods	281,589	376,608

9 PLANT AND EQUIPMENT

	Plant and machinery US$	Furniture, fittings and office equipment US$	Motor vehicles US$	Capital work-in-progress US$	Total US$
Cost :					
At beginning of year	60,648	1,826,885	57,103	63,000	2,007,636
Acquisition of assets from intermediate holding company and related companies	-	640,776	306,480	-	947,256
Additions	18,205	428,523	602,688	-	1,049,416
Disposals [1]	(4,438)	(868,616)	(189,965)	-	(1,063,019)
Reclassifications	-	63,000	-	(63,000)	-
At end of year	74,415	2,090,568	776,306	-	2,941,289
Accumulated depreciation:					
At beginning of year	15,523	1,193,636	31,402	-	1,240,561
Depreciation for the year	7,267	498,103	133,799	-	639,169
Disposals [1]	(833)	(868,616)	(34,257)	-	(903,706)
At end of year	21,957	823,123	130,944	-	976,024
Depreciation for last financial year	5,994	248,424	11,421	-	265,839
Carrying amount:					
At end of year	52,458	1,267,445	645,362	-	1,965,265
At beginning of year	45,125	633,249	25,701	63,000	767,075

[1] The disposals of plant and machinery include the transfer of the following assets during the financial year:

(a) motor vehicles at carrying amount of US$132,862 to the intermediate holding company.

(b) machinery at carrying amount of US$2,106 to a related company.

Plant and equipment with the following carrying amounts at year end are under finance leases:

	2004 US$	2003 US$
Furniture, fittings and office equipment	313,694	-
Motor vehicles	645,362	25,701
Total	959,056	25,701

10 BANK OVERDRAFT, BILLS PAYABLE AND TRUST RECEIPTS

The Company's bank overdrafts, bills payable, trust receipts and other banking facilities are secured by guarantees from the directors, related companies, the immediate holding company and the intermediate holding company.

The weighted average effective interest rates for bank overdrafts, bills payable and trust receipts at the balance sheet date were as follows:

	2004 %	2003 %
Bank overdrafts	4.98	5.01
Bills payable to banks	3.40	2.71
Trust receipts	4.95	3.67

The trust receipts are extended to the Company under credit terms of 90 to 150 days.

11 TRADE PAYABLES

	2004 US$	2003 US$
Outside parties	446,998	529,231
Related companies (Note 4)	7,882,917	28,807,096
Total	8,329,915	29,336,327

12 OTHER PAYABLES

	2004 US$	2003 US$
Outside parties	746,626	819,398

13 OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2004	2003	2004	2003
	US$	US$	US$	US$
Amounts payable under financial leases:				
Within one year	502,119	9,586	384,010	8,809
In the second to fifth year inclusive	1,752,507	11,961	1,542,520	11,538
After five years	122,706	-	119,494	-
	2,377,332	21,547	2,046,024	20,347
Less: Future finance charges	(331,308)	(1,200)	NA	N/A
Present value of lease obligations	2,046,024	20,347	2,046,024	20,347
Less: Amount due for settlement within 12 months	(384,010)	(8,809)	(384,010)	(8,809)
Amount due for settlement after 12 months	1,662,014	11,538	1,662,014	11,538

The average effective borrowing rate was 5.3% (2003 : 5%) per annum.

In 2004, US$1,433,050 of finance leases are secured by guarantees from a director, the immediate holding company and the intermediate holding company.

