



**SERIAL SYSTEM LTD**  
新暉科技有限公司

Company Reg No.: 199202071D

(Incorporated in Singapore on 22 April 1992)

**Half-Year Financial Statement And Dividend Announcement for the Period Ended 30 June 2009**

**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.**

	Note	The Group		
		30/06/2009 S\$'000	30/06/2008 S\$'000	
Sales		229,068	258,504	-11%
Cost of sales		(208,459)	(235,561)	-12%
<b>Gross profit</b>		<b>20,609</b>	22,943	-10%
Other operating income	1	1,677	2,599	-35%
Expenses:				
Distribution	2	(9,576)	(11,760)	-19%
Administrative	3	(2,614)	(3,070)	-15%
Finance	4	(559)	(1,102)	-49%
Other	5	(7,430)	(5,586)	33%
<b>Total expenses</b>		<b>(20,179)</b>	(21,518)	-6%
		<b>2,107</b>	4,024	-48%
Share of results of associated companies (after income tax)		(170)	54	-415%
<b>Profit before income tax</b>	6	<b>1,937</b>	4,078	-53%
Income tax expense	7	(703)	(605)	16%
<b>Profit after income tax</b>		<b>1,234</b>	3,473	-64%
<b>Attributable to:</b>				
Equity holders of the Company		1,185	3,138	-62%
Minority interests		49	335	-85%
		<b>1,234</b>	3,473	-64%

## **Notes to income statement**

### **1. Other operating income**

Other operating income decreased by about S\$0.9 million or 35%.

There was reduction in sales commission and service income from about S\$1.8 million for the period ended 30 June 2008 ('1H2008') to about S\$0.6 million for the period ended 30 June 2009 ('1H2009'). This was mainly due to lower sales commission and service income earned by the Group's Korean subsidiaries due to weak global demand for electronic products.

Included in 1H2009 "Operating Income" was a recovery of bad debt amounting to S\$0.6 million (1H2008: Nil). There was no gain from dilution of interest in associated company in 1H2009 (1H2008: S\$0.2 million).

### **2. Distribution expenses**

Distribution expenses decreased by about S\$2.2 million or 19%.

The decrease is mainly due to lower sales commission expense and other sales related costs (freight costs, staff sales incentives etc.), as a result of decrease in Group's sales in 1H2009 as compared with 1H2008.

Decrease in regional expenses in China and staff salaries and related costs as the Group continued to focus on cost effective and efficiency, also contributed to the decrease in distribution expenses.

### **3. Administrative expenses**

Administrative expenses decreased by about S\$0.5 million or 15%.

The decrease is mainly due to lower bank charges as a result of lower utilisation of trade facilities in line with lower sales for the Group in 1H2009 as compared with 1H2008. Conscientious efforts to reduce staff related costs and other administrative expenses also contributed to the decrease in administrative expenses.

### **4. Finance costs**

Finance expenses decreased by about S\$0.5 million or 49% mainly due to lower utilisation of trade facilities in line with lower sales and lower cost of borrowings for the Group in 1H2009 as compared with 1H2008.

### **5. Other operating expenses**

Other operating expenses increased by about S\$1.8 million or 33%.

The increase is mainly due to higher allowance for trade receivables and inventories. Allowance for trade receivables amounted to about S\$1.5 million in 1H2009 (1H2008: S\$0.3 million). The Group recorded an allowance for inventories obsolescence of S\$0.7 million in 1H2009 as compared to a write-back of allowance for inventories obsolescence of about S\$0.2 million in 1H2008.

