
Full Year Financial Statements for the Financial Year Ended 31 December 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

	Financial Year Ended on 31 Dec		
	2008	2007	Change
	S\$'000	S\$'000	%
Revenue	46,434	33,041	40.5
Cost of sales	(41,216)	(30,319)	35.9
Gross profit	5,218	2,722	91.7
Other items of income			
Interest income	48	70	(31.4)
Other income	2,371	222	nm
Other items of expense			
Selling expenses	(4,366)	(3,247)	34.5
General and administrative expenses	(2,353)	(2,507)	(6.1)
Foreign exchange (loss)/gain, net	(234)	90	nm
Finance costs	(212)	(60)	nm
Other expenses	(256)	(880)	(70.9)
Profit/(loss) before income tax	216	(3,590)	nm
Income tax (expense) / benefit	(61)	609	nm
Profit/(loss) net of tax	155	(2,981)	nm
Attributable to:			
Equity holders of the Company	176	(2,853)	nm
Minority interests	(21)	(128)	(83.6)
	155	(2,981)	nm
Earnings/(losses) before depreciation, interest, tax and amortisation ("EBDITA")	2,875	(420)	nm

nm : not meaningful

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

	Financial Year Ended on 31 Dec	
	2008	2007
(1) Financial Indicators / Ratios		
Gross profit margin	11.2%	8.2%
EBDITA margin	6.2%	-1.3%
Profit /(loss) before forex, interest and tax margin	1.3%	-11.2%
Profit / (loss) before income tax margin	0.5%	-10.9%
Profit / (loss) after income tax margin	0.4%	-8.6%
Return on equity	0.7%	-11.5%
Return on assets	0.4%	-5.6%

(2) Profit before tax is stated after charging / (crediting) :-	\$'000	\$'000
Other income including interest income ¹	(699)	(291)
Interest on borrowings	212	60
Depreciation and amortisation	2,495	3,180
(Write back) / allowance for doubtful debts and bad debts written off	(7)	150
Allowance for stock obsolescence and shrinkage	803	1,373
Gain on disposal of property, plant and equipment	(1,720)	(1)

1. The other income includes interest income ,sales of scraps (solder & silver) and sales of returned resistors.

(3) Income Tax	\$'000	\$'000
Over provision of income tax in respect of prior financial years :-		
- Current income tax	(55)	(58)
- Deferred income tax	-	(6)

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-08</u> S\$'000	<u>31-Dec-07</u> S\$'000	<u>31-Dec-08</u> S\$'000	<u>31-Dec-07</u> S\$'000
<u>Non-current assets</u>		(Restated)		
Property, plant and equipment	11,754	13,384	-	-
Intangible assets (Goodwill)	2,409	2,409	-	-
Intangible assets (Customer Relationship)	1,827	2,088	-	-
Investment in subsidiaries	-	-	25,251	25,438
Loans to subsidiaries	-	-	2,173	2,160
Deferred income tax assets	1,025	876	-	-
	<u>17,015</u>	<u>18,757</u>	<u>27,424</u>	<u>27,598</u>
<u>Current assets</u>				
Stocks	13,006	12,731	-	-
Trade and other receivables	9,240	11,881	-	-
Prepaid operating expenses	138	116	2	2
Tax recoverable	44	28	-	-
Due from subsidiaries	-	-	-	600
Due from related parties (trade)	-	491	-	-
Cash and cash equivalents	3,607	6,511	147	113
	<u>26,035</u>	<u>31,758</u>	<u>149</u>	<u>715</u>
Assets held for sale	-	725	-	-
	<u>26,035</u>	<u>32,483</u>	<u>149</u>	<u>715</u>
<u>Current liabilities</u>				
Loans and borrowings	2,947	1,996	-	-
Trade and other payables	5,507	11,092	582	562
Due to directors (non-trade)	4,812	8,800	4,812	8,800
Due to subsidiaries (non-trade)	-	-	1,968	-
Due to related parties (trade)	1,513	1,644	-	-
Provision for income tax	266	417	14	98
	<u>15,045</u>	<u>23,949</u>	<u>7,376</u>	<u>9,460</u>
Net current assets	10,990	8,534	(7,227)	(8,745)
<u>Non-current liabilities</u>				
Deferred income tax liabilities	347	412	-	-
Loans and borrowings	1,161	1,987	-	-
	<u>1,508</u>	<u>2,399</u>	<u>-</u>	<u>-</u>
Net assets	26,497	24,892	20,197	18,853
<u>Equity</u>				
Share capital	23,147	21,310	23,147	21,310
Reserves	3,350	3,561	(2,950)	(2,457)
	<u>26,497</u>	<u>24,871</u>	<u>20,197</u>	<u>18,853</u>
Minority interests	-	21	-	-
Total equity	26,497	24,892	20,197	18,853

