
Half Year Financial Statements for the Financial Period Ended 30/06/2007

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

	Half Year Ended on 30 June		
	2007	2006	Change
	S\$'000	S\$'000	%
Revenue	15,932	19,514	(18.4)
Cost of sales	(13,137)	(15,179)	(13.5)
Gross profit	2,795	4,335	(35.5)
Other income	119	7	n.m.
Other expenses	(594)	(7)	n.m.
Selling expenses	(1,535)	(1,375)	11.6
General and administrative expenses	(1,094)	(1,095)	-
Profit before foreign exchange differences, interest and tax ("PBFIT")	(309)	1,865	(116.6)
Foreign exchange gain / (loss), net	59	(215)	n.m.
Interest income	50	25	100.0
Interest expense	-	-	-
(Loss) / Profit before income tax	(200)	1,675	(111.9)
Income tax	235	(353)	n.m.
Profit after income tax	35	1,322	(97.4)
Profit after income tax attributable to:			
- Shareholders of the Company	76	1,355	(94.4)
- Minority interest	(41)	(33)	24.2
	35	1,322	(97.4)
Earnings before depreciation, interest, tax and amortisation ("EBDITA")	1,334	3,463	(61.5)

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

	Half Year Ended on 30 June	
	2007	2006
(1) Financial Indicators / Ratios		
Gross profit margin	17.5%	22.2%
EBDITA margin	8.4%	17.7%
Profit before forex, interest and tax margin	-1.9%	9.6%
Profit before income tax margin	-1.3%	8.6%
Profit after income tax margin	0.5%	6.9%

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

	Half Year Ended on 30 June	
	2007	2006
	S\$'000	S\$'000
Other income including interest income	(169)	(32)
Interest on borrowings	-	-
Depreciation and amortisation	1,584	1,813
Allowance for doubtful debts and bad debts written off	-	-
(Write-back) / Allowance for stock obsolescence and shrinkage	(37)	1
Loss on disposal of property, plant and equipment	2	7

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-07</u>	<u>31-Dec-06</u>	<u>30-Jun-07</u>	<u>31-Dec-06</u>
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Non-current assets</u>				
Property, plant and equipment	13,657	13,734	-	-
Investment in subsidiary companies	-	-	16,502	16,502
Loans to subsidiary companies	-	-	2,360	2,393
Deferred income tax assets	996	974	-	-
	<u>14,653</u>	<u>14,708</u>	<u>18,862</u>	<u>18,895</u>
<u>Current assets</u>				
Stocks	12,369	9,252	-	-
Debtors	6,773	7,714	3	-
Prepaid operating expenses	-	110	-	4
Tax recoverable	-	65	-	-
Due from subsidiary companies	-	-	1,166	1,244
Cash and cash equivalents	1,908	4,778	239	163
	<u>21,050</u>	<u>21,919</u>	<u>1,408</u>	<u>1,411</u>
<u>Current liabilities</u>				
Creditors	5,022	5,669	518	521
Interest-bearing loans and borrowings	149	-	-	-
Due to a related party (trade)	246	572	-	-
Provision for income tax	724	766	1	4
	<u>6,141</u>	<u>7,007</u>	<u>519</u>	<u>525</u>
Net current assets	14,909	14,912	889	886
<u>Non-current liabilities</u>				
Interest-bearing loans and borrowings	365	-	-	-
Deferred income tax liabilities	97	786	-	-
	<u>462</u>	<u>786</u>	<u>-</u>	<u>-</u>
Net assets	29,100	28,834	19,751	19,781
<u>Equity attributable to equity holders of the Company</u>				
Share capital	21,310	21,310	21,310	21,310
Reserves	7,719	7,413	(1,559)	(1,529)
	<u>29,029</u>	<u>28,723</u>	<u>19,751</u>	<u>19,781</u>
Minority interest	71	111	-	-
Total equity	29,100	28,834	19,751	19,781

