

Half Year Financial Statements for the Financial Period Ended 30/06/2008
PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

	Half Year Ended on 30 June		
	2008	2007	Change
	S\$'000	S\$'000	%
Revenue	24,989	15,932	56.8
Cost of sales	(22,117)	(13,137)	68.4
Gross profit	2,872	2,795	2.8
Other items of income			
Interest income	29	50	(42.0)
Other income	2,113	119	n.m.
Other items of expense			
Selling expenses	(2,037)	(1,535)	32.7
General and administrative expenses	(1,011)	(1,094)	(7.6)
Foreign exchange (loss)/gain, net	(4)	59	n.m.
Finance costs	(92)	-	n.m.
Other expenses	-	(594)	(100.0)
Profit/(loss) before income tax	1,870	(200)	n.m.
Income tax (expense) / benefit	(269)	235	n.m.
Profit net of tax	1,601	35	n.m.
Attributable to:			
Equity holders of the Company	1,622	76	n.m.
Minority interests	(21)	(41)	(48.8)
	1,601	35	n.m.
Earnings before depreciation, interest, tax and amortisation ("EBDITA")	3,036	1,334	127.6

1(a)(ii) Additional information to the income statement

	Half Year Ended on 30 June	
	2008	2007
(1) Financial Indicators / Ratios		
Gross profit margin	11.5%	17.5%
EBDITA margin	12.1%	8.4%
Profit before forex, interest and tax margin	7.8%	-1.9%
Profit before income tax margin	7.5%	-1.3%
Profit after income tax margin	6.5%	0.5%

(2) Profit before tax is stated after charging / (crediting) :-

	Half Year Ended on 30 June	
	2008	2007
	S\$'000	S\$'000
Other income including interest income	(414)	(169)
(Gain) /Loss on disposal of property, plant and equipment	(1,728)	2
Interest on borrowings	92	-
Depreciation and amortisation	1,103	1,584
Allowance / (Write-back) for stock obsolescence and shrinkage	304	(37)

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

	<u>Group</u>		<u>Company</u>	
	<u>30-Jun-08</u>	<u>31-Dec-07</u>	<u>30-Jun-08</u>	<u>31-Dec-07</u>
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Non-current assets</u>				
Property, plant and equipment	12,692	13,384	-	-
Goodwill	4,265	4,265	-	-
Investment in subsidiaries	-	-	25,438	25,438
Loans to subsidiaries	-	-	1,972	2,160
Deferred income tax assets	688	876	-	-
	<u>17,645</u>	<u>18,525</u>	<u>27,410</u>	<u>27,598</u>
<u>Current assets</u>				
Stocks	12,154	12,556	-	-
Trade and other receivables	11,085	11,881	-	600
Prepaid operating expenses	109	116	3	2
Tax recoverable	-	28	-	-
Due from related parties (trade)	-	491	-	-
Fixed deposits, cash and bank balances	5,196	6,511	141	113
	<u>28,544</u>	<u>31,583</u>	<u>144</u>	<u>715</u>
Assets held for sale	-	725	-	-
	<u>28,544</u>	<u>32,308</u>	<u>144</u>	<u>715</u>
<u>Current liabilities</u>				
Loans and borrowings	3,326	1,996	-	-
Trade and other payables	7,345	11,092	458	562
Due to directors (non-trade)	6,650	8,800	6,650	8,800
Due to subsidiaries	-	-	1,808	-
Due to related parties (trade)	2,212	1,644	-	-
Provision for income tax	125	417	11	98
	<u>19,658</u>	<u>23,949</u>	<u>8,927</u>	<u>9,460</u>
Net current assets / (liabilities)	8,886	8,359	(8,783)	(8,745)
<u>Non-current liabilities</u>				
Deferred income tax liabilities	5	5	-	-
Loans and borrowings	1,587	1,987	-	-
	<u>1,592</u>	<u>1,992</u>	<u>-</u>	<u>-</u>
Net assets	24,939	24,892	18,627	18,853
<u>Equity attributable to equity holders of the Company</u>				
Share capital	21,310	21,310	21,310	21,310
Reserves	3,629	3,561	(2,683)	(2,457)
	<u>24,939</u>	<u>24,871</u>	<u>18,627</u>	<u>18,853</u>
Minority interests	-	21	-	-
Total equity	24,939	24,892	18,627	18,853

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

	<u>As at 30-Jun-08</u>		<u>As at 31-Dec-07</u>	
	<u>Secured</u> S\$'000	<u>Unsecured</u> S\$'000	<u>Secured</u> S\$'000	<u>Unsecured</u> S\$'000
Borrowings and debt securities				
- Amount repayable in one year or less, or on demand	3,326	-	1,677	-
- Amount repayable after one year	1,587	-	1,987	-

