

Full Year Financial Statements for the Financial Year Ended 31 December 2007

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

	Financial Year Ended on 31 Dec		
	2007 S\$'000	2006 S\$'000	Change %
Revenue	33,041	39,563	(16.5)
Cost of sales	(30,319)	(31,036)	(2.3)
Gross profit	2,722	8,527	(68.1)
Other expense	(658)	(23)	n.m.
Selling expense	(3,247)	(2,869)	13.2
General and administrative expense	(2,507)	(2,233)	12.3
(Loss) / profit before foreign exchange differences, interest and tax	(3,690)	3,402	n.m.
Foreign exchange gain / (loss), net	90	(223)	n.m.
Interest income	70	70	0.0
Interest expense	(60)	-	n.m.
(Loss) / profit before income tax	(3,590)	3,249	n.m.
Income tax	609	(619)	n.m.
(Loss) / profit after income tax	(2,981)	2,630	n.m.
(Loss) / profit after income tax attributable to:			
- Equity holders of the Company	(2,853)	2,665	n.m.
- Minority interests	(128)	(35)	n.m.
	(2,981)	2,630	n.m.
(Losses) / earnings before depreciation, interest, tax and amortisation ("EBDITA")	(420)	6,612	n.m.

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

	Financial Year Ended on 31 Dec	
	2007	2006
(1) Financial Indicators / Ratios		
Gross profit margin	8.2%	21.6%
EBDITA margin	-1.3%	16.7%
(Loss) / Profit before forex, interest and tax margin	-11.2%	8.6%
(Loss) / Profit before income tax margin	-10.9%	8.2%
(Loss) / Profit after income tax margin	-8.6%	6.7%
Return on equity	-11.5%	9.3%
Return on assets	-5.7%	7.3%
(2) Profit before tax is stated after charging / (crediting) :-	\$'000	\$'000
Other income including interest income ¹	(291)	(114)
Interest on borrowings	60	-
Depreciation and amortisation	3,180	3,433
Allowance for doubtful debts and bad debts written off	150	-
Allowance / (Write back) for stock obsolescence and shrinkage	1,373	(378)
(Gain) / Loss on disposal of property, plant and equipment	(1)	66
<i>1. The other income includes interest income and sales of scraps (solder & silver).</i>		
(3) Income Tax		
Under / (over) provision of income tax in respect of prior financial years :-		
- Current income tax	(58)	(1)
- Deferred income tax	(6)	3

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>31-Dec-07</u>	<u>31-Dec-06</u>	<u>31-Dec-07</u>	<u>31-Dec-06</u>
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Non-current assets</u>				
Property, plant and equipment	13,384	13,734	-	-
Goodwill	4,265	-	-	-
Investment in subsidiary companies	-	-	25,438	16,502
Loans to subsidiary companies	-	-	2,160	2,393
Deferred income tax assets	876	974	-	-
	<u>18,525</u>	<u>14,708</u>	<u>27,598</u>	<u>18,895</u>
<u>Current assets</u>				
Stocks	12,556	9,252	-	-
Debtors	11,881	7,714	-	-
Prepaid operating expenses	116	110	2	4
Tax recoverable	28	65	-	-
Due from subsidiary companies	-	-	600	1,244
Due from related parties (trade)	491	-	-	-
Cash and cash equivalents	6,192	4,778	113	163
	<u>31,264</u>	<u>21,919</u>	<u>715</u>	<u>1,411</u>
Assets held for sale	<u>725</u>			
	<u>31,989</u>	<u>21,919</u>	<u>715</u>	<u>1,411</u>
<u>Current liabilities</u>				
Loans and borrowings	1,677	-	-	-
Creditors	11,092	5,669	562	521
Due to directors (non-trade)	8,800	-	8,800	-
Due to related parties (trade)	1,644	572	-	-
Provision for income tax	417	766	98	4
	<u>23,630</u>	<u>7,007</u>	<u>9,460</u>	<u>525</u>
Net current assets / (liabilities)	8,359	14,912	(8,745)	886
<u>Non-current liabilities</u>				
Deferred income tax liabilities	5	786	-	-
Loans and borrowings	1,987	-	-	-
	<u>1,992</u>	<u>786</u>	<u>-</u>	<u>-</u>
Net assets	24,892	28,834	18,853	19,781
<u>Equity</u>				
Share capital	21,310	21,310	21,310	21,310
Reserves	3,561	7,413	(2,457)	(1,529)
	<u>24,871</u>	<u>28,723</u>	<u>18,853</u>	<u>19,781</u>
Minority interests	21	111	-	-
Total equity	24,892	28,834	18,853	19,781

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

	<u>As at 31-Dec-07</u>		<u>As at 31-Dec-06</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	1,677	-	-	-
- Amount repayable after one year	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