Analysis of balance sheet

1. During the financial period under review, the Group had ceased its manufacturing activities in Singapore plant and consolidated all its manufacturing activities in Senai, Malaysia (“**Senai**”). As such:
 - a. there was a building cost incurred for extension to the existing manufacturing plant in Senai of about \$0.7 million. The total cost of the building the extension amounts to about \$1.7 million, which was substantially completed in July 2007;
 - b. the stocks increased by \$3.1 million (or 34%), which was related to the building up of stock buffer in view of its anticipated shift of manufacturing activities.
2. The decrease in property, plant and equipment by \$0.1 million (or 1%) was mainly due to additions of assets as mentioned in item 1(a) above amounted to about \$0.7 million and new purchases of machinery of about \$0.8 million, offset by depreciation expense for the financial period of about \$1.6 million.
3. The decrease in debtors and creditors were in line with the decrease in turnover.
4. The interest-bearing loans and borrowings was taken up to finance machinery and raw material purchases and building cost.
5. The decrease in amount due to a related party (trade) was due to payments being made.
6. The decrease in deferred income tax liabilities was related to the reversal of deferred income tax liabilities in its Singapore subsidiary company following its sale of machineries to Senai.

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

	<u>As at 30-Jun-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
Amount repayable in one year or less, or on demand	149	-	-	-
Amount repayable after one year	365	-	-	-

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**

	Half Year Ended on 30 June	
	2007	2006
	S\$'000	S\$'000
Cash flows from operating activities :		
(Loss) / Profit before income tax	(200)	1,675
Adjustments for:		
Interest income	(50)	(25)
Depreciation of property, plant and equipment	1,584	1,813
Loss on disposal of property, plant and equipment	2	7
Cost of share-based payments	-	1
Net exchange adjustment	(2)	(6)
Operating income before reinvestment in working capital	1,334	3,465
Increase in stocks	(3,117)	(708)
Decrease / (increase) in debtors	1,051	(1,074)
Increase in creditors	28	693
Cash (used in) / generated from operations	(704)	2,376
Interest income	50	25
Income taxes paid, net of refund	(427)	(510)
Net cash (used in) / provided by operating activities	(1,081)	1,891
Cash flows from investing activities :		
Payment of property, plant and equipment	(2,324)	(396)
Proceeds from disposal of property, plant and equipment	1	40
Net cash used in investing activities	(2,323)	(356)
Cash flows from financing activities :		
Proceeds from interest-bearing loans and borrowings	513	-
Net cash provided by financing activities	513	-
Net (decrease) / increase in cash and cash equivalents	(2,891)	1,535
Cash and cash equivalents at beginning of financial period	4,778	3,428
Effects of exchange rate changes on opening cash and cash equivalents	21	(20)
Cash and cash equivalents at end of financial period	1,908	4,943

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	Share Capital	Share Premium Reserve	Share Option Reserve	Foreign Currency Translation Reserve	Revenue Reserve	Total Reserve	Minority Interest	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2006	20,915	395	190	(574)	5,316	4,932	158	26,400
Net profit for the period	-	-	-	-	1,355	1,355	(33)	1,322
Net effect of exchange differences	-	-	-	(173)	-	(173)	(6)	(179)
Cost of share-based payments	-	-	1	-	-	1	-	1
Transfer of share premium to share capital account	395	(395)	-	-	-	-	-	-
Balance at 30 June 2006	21,310	-	191	(747)	6,671	6,115	119	27,544
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

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	399	21,709
Net profit for the period	-	-	-	(194)	(194)	(194)
Cost of share-based payments	-	-	1	-	1	1
Transfer of share premium to share capital account	395	(395)	-	-	-	-
Balance at 30 June 2006	21,310	-	191	15	206	21,516
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

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

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 2007 ("1H2007"), the options granted under the Executive's Share Option Scheme (after adjusting for staff resignation) which have yet to be exercised 730,000 (1H2006: 1,072,000).

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 and INTFRS that are mandatory for the financial year beginning on or after January 2007. 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

	Half Year Ended on 30 June	
	2007	2006
Net profit attributable to shareholders (S\$'000)	76	1,355
<u>Number of shares (in thousands)</u>		
Shares outstanding at beginning of the period	174,288	174,288
Weighted average number of ordinary shares for the calculation of basic earnings per share	174,288	174,288
Effect of dilutive securities:		
Share options	-	5
Weighted average number of ordinary shares for the calculation of dilutive earnings per share	174,288	174,293
<u>Earnings per share (cents)</u>		
Basic	0.04	0.78
Diluted	0.04	0.78

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-07	31-Dec-06	30-Jun-07	31-Dec-06
	Cents	Cents	Cents	Cents
Net asset value per ordinary share	16.66	16.48	11.33	11.35

Net assets backing per share for as at 30 June 2007 is computed based on 174,288,402 shares (2006: 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 2007 ("1H2007"), the Group revenue decreased by 18% to \$15.9 million as compared to \$19.5 million recorded in the corresponding period of the last financial year ("1H2006"). The turnover contribution ratio of the revenue from the manufacturing and sale of resistors ("**Manufacturing**") to distribution of related electronic components ("**Distribution**") for 1H2007 was maintained at 92:8 (1H2006: 93:7).