## 6. Profit before income tax

	The Group		%
	30/06/2009	30/06/2008	
	S\$'000	S\$'000	
Profit from operations is arrived at after charging/(crediting) :-			
a.Depreciation and amortisation	562	481	17
b.Impairment losses on goodwill arising from acquisition of subsidiaries	600	535	12
c.Loss/ (gain) on disposal of property, plant and equipment	43	(14)	-407
d.Allowance for impairment losses on trade receivables	1,537	319	382
e.Allowance / (write-back) of allowance for inventories obsolescence (net)	699	(152)	-560
f.Write-off of inventories	-	3	NM
g.Gain on dilution of interests in an associated company	-	(164)	NM
h.Gain on disposal of partial interests in a subsidiary	-	(10)	NM
i.Currency translation loss (net)	1,074	884	21
j.Hedging gain (unrealised)	(103)	-	NM
k.Impairment loss on financial asset, available-for-sale	100	-	NM
l.Gain on sale of financial assets, at fair value through profit or loss	(46)	(15)	207
m.Fair value (gain)/ losses on financial assets, at fair value through profit or loss	(45)	197	123
n.Interest income	(29)	(84)	-65

## 7. Income tax expense

	The Group		%
	30/06/2009	30/06/2008	
	S\$'000	S\$'000	
<b>(Over)/ under provision in preceding financial years</b>			
- Current income tax	(53)	17	412

Income tax expense was mainly due to tax provided for profit in a Hong Kong and a Korean subsidiary.

*NM – Not Meaningful*

## 1(a)(ii) A statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year

With effect from 1 January 2009, FRS 1 Presentation of Financial Statements requires an entity to present all non-owner changes in the equity in a Statement of Comprehensive Income. Non-owner changes will include income and expenses recognised directly in equity. This is a change of presentation and does not affect the recognition or measurement of the entity's transactions. Previously, such non-owner changes are included in the Statement of Changes in Equity.

	The Group		
	30/06/2009	30/06/2008	
	S\$'000	S\$'000	
<b>Profit after income tax for the period</b>	1,234	3,473	-64%
<b>Other comprehensive income/ (loss) for the period:</b>			
Currency translation differences	553	(3,412)	116%
<b>Total comprehensive income for the period</b>	<u>1,787</u>	<u>61</u>	<u>2,830%</u>
<b>Total comprehensive income/ (loss) attributable to:</b>			
Equity holders of the Company	1,744	(268)	751%
Minority interests	43	329	-87%
<b>Total comprehensive income for the period</b>	<u>1,787</u>	<u>61</u>	<u>2,830%</u>

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	The Group		The Company	
	30/06/2009 S\$'000	31/12/2008 S\$'000	30/06/2009 S\$'000	31/12/2008 S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	22,055	15,440	3,196	242
Trade and other receivables <sup>1</sup>	61,818	57,018	11,748	8,941
Inventories <sup>2</sup>	44,616	40,685	-	-
Financial assets, at fair value through profit or loss	231	87	-	-
Other current assets	788	956	71	30
	<b>129,508</b>	<b>114,186</b>	<b>15,015</b>	<b>9,213</b>
<b>Non-current assets</b>				
Loans and receivables	-	-	65,091	70,607
Financial assets, available-for-sale	556	217	-	-
Investment in associated companies	3,525	3,712	3,559	3,559
Investment in subsidiaries	-	-	28,486	28,486
Property, plant and equipment	5,821	6,171	274	412
Investment properties	11,488	11,478	1,940	1,940
Intangible assets <sup>3</sup>	13,984	9,797	42	65
Other assets	899	1,104	-	-
Deferred income tax assets	406	555	-	-
	<b>36,679</b>	<b>33,034</b>	<b>99,392</b>	<b>105,069</b>
<b>Total Assets</b>	<b>166,187</b>	<b>147,220</b>	<b>114,407</b>	<b>114,282</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables <sup>4</sup>	40,361	33,693	1,999	2,335
Current income tax liabilities	2,105	1,687	378	378
Borrowings <sup>5</sup>	29,042	28,368	4,700	15,273
	<b>71,508</b>	<b>63,748</b>	<b>7,077</b>	<b>17,986</b>
<b>Non-current liabilities</b>				
Borrowings <sup>5</sup>	6,956	2,004	5,000	-
Provision for severance benefits	302	386	-	-
Deferred income tax liabilities	96	96	52	52
	<b>7,354</b>	<b>2,486</b>	<b>5,052</b>	<b>52</b>
<b>Total Liabilities</b>	<b>78,862</b>	<b>66,234</b>	<b>12,129</b>	<b>18,038</b>
<b>Net Assets</b>	<b>87,325</b>	<b>80,986</b>	<b>102,278</b>	<b>96,244</b>