14 DEFERRED TAX LIABILITIES

	2004	2003
	US$	US$
Deferred tax liabilities	182,363	75,368

The movements in deferred tax account during the financial year were as follows:

	Book depreciation in excess of tax depreciation
	US$
At beginning of year	75,368
Charge to income for the year (Note 20)	106,995
At end of year	182,363

15 ISSUED CAPITAL

	Company			
	2004	2003	2004	2003
	Number of ordinary shares of S$1 each		US$	US$
Authorised	1,000,000	1,000,000	553,740	553,740
Issued and paid up:				
At beginning and end of year	1,000,000	1,000,000	553,740	553,740

16 REVENUE

	2004 US$	2003 US$
Sales of goods	178,316,787	91,410,218

17 OTHER OPERATING INCOME

	2004 US$	2003 US$
Other income	542,462	176,688
Foreign exchange gain - net	-	51,953
Marketing commission	136,554	1,788,214
Logistics support fee	1,420,334	-
Total	2,099,350	2,016,855

18 PROFIT FROM OPERATIONS

	2004	2003
Number of employees at end of year	188	151

	2004 US$	2003 US$
Cost of inventories included in cost of sales	161,380,648	82,014,294
Staff costs (including directors' remuneration)	4,351,996	2,695,227
Directors' remuneration	351,955	41,590
Cost of defined contribution plans included in staff cost	309,474	213,040
Foreign exchange loss – net	175,077	-

19 FINANCE COSTS

	2004 US$	2003 US$
Interest expenses to financial institutions	839,937	332,223

20 INCOME TAX EXPENSE

	2004 US$	2003 US$
Current tax	529,000	213,155
Deferred tax (Note 14)	106,995	(133,830)
Total/Net	635,995	79,325

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 20% (2003 : 22%) to profit before tax as a result of the following differences:

	2004 US$	2003 US$
Income tax expense at statutory rate	1,804,086	744,127
Non-allowable items	145,552	118,141
Utilisation of tax losses and capital allowances of other related companies	(411,600)	(177,540)
Effect of tax concessions	(902,043)	(471,573)
Overprovision in prior years written back	-	(133,830)
Net	635,995	79,325

In 2003, the Company was awarded the Global Trader Programme status for a period of 5 years from 1 January 2003. Subject to the terms and conditions prescribed by the Income Tax Act and the Global Trader Programme, income derived from qualifying trading transactions is taxed at the concessionary rate of 10%.

Group relief

During the financial year, the Company utilised approximately US$1,646,000 (2003 : US$482,000) of the tax losses and US$412,000 (2003 : US$325,000) of unabsorbed capital allowances of related companies pursuant to the group relief scheme which was announced in 2002. The benefit from group relief amounted to US$411,600 (2003 : US$177,540). The tax losses and the capital allowances were transferred to the Company without any charge to the Company.

21 CONTINGENT LIABILITIES (SECURED)

	2004 US$	2003 US$
Guarantees	2,515,552	28,946,400

The Company has given guarantees mainly for banking facilities granted to certain related companies.

22 CAPITAL COMMITMENTS

	2004 US$	2003 US$
Estimated amounts committed for future capital expenditure but not provided for in the financial statements	2,045,700	666,618

23 DERIVATIVE FINANCIAL INSTRUMENTS

The Company made use of forward foreign exchange contracts to manage the risk arising from fluctuations in currency exchange rates.

The fair value of the forward foreign exchange contracts is the estimated amount which the Company is expected to pay or receive on the termination of the outstanding position arising from the contracts.

At the balance sheet date, the Company has the following outstanding forward foreign exchange contracts:

	2004 US$	2003 US$
Contracted notional amount	15,800,000	3,800,000
Negative fair value	125,598	55,856

24 OPERATING LEASE

	2004 US$	2003 US$
Minimum lease payments under operating leases included in the profit and loss statement	990,714	74,268

At the balance sheet date, commitments in respect of non-cancellable operating leases for rental of office premises, warehouse and staff hostels were as follows:

	2004 US$	2003 US$
Future minimum lease payments payable:		
Within one year	957,175	891,216
In the second to fifth year inclusive	4,008,976	3,725,282
After five years	4,270,919	5,302,136
Total	9,237,070	9,918,634

GHIM LI GLOBAL PTE LTD

STATEMENT OF DIRECTORS

In the opinion of the directors, the financial statements set out on pages 5 to 22 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2004 and of the results, changes in equity and cash flows of the Company for the financial year then ended and 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.

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Ang Suan Hong

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Surina Gan Meng Hui

Singapore
3 March 2005