	Half Year Ended on 30 June		Change %
	2007 S\$'000	2006 S\$'000	
REVENUE			
Turnover / sale of goods			
- Manufacturing activities	14,595	18,139	-20%
- Distribution activities	1,332	1,362	-2%
	<u>15,927</u>	<u>19,501</u>	
Commission income	5	13	-62%
	<u>15,932</u>	<u>19,514</u>	-18%

The Group's turnover from Manufacturing activities reduced mainly due to the decrease in shipment volume by about 18%. There had been an increase in sales to China market by about \$1.5 million (or 38%), while the sales to Europe market reduced by \$4.2 million (or 54%) during the financial period. The average selling price ("**ASP**") to China market is usually lower due to inherent price competition, while the ASP to Europe market is usually higher, both of which had negative impact to the revenue and ASP, thus resulted in the decrease in turnover by 20% and ASP by about 4.5%.

The turnover from Distribution activities remained at about the same level as last year, amounted to about \$1.3 million.

In line with the Group's expansion plan to increase its production capacity, the Group has extended its factory building in Senai, Malaysia ("**Senai**"), which was substantially completed by the end of the first half period. In May 2007, the Group ceased its manufacturing activities in the Singapore plant, to consolidate all manufacturing activities in Senai. With this move, the Group will benefit from lower costs of operations and will be able to maximize machine operational efficiencies; thereby allowing the Group to remain competitive in an ever challenging electronics market.

As such, the Group's profitability had been negatively impacted by production downtime due to the shift of production facilities to Senai, costs of setup of new production line in Senai and costs of shifting of machinery from the Singapore plant to Senai. As a result, the Group registered its gross profit margin at about 17% (1H2006: 22%).

The increase in other income of \$0.1 million was attributed to sales of scrap and the increase in other expenses of \$0.6 million was attributed to the severance pay for the retrenched production workers in the Singapore manufacturing plant.

The selling expenses had increased by 12%, which was mainly due to additional staff costs incurred to strengthen the Group's sales and marketing team, as well as additional freight costs incurred for consignment arrangement with new customer account.

There was a foreign exchange gain this year, mainly because the Japanese Yen had weakened against US dollars by about 4% thus resulted in favourable foreign exchange gains in payments made for Japanese Yen denominated purchases, while the US dollars depreciated by about 1% as compared to the beginning of the financial year.

The Group incurred a net loss before tax of about \$0.2 million during the financial period under review, as compared to a net profit before tax of about \$1.7 million last year.

However, there was a tax benefit recognized during the financial period mainly because of the reversal of deferred income tax liabilities in its Singapore subsidiary company following its sale of machinery to Senai, as well as a tax refund of about \$94,000 for excess tax paid for past year's tax assessment.

As a result, the Group managed to register a marginal net profit after tax of about \$35,000 during the financial period under review.

The Group continues to generate positive cash flow from its operations (before reinvesting in working capital) amounting to about \$1.3 million (1H2006: \$3.5 million), and had paid \$2.3 million for additions of fixed assets, of which \$0.7 million was for the building extension in Senai, and the remaining \$1.6 million was for payment of machinery. The cash balance as at 30 June 2007 amounted to S\$1.9 million.

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 2007 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 2006" that was made on 28 February 2007, and the "Profit Warning for the half year ending 30 June 2007" that was made on 18 May 2007, 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 Group expects the manufacturing activities in Senai to be fully operational by the fourth quarter of this financial year.

On 2 August 2007, the Group announced its plan to purchase 100% of CRL Components (S) Pte Ltd, which is in line with the Group's continuous efforts to expand and grow the Group's business. The acquisition is subject to approval of shareholders of the Company at an extraordinary general meeting, which is to be announced at a later date.

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 2007 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 2007 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

7 August 2007