## EQUITY

### Capital and reserves attributable to the Company's equity holders

Share capital <sup>7</sup>	87,803	79,096	87,803	79,096
Capital reserve <sup>7</sup>	308	2,691	308	2,691
Share option reserve	121	121	121	121
Currency translation reserve	(6,483)	(7,042)	-	-
Retained earnings	4,390	4,714	14,046	14,336
	86,139	79,580	102,278	96,244
<b>Minority interests</b>	<b>1,186</b>	<b>1,406</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>	<b>87,325</b>	<b>80,986</b>	<b>102,278</b>	<b>96,244</b>

### Notes to the statement of financial position

1. Trade and other receivables increased by about S\$4.8 million when compared to 31 December 2008. The increase is mainly due to higher sales recorded by the Group's Hong Kong subsidiary. Increase in customers' base as a result of the acquisition of a business for the distribution of certain electronic components manufactured by supplier, Texas Instruments in the People's Republic of China and Taiwan in May 2009 ("Acquisition of a New Business") also contributed to the increase in trade receivables.
2. Inventories increased by about S\$3.9 million when compared to 31 December 2008. The increase is mainly due to higher amounts of inventories held by the Group's Hong Kong subsidiary as at 30 June 2009 when compared to 31 December 2008 due mainly to higher sales volume anticipated in the third quarter of 2009 from existing customers and increase in customers' base arising from the "Acquisition of a New Business" as detailed in (1) above.
3. Intangible assets increased by about S\$4.2 million when compared to 31 December 2008. The increase is mainly due to purchase consideration of about S\$5.0 million paid for the "Acquisition of a New Business" as detailed in (1) above.
4. Trade and other payables increased by about S\$6.7 million when compared to 31 December 2008. The increase is mainly due to higher purchases in line with higher sales, and higher inventories held as detailed in (2) above.

Included in 30 June 2009 "Trade and other payables" was a S\$0.2 million (31 December 2008: S\$0.3 million) fair value loss resulting from hedging contracts entered into by the Company to hedge its United States dollar long term loan exposure of its foreign subsidiaries. The marked to market hedging gain of about S\$0.1 million in 1H2009 was recognised separately in the income statement in 1H2009.

5. Borrowings increased by about S\$5.6 million when compared to 31 December 2008. The increase is mainly due to higher bank borrowings by the Group's Hong Kong subsidiary to finance increased volume of businesses in the second quarter of 2009. Borrowings include a S\$10.0 million three years term loan taken by the Company to refinance the Transferable Loan Facility of S\$9.9 million due on 30 January 2009. The outstanding amount of this term loan was S\$8.2 million as at 30 June 2009.
6. Net current assets increased from about S\$50.4 million as of 31 December 2008 to about S\$58.0 million as of 30 June 2009. The increase is mainly due to the classification of about S\$5.0 million from current borrowings to non-current borrowings following the refinancing of the Transferable Loan Facility of S\$9.9 million on 30 January 2009 via a new S\$10.0 million three years term loan. The Transferable Loan Facility of S\$9.9 million was included in current borrowings as at 31 December 2008.
7. Movement in share capital of the Group and the Company is disclosed in note 1(d)(i) "Statement of changes in equity".

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

**Amount repayable in one year or less, or on demand**

As at 30 June 2009		As at 31 December 2008	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
S\$'000	S\$'000	S\$'000	S\$'000
3,284	25,758	663	27,705

**Amount repayable after one year**

As at 30 June 2009		As at 31 December 2008	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
S\$'000	S\$'000	S\$'000	S\$'000
6,956	-	2,004	-