Details of any collateral

The above borrowings are secured by :-

- (1) Corporate guarantees by the Company to the financial institutions;
- (2) Pledge on fixed deposits and
- (3) Guarantees issued jointly and severally by the directors

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

	Half Year Ended on 30 June	
	2008	2007
	S\$'000	S\$'000
Cash flows from operating activities :		
Profit / (loss) before income tax	1,870	(200)
Adjustments for:		
Interest income	(29)	(50)
Finance costs	92	-
Depreciation of property, plant and equipment	1,103	1,584
(Gain)/Loss on disposal of property, plant and equipment	(1,728)	2
Net exchange adjustment	(1,213)	(2)
Allowance / (write-back) for stock obsolescence and shrinkage	304	(37)
Operating income before reinvestment in working capital	399	1,297
Decrease / (increase) in stocks	99	(3,080)
Decrease in trade and other receivables	804	1,051
Decrease in amount due from related parties	491	-
Increase in trade and other payables	(3,707)	-
Increase in amount due to related parties	567	28
Cash used in operations	(1,347)	(704)
Interest income	29	50
Finance costs	(92)	-
Income taxes paid, net of refund	(370)	(427)
Net cash used in operations	(1,780)	(1,081)
Cash flows from investing activities :		
Purchase of property, plant and equipment	(892)	(2,324)
Payment for acquisition of subsidiary company	(2,150)	-
Proceeds from disposal of property, plant and equipment	2,500	1
Net cash used in investing activities	(542)	(2,323)
Cash flows from financing activities :		
Proceeds from loans and borrowings	2,355	513
Repayment of loans and borrowings	(1,010)	-
Net cash provided by financing activities	1,345	513
Net decrease in cash and cash equivalents	(977)	(2,891)
Cash and cash equivalents at beginning of financial period	6,192	4,778
Effects of exchange rate changes on opening cash and cash equivalents	(19)	21
Cash and cash equivalents at end of financial period	5,196	1,908

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

	Attributable to equity holders of the Company						Minority	Total
	Share Capital	Share Premium	Share Option Reserve	Foreign Currency Translation Reserve	Revenue Reserve	Total Reserves	Interests	Equity
							S\$'000	S\$'000
GROUP	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2007	21,310	-	192	(760)	7,981	7,413	111	28,834
Net profit for the period	-	-	-	-	76	76	(41)	35
Net effect of exchange differences	-	-	-	230	-	230	1	231
Balance at 30 June 2007	21,310	-	192	(530)	8,057	7,719	71	29,100
Balance at 1 January 2008	21,310	-	192	(1,759)	5,128	3,561	21	24,892
Net profit for the period	-	-	-	-	1,622	1,622	(21)	1,601
Net effect of exchange differences	-	-	-	(1,554)	-	(1,554)	-	(1,554)
Balance at 30 June 2008	21,310	-	192	(3,313)	6,750	3,629	-	24,939
COMPANY								
Balance at 1 January 2007			21,310	-	192	(1,721)	(1,529)	19,781
Net loss for the period			-	-	-	(30)	(30)	(30)
Balance at 30 June 2007			21,310	-	192	(1,751)	(1,559)	19,751
Balance at 1 January 2008			21,310	-	192	(2,649)	(2,457)	18,853
Net loss for the period			-	-	-	(226)	(226)	(226)
Balance at 30 June 2008			21,310	-	192	(2,875)	(2,683)	18,627

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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, 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

The Company did not issue any shares during the financial period under review.

As at the end of the half year period ended on 30 June 2008 ("1H2008"), the options granted under the Executive's Share Option Scheme (after adjusting for staff resignation) which have yet to be exercised amount to 186,000 (1H2007: 730,000).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	<u>30 Jun 08</u>	<u>31 Dec 07</u>
Number of issued shares excluding Treasury shares	174,288,402	174,288,402

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no treasury shares held by the Company during current financial period reported on.

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 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 reporting period compared with the most recent audited financial statements as at 31 December 2007, except for the adoption of FRS and INTFRS that are mandatory for the financial year beginning on or after January 2008. The adoption of these FRS and INTFRS have no significant impact to the Group.

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

Not applicable.

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

(a) Based on the weighted average number of ordinary shares on issue; and

	Financial Year Ended on 30 June	
	2008	2007
	Number of shares (in thousands)	
Weighted average number of ordinary shares for the calculation of basic earnings per share	174,288	174,288
	Cents	Cents
Earnings per ordinary share (Basic)	0.93	0.04

(b) On a fully diluted basis (detailing any adjustments made to the earnings)

	Financial Year Ended on 30 June	
	2008	2007
	Number of shares (in thousands)	
Weighted average number of ordinary shares for the calculation of diluted earnings per share	174,288	174,288
	Cents	Cents
Earnings per ordinary share (Diluted)	0.93	0.04

186,000 (1H2007:730,000) of share options granted to employees under the Executive's Share Option Scheme have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the current and previous financial periods presented.