	Financial Year Ended on 31 Dec	
	2007	2006
	S\$'000	S\$'000
Cash flows from operating activities :		
Loss / (profit) before income tax	(3,590)	3,249
Adjustments for:		
Interest income	(70)	(70)
Interest expense	60	-
Depreciation of property, plant and equipment	3,180	3,433
(Gain) / Loss on disposal of property, plant and equipment	(1)	66
Net exchange adjustment	(841)	161
Cost of share-based payment	-	2
Allowance for stock obsolescence and shrinkage	1,373	(378)
	<u>3,701</u>	<u>3,214</u>
Operating income before reinvestment in working capital	111	6,463
Increase in stocks	(1,632)	(2,082)
Decrease / (Increase) in debtors	733	(706)
Decrease in amount due from related parties	(491)	-
Increase in creditors	3,760	154
(Decrease) / Increase in amount due to related parties	(414)	571
Cash generated from operations	2,067	4,400
Interest income	70	70
Interest expense	(60)	-
Income taxes paid, net of refund	(688)	(793)
Net cash provided by operating activities	1,389	3,677
Cash flows from investing activities :		
Purchase of property, plant and equipment	(4,712)	(2,341)
Net cash inflow on acquisition of subsidiary co	2,115	-
Proceeds from disposal of property, plant and equipment	56	199
Net cash used in investing activities	(2,541)	(2,142)
Cash flows from financing activities :		
Proceed from loans and borrowings	2,681	-
Repayment of loans and borrowings	(102)	-
Net cash from financing activities	2,579	-
Net increase in cash and cash equivalents	1,427	1,535
Cash and cash equivalents at beginning of financial year	4,778	3,428
Effects of exchange rate changes on opening cash and cash equivalents	(13)	(185)
Cash and cash equivalents at end of financial year	6,192	4,778

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

GROUP	Attributable to equity holders of the Company						Minority Interest	Total Equity
	Share Capital	Share Premium Reserve	Share Option Reserve	Foreign Currency	Revenue Reserve	Total Reserve		
				Translation Reserve				
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Balance at 1 January 2006, previously reported	20,915	395	190	(574)	5,316	5,327	158	26,400
Net profit for the year	-	-	-	-	2,665	2,665	(35)	2,630
Net effect of exchange differences	-	-	-	(186)	-	(186)	(12)	(198)
Total recognised income and expenses for the year	-	-	-	(186)	2,665	2,479	(47)	2,432
Cost of share-based payments	-	-	2	-	-	2	-	2
Transfer of share premium to share capital account	395	(395)	-	-	-	(395)	-	-
Balance at 31 December 2006	21,310	-	192	(760)	7,981	7,413	111	28,834
Balance at 1 January 2007	21,310	-	192	(760)	7,981	7,413	111	28,834
Net loss for the year	-	-	-	-	(2,853)	(2,853)	(128)	(2,981)
Net effect of exchange differences	-	-	-	(999)	-	(999)	38	(961)
Total recognised income and expenses for the year	-	-	-	(999)	(2,853)	(3,852)	(90)	(3,942)
Balance at 31 December 2007	21,310	-	192	(1,759)	5,128	3,561	21	24,892

COMPANY	Share Capital	Share Premium Reserve	Share Option Reserve	Revenue Reserve	Total Reserve	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
	Balance at 1 January 2006	20,915	395	190	209	794
Net loss for the year	-	-	-	(1,930)	(1,930)	(1,930)
Cost of share-based payments	-	-	2	-	2	2
Transfer of share premium to share capital account	395	(395)	-	-	(395)	-
Balance at 31 December 2006	21,310	-	192	(1,721)	(1,529)	19,781
Balance at 1 January 2007	21,310	-	192	(1,721)	(1,529)	19,781
Net loss for the year	-	-	-	(928)	(928)	(928)
Balance at 31 December 2007	21,310	-	192	(2,649)	(2,457)	18,853

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 year under review.

As at the end of FY2007, options granted under the Executive's Share Option Scheme (after adjusting for staff resignation) which have yet to be exercised amount to 474,000 (FY2006: 802,000).

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 .

Total number of issued shares as at the end of the current financial year is 174,288,402 (2006 : 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.

Not applicable.

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 2006, except for the adoption of FRS 107 and amendment to FRS 1 (revised).

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

The Group adopted FRS 107, Financial Instruments: Disclosures and amendment to FRS 1 (revised), Presentation of financial statements (Capital Disclosures) on 1 January 2007. FRS 107 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to FRS 1 requires the Group to make new disclosures to enable users of the financial statements to evaluate the Company's objectives, policies and processes for managing capital. Other than the above, the Group has applied the same accounting policies and methods of computation in the financial statements for the financial year ended 31 December 2007 as compared with the audited financial statements as at 31 December 2006.