**Details of any collateral**

- a) On 30 January 2009, the Company repaid in full on due date, the Transferable Loan Facility amounting to S\$9.9 million via refinancing of a S\$10.0 million three years term loan taken with a bank. The term loan amounting to S\$8.2 million as at 30 June 2009 is secured by the following:
- a first legal mortgage of the following properties of a wholly owned subsidiary ("Mortgaged Properties")
    - the leasehold land and building at 8 Ubi View, Serial System Building, Singapore; and
    - three freehold factory units at 76, Playfair Road, LHK2 Building, Singapore.
  - an assignment of all rights and benefits relating to the Mortgaged Properties;
  - an assignment of all rights, title interest and benefits in tenancy agreements, relating to the Mortgaged Properties;
  - an assignment of all rights and benefits under the insurance policies taken in relation to the Mortgaged Properties; and
  - joint and several guarantees of certain subsidiaries of the Group.
- b) On 16 January 2009, bank borrowing amounting to S\$0.6 million (31 December 2008: S\$0.6 million), taken by a subsidiary to finance the purchase and construction of the leasehold land and building at 8 Ubi View, Serial System Building, Singapore, was fully repaid.
- c) Bank borrowing of S\$2.0 million (31 December 2008: S\$2.1 million) taken by a subsidiary to part finance the acquisition of an investment property in Taiwan is secured by the following:
- a first legal mortgage of the property; and
  - a continuing corporate guarantee amounting to about S\$2.1 million by the Company.
- d) As at 31 December 2008, finance lease liabilities of S\$0.02 million (30 June 2009: Nil) were secured on the Group's motor vehicles acquired under finance lease agreements.

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

	30/06/2009	30/06/2008
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Net profit	1,234	3,473
Adjustments for:		
Income tax expense	703	605
Amortisation of development expenditure	-	24
Amortisation of computer software license and development costs	28	30
Amortisation of distribution rights	114	-
Depreciation of property, plant and equipment	420	427
Loss/(gain) on disposal of property, plant and equipment	43	(14)
Impairment loss on financial asset, available-for-sale	100	-
Impairment losses on goodwill arising from acquisition of subsidiaries	600	535
Gain on dilution of interests in an associated company	-	(164)
Gain on disposal of partial interests in a subsidiary	-	(10)
Hedging gain (unrealised)	(103)	-
Gain on sale of financial assets, at fair value through profit or loss	(46)	(15)
Fair value (gain)/losses on financial assets, at fair value through profit or loss	(45)	197
Provision for severance benefits	182	232
Interest income	(29)	(84)
Interest expense	559	1,102
Share of results of associated companies	170	(54)
Operating cash flow before working capital changes	3,930	6,284
Change in operating assets and liabilities		
Trade and other receivables	(4,284)	(10,279)
Inventories	(3,931)	19,446
Other current assets	151	(217)
Other non-current assets	205	210
Trade and other payables	6,528	(8,743)
Cash from operations	2,599	6,701
Income tax paid	(121)	(301)
<b>Net cash provided by operating activities</b>	<b>2,478</b>	<b>6,400</b>
<b>Cash flows from investing activities</b>		
Payments for intangible assets (computer software license and development costs)	(24)	(39)
Payments for distribution rights	(5,179)	-
Payments for property, plant and equipment	(177)	(143)
Payment for acquisition of an investment property	(10)	-
Proceeds from disposal of property, plant and equipment	71	19
Proceeds from sale of financial assets, at fair value through profit or loss	137	113
Proceeds from disposal of partial interests in a subsidiary	-	119
Payments for acquisition of additional interests in subsidiaries from minority shareholders	-	(507)
Payment to a minority shareholder of a subsidiary	(243)	-
Payments for acquisition of interests in an associated company	(2)	-
Payments for financial assets, available-for-sale	(439)	-
Payments for financial assets, at fair value through profit or loss	(190)	(97)
Dividends paid to minority shareholders	(263)	-
Interest received	27	95
<b>Net cash used in investing activities</b>	<b>(6,292)</b>	<b>(440)</b>

**Cash flows from financing activities**

Proceeds from issue of ordinary shares, net of share issue expenses	6,325	-
Dividends paid	(1,509)	(1,207)
Proceeds from bank borrowings	35,857	46,015
Repayment of bank borrowings	(20,196)	(39,628)
Repayment of Transferable Loan Facility	(9,950)	(2,150)
Repayment of lease liabilities	(25)	(23)
Interest paid	(546)	(805)
<b>Net cash provided by financing activities</b>	<b>9,956</b>	<b>2,202</b>
Effect of currency rate changes on consolidation	573	(3,260)
<b>Net increase in cash and cash equivalents held</b>	<b>6,715</b>	<b>4,902</b>
Cash and cash equivalents at the beginning of the financial period	15,340	15,388
<b>Cash and cash equivalents at the end of the financial period</b>	<b>22,055</b>	<b>20,290</b>

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.