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

	<u>As at 31-Dec-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	2,947	-	1,677	-
- Amount repayable after one year	1,161	-	1,987	-

Details of any collateral

The above borrowings are secured by corporate guarantees by the Company to the financial institutions.

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

	<u>Financial Year Ended on 31 Dec</u>	
	<u>2008</u> S\$'000	<u>2007</u> S\$'000
Cash flows from operating activities :		
Profit/(loss) before income tax	216	(3,590)
Adjustments for:		
Interest income	(48)	(70)
Finance costs	212	60
Depreciation of property, plant and equipment	2,234	3,223
Gain on disposal of property, plant and equipment	(1,720)	(1)
Impairment loss on property, plant and equipment	234	-
Amortisation of intangible assets	261	-
Provision for stock obsolescence and shrinkage	803	1,373
Net exchange adjustment	97	(884)
	<u>2,073</u>	<u>3,701</u>
Operating income before reinvestment in working capital	2,289	111

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

	Financial Year Ended on 31 Dec	
	2008	2007
	S\$'000	S\$'000
Increase in stocks	(1,077)	(1,632)
Decrease in trade and other receivables	2,619	733
Increase / (Decrease) in amount due from related parties	491	(491)
(Decrease) / Increase in trade and other payables	(5,563)	3,760
Decrease in amount due to related parties	(131)	(414)
Cash (used in) / generated from operations	(1,372)	2,067
Interest income	48	70
Finance costs	(212)	(60)
Income taxes paid, net of refund	(489)	(688)
Net cash (used in) / generated from operations	(2,025)	1,389
Cash flows from investing activities :		
Purchase of property, plant and equipment	(1,328)	(4,712)
Net cash inflow on acquisition of subsidiary company	-	2,115
Payment to directors	(2,150)	-
Proceeds from disposal of property, plant and equipment	2,501	56
Net cash used in investing activities	(977)	(2,541)
Cash flows from financing activities :		
Proceeds from loans and borrowings	2,132	2,681
Repayment of loans and borrowings	(1,688)	(102)
Net cash from financing activities	444	2,579
Net (decrease) / increase in cash and cash equivalents	(2,558)	1,427
Cash and cash equivalents at beginning of financial year	6,192	4,778
Effects of exchange rate changes on opening cash and cash equivalents	(27)	(13)
Cash and cash equivalents at end of financial year	3,607	6,192

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 Translation Reserve	Revenue Reserve	Total Reserve		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Balance at 1 January 2007, previously reported	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
Balance at 1 January 2008	21,310	-	192	(1,759)	5,128	3,561	21	24,892
Net profit for the year	-	-	-	-	176	176	(21)	155
Net effect of exchange differences	-	-	-	(387)	-	(387)	-	(387)
Total recognised income and expenses for the year	-	-	-	(387)	176	(211)	(21)	(232)
Exercise of the Put Option	1,837	-	-	-	-	-	-	1,837
Balance at 31 December 2008	23,147	-	192	(2,146)	5,304	3,350	-	26,497

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 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
Balance at 1 January 2008	21,310	-	192	(2,649)	(2,457)	18,853
Exercise of the Put Option	1,837	-	-	-	-	1,837
Net loss for the year	-	-	-	(493)	(493)	(493)
Balance at 31 December 2008	23,147	-	192	(3,142)	(2,950)	20,197

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

In October 2008, the Company issued 6,126,280 shares under a put option to Executive Directors.