The adoption of FRS 107 and amendment to FRS 1 (revised) did not result in any significant impact to the results on the opening reserve of the Group.

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

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

	Financial Year Ended on 31 Dec	
	2007	2006
	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
(Loss) / Earnings per ordinary share (Basic)	(1.64)	1.53

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

	Financial Year Ended on 31 Dec	
	2007	2006
	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
(Loss) / Earnings per ordinary share (Diluted)	(1.64)	1.53

474,000 (2006 : 802,000) 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	
	2007	2006	2007	2006
	Cents	Cents	Cents	Cents
Net asset value per ordinary share	14.27	16.48	10.82	11.35

Net asset value per ordinary share was computed based on the share capital of 174,288,402 (2006 : 174,288,402) ordinary shares as at the end of the relevant financial year.

- 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 year ended on 31 December 2007 ("FY2007"), the Group revenue decreased by 16.5% to \$33.0 million as compared to \$39.6 million recorded in the last financial year ("FY2006"). The reduction in Group revenue of \$6.5 million was due to the reduction in the turnover from the manufacturing and sale of resistors. The turnover contribution ratio of the revenue from the manufacturing and sale of resistors ("**Manufacturing**") to distribution of related electronic components ("**Distribution**") for FY2007 was 91:9 (FY2006: 93:7).

The Group's turnover from Manufacturing activities decreased mainly due to lower sales demand from Europe / USA / Korea and Malaysia market and the continuing erosion in average selling price ("**ASP**") of resistors, which is inherent in the resistor manufacturing industry.

Although the turnover from Distribution activities increased by 6% in FY2007, Distribution business remains a supporting activity undertaken by the Group, as it is not viable for the Group to adopt a stocking position due to the high risk of obsolescence.

The decrease in gross profit was mainly due to erosion in ASP; lower sales demand and stocks having to be written off due to changes in the specification requirements of customers.

The operating expenses which include selling; general and administrative and other expenses had increased by 25% mainly due to severance payout (S\$0.88m) when consolidating all its manufacturing activities under one roof in Senai and the continuing rising cost of business operations (eg : staff costs and freight charges).

The tax credit in current year mainly arises from the tax loss incurred during the year by a significant subsidiary.

Cash Flows

The Group's operations continue to generate positive cash flows of \$2.1 million in FY2007. After the payment for capital expenditure of \$4.7 million and taxes of \$0.7 million, the Group's net cash & cash equivalents stood at \$6.2 million as at 31 December 2007.

Working Capital, Assets or Liabilities

- a) The increase in property, plant and equipment and assets held for sale by \$0.4 million (or 3%) was mainly due to additions of building extension cost in Senai and purchases of machinery and equipment of about \$3.6 million offset by depreciation expense for the financial year of \$3.2 million. The addition of machinery and equipment is to enable the Group to increase its production capacity so as to further improve its sales performance.
- b) The Group acquired a 100% wholly owned subsidiary, CRL Components (S) Pte Ltd on 21st December 2007. Goodwill provisionally determined, represents the excess of the cost of an acquisition of subsidiary over the provisional fair value at the date of acquisition of the subsidiary's identifiable net assets. The approved 3rd party valuer will finalize the valuation report before the next financial year end and adjustments will be made to the fair value in accordance with FRS 103.
- c) The decrease in investment in subsidiary companies and loans to subsidiary companies was due to provision for impairment made in accordance with FRS 36 Impairment of Assets.
- d) The increase in stocks by \$3.3 million (or 36%) was in line with the inclusion of a newly acquired subsidiary in the Group.

The increase in the allowance for stock obsolescence and shrinkage was due to reduce demand for products produced for specified customers.

The analysis of stocks balance is as follows :-

	As at 31-Dec-07 S\$'000	As at 31-Dec-06 S\$'000
Stocks	14,170	9,497
Less: Allowance for stock obsolescence and shrinkage	(1,614)	(245)
	<hr/> 12,556	<hr/> 9,252
Allowance as a percentage of stocks	11.4%	2.6%

- e) The increase in debtors and creditors were in line with the inclusion of a newly acquired subsidiary.
- f) Amounts due to director of \$8.8m, relate to purchase consideration payable for the purchase of CRL Components (S) Pte Ltd (100% wholly owned subsidiary), which is due in the second quarter of 2008.
- g) The amounts due from / to related parties were related to balances resulting from arms length sales / purchases transactions made with the related parties.
- h) The increase in loans and borrowings were related to banking facilities granted for the extension of factory buildings and purchase of machinery for the company's manufacturing activities in Malaysia.

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

The financial results of the current financial year have been consistent with the commentaries made in the "Profit Warning Financial Year Ended 31 December 2007 Announcement" that was made on 10 January 2008.