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company							
	Share capital S\$'000	Capital reserve S\$'000	Share option reserve S\$'000	Currency translation reserve S\$'000	Retained earnings S\$'000	Total attributable to equity holders of the Company S\$'000	Minority interests S\$'000	Total equity S\$'000
<b>Balance at 1 January 2009</b>	<b>79,096</b>	<b>2,691</b>	<b>121</b>	<b>(7,042)</b>	<b>4,714</b>	<b>79,580</b>	<b>1,406</b>	<b>80,986</b>
Total comprehensive income for the period	-	-	-	559	1,185	1,744	43	1,787
One-tier tax-exempt final cash dividend for year 2008	-	-	-	-	(1,509)	(1,509)	-	(1,509)
Rights issue of new shares	6,638	-	-	-	-	6,638	-	6,638
Shares issue expenses	(315)	-	-	-	-	(315)	-	(315)
Exercise of Warrant W090206	1	-	-	-	-	1	-	1
Transfer on expiry of Warrant W090206	2,383	(2,383)	-	-	-	-	-	-
Dividends paid to minority shareholders	-	-	-	-	-	-	(263)	(263)
<b>Balance at 30 June 2009</b>	<b>87,803</b>	<b>308</b>	<b>121</b>	<b>(6,483)</b>	<b>4,390</b>	<b>86,139</b>	<b>1,186</b>	<b>87,325</b>

Consolidated Statement of Changes in Equity [cont'd]

	Attributable to equity holders of the Company							Total equity
	Share capital	Capital reserve	Share option reserve	Currency translation reserve	Retained earnings	Total attributable to equity holders of the Company	Minority interests	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at 1 January 2008</b>	<b>79,096</b>	<b>2,691</b>	<b>121</b>	<b>(4,838)</b>	<b>1,884</b>	<b>78,954</b>	<b>1,083</b>	<b>80,037</b>
Total comprehensive income for the period	-	-	-	(3,406)	3,138	(268)	329	61
Disposal of partial interests in a subsidiary	-	-	-	-	-	-	52	52
One-tier tax-exempt final cash dividend for year 2007	-	-	-	-	(1,207)	(1,207)	-	(1,207)
Acquisition of additional interests in a subsidiary	-	-	-	-	-	-	(240)	(240)
<b>Balance at 30 June 2008</b>	<b>79,096</b>	<b>2,691</b>	<b>121</b>	<b>(8,244)</b>	<b>3,815</b>	<b>77,479</b>	<b>1,224</b>	<b>78,703</b>

## Statement of Changes in Equity - Company

	Share capital S\$'000	Capital reserve S\$'000	Share option reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
<b>Balance at 1 January 2009</b>	<b>79,096</b>	<b>2,691</b>	<b>121</b>	<b>14,336</b>	<b>96,244</b>
Total comprehensive income for the period	-	-	-	1,219	1,219
One-tier tax-exempt final cash dividend for year 2008	-	-	-	(1,509)	(1,509)
Rights issue of new shares	6,638	-	-	-	6,638
Shares issue expenses	(315)	-	-	-	(315)
Exercise of Warrant W090206	1	-	-	-	1
Transfer on expiry of Warrant W090206	2,383	(2,383)	-	-	-
<b>Balance at 30 June 2009</b>	<b>87,803</b>	<b>308</b>	<b>121</b>	<b>14,046</b>	<b>102,278</b>
<b>Balance at 1 January 2008</b>	<b>79,096</b>	<b>2,691</b>	<b>121</b>	<b>17,950</b>	<b>99,858</b>
Total comprehensive income for the period	-	-	-	(2,091)	(2,091)
One-tier tax-exempt final cash dividend for year 2007	-	-	-	(1,207)	(1,207)
<b>Balance at 30 June 2008</b>	<b>79,096</b>	<b>2,691</b>	<b>121</b>	<b>14,652</b>	<b>96,560</b>