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		Company	
	30-Jun-08	31-Dec-07	30-Jun-08	31-Dec-07
	Cents	Cents	Cents	Cents
Net asset value per ordinary share	14.31	14.27	10.69	10.82

Net assets backing per share for as at 30 June 2008 is computed based on 174,288,402 shares (2007: 174,288,402 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**

During the financial period ended on 30 June 2008 ("1H2008"), the Group revenue increased by 57% to \$25.0 million as compared to \$15.9 million recorded in the corresponding period of the last financial year ("1H2007"). Turnover contribution ratio from manufacturing and distribution activities was at 64:36 composition in 1H2008, compared to the 92:8 ratio in 1H2007. The shift in the turnover contribution ratio was due to the inclusion of sales from CRL Components (S) Pte Ltd (CRL), a newly acquired 100% wholly owned subsidiary dealing with the distribution of passive electronic components.

	Half Year Ended on 30 June		Change
	2008	2007	
	S\$'000	S\$'000	%
REVENUE			
Turnover / sale of goods			
- Manufacturing activities	15,858	14,595	9
- Distribution activities	9,131	1,332	nm
	<u>24,989</u>	<u>15,927</u>	
Commission income	-	5	(100)
	<u><u>24,989</u></u>	<u><u>15,932</u></u>	57

The Group's turnover from Manufacturing activities improved mainly due to the increase in shipment volume by 47%, which was substantially due to increased sales volume to Thailand market and recapturing of our market share in Europe market. The turnover from Distribution activities increased significantly to \$9.1 million in 1H2008 due to the inclusion of CRL's sales. This is in line with the Group's plan to extend its distribution networks.

The increase in gross profit of about 2.8% was mainly due to better product mix and higher turnover. However, the increase was offset by the continuing erosion in average selling price ("ASP") of resistors and higher cost of fuel.

The increase in other income of \$2.0 million was attributed to sales of the Group's leasehold building at Penjuru Lane (\$1.7m) and sales of scrap (\$0.3m).

The selling expenses had increased by 32.7%, mainly due to the inclusion of CRL's selling cost and higher freight costs as a result of the increase in fuel charges.

The Group tax expense mainly arose from the taxable profit during the financial period. The effective tax rate of 14.3% is lower than the statutory tax rate of 18% due to the non taxable gain on the disposal of the leasehold building.

As a result, the profit after income tax attributable to the shareholders of the Company amounted to \$1.6 million.

Cash Flows

The Group received \$2.5 million from the sale of its leasehold building. After the payment for capital expenditure of \$0.9 million and partial payment for acquisition of subsidiary of \$2.2 million, the Group cash balance stood at \$5.2 million as at 30 June 2008.

Working Capital, Assets and Liabilities

1. The decrease in property, plant and equipment to \$12.7 million was mainly due to depreciation expense and disposal of leasehold building offset by additions of machinery and equipment of about \$0.9 million.
2. The decrease in deferred tax asset was mainly due to reversal of timing differences.
3. The increase in the allowance for stock obsolescence and shrinkage was due to reduced demand for products manufactured for specified customers.
4. The increase in amount due to a related party was related to balances resulting from arms length purchase transactions made with the related party.
5. The decrease in trade and other payables and amount due to a director was due to repayments made during the financial period.
6. The increase in loans and borrowings was taken up to finance working capital purpose arising from the increase in production volume.

Statement Pursuant to SGX Listing Rule 705(4) of the Listing Manual

The Directors confirmed that to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which render the first half financial results of the Company and of the Group for the financial period ended 30 June 2008 to be materially false or misleading.

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

With reference to "Full Year Financial Statements for the Financial Year Ended 31 December 2007" that was made on 26 February 2008, the financial results of the current financial period have been consistent with the commentaries made.

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 slowdown in the global economy, rising oil and raw material prices and increasing competition in the electronics industry continued to pose challenges to the Group's revenue and operation margin.

In 2007, the Group consolidated its manufacturing facilities in Malaysia and acquired CRL Components (S) Pte Ltd to expand its distribution networks and product lines. As part of the Group's planned expansion, we increased production capacity and achieved higher revenue and profitability in the first half of the year.

Moving ahead, the Group will continue to focus on operational performance and strengthening of customers relationship to achieve the next level of growth.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No interim dividend for the financial period ended 30 June 2008 is recommended.

(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 interim dividend for the financial period ended 30 June 2008 is recommended.

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

Not applicable.

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

Not applicable.

15 A breakdown of sales as follows:-

Not applicable.

16 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

Not applicable.

BY ORDER OF THE BOARD

Tan Swee Gek
Company Secretary

14 August 2008