	No. of ordinary shares (in thousands)	S\$'000
Issued and paid up capital :-		
Balance at 1 January 2008	174,288	21,310
Issue of ordinary shares by exercise of the Put Option	6,126	1,837
	<hr/>	<hr/>
Balance at 31 December 2008	180,414	23,147

There were no share options outstanding as at 31 December 2008 (2007: 474,000). All share options have expired on 5 October 2008.

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>31 Dec 08</u>	<u>31 Dec 07</u>
Number of issued shares excluding Treasury shares	180,414,682	174,288,402

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

There was no treasury share held by the Company during current financial year 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

	Financial Year Ended on 31 Dec	
	2008	2007
Net profit / (loss) attributable to equity holders (S\$'000)	176	(2,853)
<u>Number of shares (in thousands)</u>		
Shares outstanding at beginning of the year	174,288	174,288
Issue of shares under the Put Option	6,126	-
Weighted average number of ordinary shares for the calculation of basic earnings per share	180,414	174,288
Effect of dilutive securities:		
Share options	-	40
Weighted average number of ordinary shares for the calculation of dilutive earnings per share	180,414	174,328
<u>Earnings per share (cents)</u>		
Basic	0.10	-1.64
Diluted	0.10	-1.64

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	
	2008 Cents	2007 Cents	2008 Cents	2007 Cents
Net asset value per ordinary share	14.69	14.27	11.20	10.82

Net assets backing per share for as at 31 December 2008 is computed based on 180,414,682 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 year ended on 31 December 2008 ("FY2008"), the Group revenue increased by 41% to \$46.4 million as compared to \$33.0 million recorded in the corresponding period of the last financial year ("FY2007"). Turnover contribution ratio from manufacturing and distribution activities was 64:36 composition in FY2008, compared to 91:9 ratio in FY2007. 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 electronics components.

The Group's turnover from Manufacturing activities was marginally the same as corresponding period of FY2007. In the 1H 08 announcement, we noted an increase in shipment volume by 47% as compared to 1H 07. But due to global economic downturn in 2H 08, we experienced a much lower sales from Manufacturing activities as compared to corresponding period in 2H 07.

The Group's turnover from Distribution activities increased significantly to \$16.6 million in FY2008 due to the inclusion of CRL's sales. This is in line with the Group's plan to balance its Manufacturing and Distribution businesses.

The increase in gross profit margin of about 3.0% was mainly due to better product mix. However the increase was offset by the continuing erosion in average selling price ("ASP") of resistors and higher cost of materials.

The increase in other income of \$2.1 million was mainly attributed to the gain on disposal of the Group's leasehold building at Penjuru Lane. Whereas the significant drop in the Other expenses was mainly due to an one-off expense on severance pay in FY2007.

The selling expenses had increased by 35%, mainly due to the inclusion of CRL's selling cost and higher freight costs as a result of the increase in fuel surcharge.

Tax expense incurred for the year mainly arose from under provision in prior years. Tax credit in 2007 was mainly due to recognition of deferred tax assets on tax loss incurred by a subsidiary.

Cash Flows

The Group received \$2.5 million from the sale of its leasehold building. After the payment for capital expenditure of \$1.3 million, partial payback on amount due to directors of \$2.2 million and payment to trade creditors, the Group cash balance stood at \$3.6 million as at 31 December 2008.