**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.**

Since the end of the previous financial year ended 31 December 2008, the following ordinary shares were issued by the Company:-

- |  |                             |
|--|-----------------------------|
| 1. Exercise of Warrant W090206<br>(see note(a) below)                            | 10,580 ordinary shares      |
| 2. Renounceable non-underwritten rights issue<br>(see note(b) below for details) | 120,685,480 ordinary shares |

(a) The remaining unexercised 85,523,745 Warrant W090206 lapsed on the expiry date on 6 February 2009.

(b) On 5 June 2009, pursuant to a renounceable non-underwritten rights issue approved by shareholders of the Company in an extraordinary general meeting on 22 April 2009, the Company issued 120,685,480 ordinary shares for cash at an issue price of S\$0.055 per rights share on the basis of one new ordinary share for every five existing ordinary shares held as at the books closure date on 8 May 2009.

As at 30 June 2009, there were 8,261,400 (31 December 2008: 8,261,400) outstanding share options under the Serial System Executives Share Option Scheme and 100,566,837 (31 December 2008: 100,566,837) Warrant W101220.

**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.**

	<b>30/06/2009</b>	31/12/2008
Total number of issued shares	<b>724,112,883</b>	603,416,823
Total number of treasury shares	-	-
Total number of issued shares excluding treasury shares	<b>724,112,883</b>	603,416,823

**1(d)(iii) 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.

**1(e) Negative assurance confirmation on interim financial results pursuant to Rule 705(5) of the Listing Manual**

We hereby confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company, which may render the unaudited Half Year Financial Statements for the period ended 30 June 2009 to be false or misleading.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures in the Half-Year Financial Statement have not been audited nor reviewed.

**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 adopted the same accounting policies and methods of computation in the financial statements for the current reporting period as in the most recently audited financial statements for the financial year ended 31 December 2008, except for the adoption of the new or revised Financial Reporting Standards ("FRS") applicable for the financial period beginning 1 January 2009.

Among the new or revised FRS is Revised, FRS 1 *Presentation of Financial Statements*, which requires an entity to present, in a statement of changes in equity, all owners changes in equity. All non-owner changes in equity (i.e. comprehensive income) are presented in a statement of comprehensive income.

As this is a change of presentation of financial statements, it does not have any impact on the results and financial position of the Group and Company.

**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.**

Please refer to paragraph 4 above.

**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.**

	The Group	
	30/06/2009	30/06/2008
Based on the weighted average number of ordinary shares in issue; and	<b>0.19 cent</b>	0.52 cent
On a fully diluted basis*	<b>0.19 cent</b>	0.52 cent

\*There were no potential dilutive shares for 1H2009 and 1H2008.

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.**

	The Group		The Company	
	30/06/2009	31/12/2008	30/06/2009	31/12/2008
Net assets backing per ordinary share based on the existing issued share capital as at the end of the period reported on	<b>12.06 cents</b>	13.40 cents	<b>14.12 cents</b>	15.95 cents

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.**

#### **Group's Turnover**

For 1H2009, the Group recorded a turnover of S\$229.1 million, a decline of 11% when compared with 1H2008. The decline in turnover was due to reduction or delay in electronics components orders as a result of weaker demand for electronic products especially in the United States of America and Europe amidst the global financial and economic crisis.

On a quarter to quarter basis, turnover for first quarter and second quarter of 2009 were S\$100.8 million and S\$128.3 million respectively. This was an improvement of 27%. When comparing 2009 to 2008 turnover of first quarter and second quarter of S\$127.9 million and S\$130.6 million respectively, quarterly turnover declined by 21% and 1.8% respectively. The turnover improvement in second quarter of 2009 was encouraging signs that the global financial and economic crisis is stabilising as the Group experienced improved sales in majority of the markets we operate.