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

Barring risk of any slowdown in global demand resulting from any further negative development in world market conditions, existing customer orders are expected to continue in 2008.

The Group will continue its conscientious efforts to monitor and review its market and product focus, therefrom implement appropriate strategy to react to the market condition to further improve its financial performance.

11 Dividend

(a) Dividend Declared (Recommended) For The Current Financial Period Reported On (i.e. for the Financial Year 2007)

None.

(b) Dividend Declared For The Corresponding Period Of The Immediately Preceding Financial Year (i.e. for the Financial Year 2006)

None.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) Date payable

Not applicable.

(e) Books closure date

Not applicable.

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

No dividend has been declared or proposed to be declared for the financial year 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

(a) Segmental Results By Activity

	<u>Manufacturing</u>	<u>Distribution</u>	<u>Corporate & Others</u>	<u>Consolidated</u>
<u>2007</u>	S\$'000	S\$'000	S\$'000	S\$'000
Sales of goods to external customers	30,053	2,974	-	33,027
Commission income	-	14	-	14
Revenue	30,053	2,988	-	33,041
(Loss)/Profit before foreign exchange differences, interest and tax ("L/PBFIT")	(3,933)	473	(230)	(3,690)
Foreign exchange gain				90
Interest income				70
Interest expense				(60)
Loss before income tax				(3,590)
Income tax				609
Loss after tax				(2,981)
Minority interests				128
Net loss attributable to equity holders				(2,853)

	<u>Manufacturing</u>	<u>Distribution</u>	<u>Corporate & Others</u>	<u>Consolidated</u>
<u>2006</u>	S\$'000	S\$'000	S\$'000	S\$'000
Sales of goods to external customers	36,755	2,786	-	39,541
Commission income	-	22	-	22
Revenue	36,755	2,808	-	39,563
Profit / (loss) before foreign exchange differences, interest and tax ("P/(L)BFIT")	3,210	260	(68)	3,402
Foreign exchange loss				(223)
Interest income				70
Interest expense				-
Profit before income tax				3,249
Income tax				(619)
Profit after tax				2,630
Minority interests				35
Net profit attributable to equity holders				2,665

(b) Revenue By Geographical Area

	2007		2006		Change
	S\$'000	% of Total	S\$'000	% of Total	%
Singapore	7,681	23%	7,904	20%	-3%
Malaysia	2,476	7%	3,349	9%	-26%
Korea	202	1%	703	2%	-71%
China / Hong Kong	12,127	37%	9,486	24%	28%
USA	1,984	6%	2,524	6%	-21%
Europe	6,183	19%	14,806	37%	-58%
Rest of World	2,388	7%	791	2%	202%
	<u>33,041</u>	<u>100%</u>	<u>39,563</u>	<u>100%</u>	<u>-16%</u>

Turnover by geographical area is based on geographical location of customers billed to.

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

Reasons for the change in the contributions to turnover by:

- China/Hong Kong: The increase was due to the Group's conscientious effort to grow its turnover in this region.
- Rest of World: The increase was due to new orders from Brazil and India and Taiwan.
- M'sia/Korea/USA/Europe: The decrease was due to reduced demand from customers.

The Group is constantly taking steps to assess its market and product focus, so as to maximize its returns from this turnover.

Please also refer to comments made in item 8 above for further information.

15 A breakdown of revenue as follows:-

	Financial Year Ended		Change
	31-Dec-07	31-Dec-06	
	S\$'000	S\$'000	%
REVENUE			
Turnover / sale of goods			
- Manufacturing activities	30,053	36,755	-18%
- Distribution activities	2,974	2,786	7%
	<u>33,027</u>	<u>39,541</u>	
Commission income	14	22	-36%
	<u>33,041</u>	<u>39,563</u>	-16%

Breakdown of Group Sales as follows:

	Financial Year Ended		Change
	31-Dec-07	31-Dec-06	
	S\$'000	S\$'000	%
Revenue reported for first half year	15,932	19,514	-18%
Operating profit after tax before deducting minority interests reported for first half year	35	1,322	-97%
Revenue reported for second half year	17,109	20,049	-15%
Operating (loss) / profit after tax before deducting minority interests reported for second half year	(3,016)	1,308	-331%

The decrease in profitability between first half of FY2007 and FY2006 was mainly due to the changes in product, customer and geographical market mix for the Manufacturing activities. In addition, lower utilization rate of manufacturing capacity in the first half of FY2007 and higher staff costs (eg: severance pay) and the continuity of erosion in ASP.

The decrease in profitability between first half and second half of FY2007 was mainly due to changes in customer and geographical market mix for the Manufacturing activities. The erosion in ASP was about 19%. Higher selling; general and administrative expenses and stock provision also contributed to the decrease.

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
Joint Company Secretary

28 February 2008