Working Capital, Assets or Liabilities

1. The decrease in Property, plant and equipment was mainly due to depreciation expense, write down on ASJ Shenzhen's plant and equipment and disposal of leasehold building, partially offset by additions of machinery and equipment of about \$1.3 million.
2. The decrease in Cash and cash equivalent, Creditors and Due to Directors were due to repayments made during the year.
3. The Company has exercised a put option to require the Executive Directors to purchase 6,126,280 shares @ S\$0.30 share. This amount was offset against the amount due to the directors.
4. Upon completion of the initial accounting for the acquisition of CRL Components (S) Pte Ltd, retrospective adjustments were made to recognize customer relationship as an intangible asset. Fair value adjustments were also made to inventory and deferred tax liabilities. During the year, an amount of \$261,000 was recorded on amortization of customer relationship.

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

Not applicable.

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 current downturn resulted in 2008 being a challenging year for the Group. The downturn in major economies is likely to continue throughout 2009 and economic recovery is uncertain. Actions have been taken to address the challenging environment and these include tight monitoring of stock levels and other cost saving measures. Management expects revenue to be weak and the operating results to be affected.

11 Dividend

(a) *Current Financial Period Reported On (ie. For the Financial Year 2008)*

Any dividend declared for the current financial period reported on?

None.

(b) *Corresponding Period of the Immediately Preceding Financial Year*

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

None.

(c) *Date payable*

Not applicable.

(d) *Books closure date*

Not applicable.

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

No dividend has been declared or 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

SEGMENTAL RESULTS BY ACTIVITY

	<u>Manufacturing</u> S\$'000	<u>Distribution</u> S\$'000	<u>Corporate & Others</u> S\$'000	<u>Consolidated</u> S\$'000
2008				
Sales of goods to external customers	29,884	16,550	-	46,434
Revenue	29,884	16,550	-	46,434
Profit/(loss) before foreign exchange differences, interest and tax ("PBFIT")	904 *	20	(310)	614
Foreign exchange loss				(234)
Interest income				48
Interest expense				(212)
Profit before income tax				216
Income tax				(61)
Profit after tax				155
Minority interests				21
Net profit attributable to equity holders				176

* includes the gain on disposal of the Group's leasehold building.

	<u>Manufacturing</u> S\$'000	<u>Distribution</u> S\$'000	<u>Corporate & Others</u> S\$'000	<u>Consolidated</u> S\$'000
2007				
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 ("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)

REVENUE BY GEOGRAPHICAL AREA

	2008		2007		Change
	S\$'000	% of Total	S\$'000	% of Total	%
Singapore	15,230	33%	7,681	23%	98%
Malaysia	6,455	14%	2,476	7%	161%
Thailand	5,173	11%	1,930	6%	168%
Philippines	554	1%	4	0%	nm
China / Hong Kong	10,978	24%	12,127	37%	-9%
USA	1,571	3%	1,984	6%	-21%
Europe	5,708	12%	6,183	19%	-8%
Rest of World	765	2%	656	2%	17%
	<u>46,434</u>	<u>100%</u>	<u>33,041</u>	<u>100%</u>	<u>41%</u>

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

The Group's distribution business improved significantly as it acquired CRL Components (S) Pte Ltd on 21 December 2007, the entity contribution to revenue was only reflected in FY2008.

15 A breakdown of sales as follows:-

	Financial Year Ended on 31 Dec		
	2008	2007	Change
	S\$'000	S\$'000	%
REVENUE			
Turnover / sale of goods			
- Manufacturing activities	29,884	30,053	-1%
- Distribution activities	16,550	2,974	nm
	<u>46,434</u>	<u>33,027</u>	
Commission income	-	14	-100%
	<u>46,434</u>	<u>33,041</u>	41%

Breakdown of Group Sales as follows:

	Financial Year Ended on 31 Dec		
	2008	2007	Change
	S\$'000	S\$'000	%
Revenue reported for first half year	24,989	15,932	57%
Operating profit after tax before deducting minority interests reported for first half year	1,601	35	nm
Revenue reported for second half year	21,445	17,109	25%
Operating loss after tax before deducting minority interests reported for second half year	-1,446	-3,016	-52%

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

25 February 2009