Turnover in South and South East Asia registered a 37% decline in turnover when compared with 1H2008. The decline was mainly due to lower sales volume from Singapore, Thailand and Malaysia. These countries rely heavily on exports to United States of America and Europe, where demand of electronic products had suffered double-digit decline.

North Asia (comprising Greater China, South Korea and Taiwan) posted an overall smaller 6% decrease in turnover when compared with 1H2008. The smaller decline was mainly due to resilient of the China market to the financial and economic crisis, and sales contribution by new customers and higher sales to certain existing customers of the Korean subsidiaries.

Turnover from North Asia accounted for 88% of the Group's total sales for 1H2009 (1H2008: 83%).

### **Group's Profit After Income Tax**

For 1H2009, the Group posted a net profit after tax ("NPAT") of about S\$1.2 million as compared to a NPAT of about S\$3.1 million for 1H2008.

The semiconductors/ components distribution business registered a net profit of S\$1.3 million as compared to a net profit of S\$3.1 million in 1H2008. The decrease is mainly attributable to lower gross profit earned because of lower sales. Average gross profit margin achieved in 1H2009 was 9.0% as compared to 8.9% in 1H2008, as the Group continued to channel more efforts on the sale of higher margin products amidst continued pressures on product margins. The lower sales commission and service income earned by the Group's Korean subsidiaries as a result of weak global demand for electronic products also contributed to the lower NPAT for 1H2009.

If we were to exclude allowances for trade and other receivables and currency loss, total expenses as a percentage of turnover was about 7.7% in 1H2009 as compared to 7.9% in 1H2008 as the Group remained focus on cost efficiency.

The Group's share of losses in its associated companies was about S\$0.2 million as compared to a profit of about S\$0.1 million in 1H2008. The losses were mainly contributed by the Group's 33.3% interests in Bull Will Co., Ltd, a company listed on the Over-The-Counter Securities Exchange in Taiwan due mainly to losses incurred by its subsidiary in China. Sales by this subsidiary, engaged in value-added production of electronic components, were not able to cover its operating costs.

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

No forecast, or prospect statement has been previously issued in respect of the current reporting period.

**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.**

While there has been encouraging signs of improved demand from our customers in second quarter of 2009, the Group remained cautious of the recovery outlook of the global economy, especially in the United States of America and Europe where consumer confidence and demand remained fragile. The Group is however optimistic that the stimulus programs introduced by various countries will have a positive effect on the global economy.

The Group expects the markets in which it operates to continue to be mired with challenges. Fluctuations in currency exchange rates and commodity prices, tight credit conditions and higher credit risks will continue to weigh on the performance of the Group's semiconductors/ components distribution business.

The Group will continue to work closely with its suppliers and customers to expand into the North Asian market, especially China and India. Efforts will be heightened to sharpen its resource planning, tighten costs, credit and inventory controls as well as strengthen its cash flow position.

## 11. Dividend

### a) Current Financial Period Reported On

Any interim dividend declared (recommended) for the current financial period reported on? Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.13 cent per ordinary share
Optional:- Dividend Rate (in %)	
Par value of shares	Not applicable
Tax Rate	One-Tier Tax-exempt

### b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.33 cent per ordinary share
Optional:- Dividend Rate (in %)	
Par value of shares	Not applicable
Tax Rate	One-Tier Tax-exempt

### c) Date payable

7 September 2009.

### d) Books closure date

The Share Transfer Books and Register of Members of the Company will be closed on 27 August 2009 for the purpose of determining shareholders' entitlement to the interim one-tier tax-exempt cash dividend of 0.13 cent per share for the financial year ending 31 December 2009.

Duly completed transfers received by the Company's Share Registrar, B.A.C.S. Private Limited at 63 Cantonment Road, Singapore 089758, up to 5.00 p.m. on 26 August 2009 will be registered to determine shareholders' entitlement to the interim dividends. Depositors whose securities accounts with The Central Depository (Pte) Ltd are credited with shares at 5.00 p.m. on 26 August 2009 will be entitled to the interim dividends. The dividends will be paid on 7 September 2009.

## 12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable

## BY ORDER OF THE BOARD

Derek Goh Bak Heng  
Executive Chairman/ Group CEO  
11 August 2009