



SERIAL SYSTEM LTD
新暉科技有限公司

Company Reg No.: 199202071D

Full Year Financial Statement And Dividend Announcement for the Period Ended 31 December 2008

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF- YEAR AND FULL YEAR RESULTS

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

	Note	The Group		
		31/12/2008	31/12/2007	
		S\$'000	S\$'000	
Sales		510,560	476,161	7%
Cost of sales		(463,897)	(434,691)	7%
Gross profit		46,663	41,470	13%
Other operating income	1	5,403	13,385	-60%
Expenses:				
Distribution		(22,031)	(23,457)	-6%
Administrative	2	(6,185)	(5,298)	17%
Finance	3	(2,170)	(2,606)	-17%
Other	4	(13,176)	(14,088)	-6%
Total expenses		(43,562)	(45,449)	-4%
		8,504	9,406	-10%
Share of loss of associated companies (after income tax)		(483)	(655)	-26%
Profit before income tax	5	8,021	8,751	-8%
Income tax expense	6	(1,386)	(1,263)	10%
Profit after income tax		6,635	7,488	-11%
Attributable to:				
Equity holders of the Company		6,028	7,288	-17%
Minority interests		607	200	204%
		6,635	7,488	-11%

Notes to Income Statement

1. Other operating income

For the financial year ended 31 December 2007 ('FY2007'), the Group made a gain of S\$7.1 million on disposal of its entire interest of about 10.7% in Wintech Microelectronics Co., Ltd ('Wintech'). There were no similar gains on disposal of financial assets, available-for-sale recorded by the Group for the financial year ended 31 December 2008 ('FY2008').

There was reduction in commission and service income from about S\$3.6 million in FY2007 to about S\$3.1 million in FY2008, mainly due to lower service income earned by a Korean subsidiary.

Fair value gain on investment properties amounted to about S\$0.1 million in FY2008 as compared to about S\$0.9 million in FY2007.

Included in FY2008 "Other Operating Income" was a write-back of inventory provision of about S\$1.3 million (FY2007: Nil).

2. Administrative expenses

Administrative expenses increased by about S\$0.9 million or 17%.

Staff related costs and office rental costs contributed to the increase as the Group expanded its distribution network into more major cities of the People's Republic of China.

3. Finance costs

Finance costs decreased by about S\$0.4m or 17% due mainly to decline in borrowings and lower cost of borrowings in FY2008 when compared with FY2007.

4. Other operating expenses

Other operating expenses decreased by about S\$0.9 million or 6%.

The decline is mainly due to lower provision for impairment of trade receivables and inventories. Provision for impairment of trade receivables amounted to about S\$0.4 million in FY2008 (FY2007: S\$3.6 million). There was a write-back of inventory provision (net) of about S\$1.3 million in FY2008 as compared to a provision for impairment of inventories (net) of about S\$1.7 million in FY2007.

The Group incurred a currency loss of about S\$2.8 million in FY2008 (FY2007: S\$0.7 million) mainly due to the depreciation of Korean Won against the United States dollar. Korean Won was about 936 against the United States dollar as at 1 January 2008 and ended at about 1,257 against the United States dollar as at 31 December 2008. In addition there was a S\$1.0 million hedging loss on the Company's United States dollar long term loan exposure of its foreign subsidiaries.

5. Profit before income tax

	The Group		%
	31/12/2008	31/12/2007	
	S\$'000	S\$'000	
Profit from operations is arrived at after charging/(crediting) :-			
a. Depreciation and amortisation	904	1,337	-32
b. Impairment losses on goodwill arising from acquisition of subsidiaries	1,270	1,208	5
c. Loss/(gain) on disposal of property, plant and equipment	18	(61)	-130
d. Property, plant and equipment written off	6	21	-71
e. Development expenditure written off	65	-	NM
f. Impairment losses on trade receivables	352	3,608	-90
g. Impairment losses on receivables (non-trade)	33	462	-93
h. (Write-back)/write-down of inventories (net)	(1,332)	1,725	177
i. Write-off of inventories	23	15	53
j. Gain on dilution of interests in an associated company	(164)	(234)	-30
k. Gain on disposal of partial interests in a subsidiary	(10)	(63)	-84
l. Currency translation loss (net)	2,792	700	299
m. Hedging loss	976	-	NM
n. Fair value gain on investment properties (net)	(128)	(892)	-86
o. Gain on sale of financial assets, available-for-sale	-	(7,084)	-100
p. Loss/(gain) on sale of financial assets, at fair value through profit or loss	266	(17)	1,665
q. Fair value losses on financial assets, at fair value through profit or loss	128	33	288
r. Interest income	(156)	(309)	-50

6. Income tax expense

	31/12/2008	31/12/2007	%
	S\$'000	S\$'000	
Under/(over) provision in preceding financial years			
- Current income tax	(92)	39	-336
- Deferred income tax	1	4	-75

NM – Not Meaningful

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.

	The Group		The Company	
	31/12/2008 S\$'000	31/12/2007 S\$'000	31/12/2008 S\$'000	31/12/2007 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	15,440	15,388	242	923
Trade and other receivables ¹	57,018	65,845	8,941	15,353
Inventories ²	40,685	65,772	-	-
Financial assets, at fair value through profit or loss	87	539	-	-
Other current assets	956	967	30	9
	114,186	148,511	9,213	16,285
Non-current assets				
Loans and receivables ³	-	13	70,607	79,574
Financial assets, available-for-sale	217	219	-	-
Investment in associated companies	3,712	3,982	3,559	3,559
Investment in subsidiaries ³	-	-	28,486	17,231
Property, plant and equipment	6,171	6,871	412	593
Investment properties ⁴	11,478	8,353	1,940	1,850
Intangible assets	9,797	11,033	65	118
Other assets	1,104	1,750	-	-
Deferred income tax assets	555	683	-	-
	33,034	32,904	105,069	102,925
Total Assets	147,220	181,415	114,282	119,210
LIABILITIES				
Current liabilities				
Trade and other payables ⁵	33,693	62,638	2,335	2,999
Current income tax liabilities ⁶	1,687	831	378	378
Borrowings ⁷	28,368	27,209	15,273	6,566
	63,748	90,678	17,986	9,943
Non-current liabilities				
Borrowings ⁷	2,004	10,174	-	9,373
Provision for severance benefits	386	450	-	-
Deferred income tax liabilities	96	76	52	36
	2,486	10,700	52	9,409
Total Liabilities	66,234	101,378	18,038	19,352
Net Assets	80,986	80,037	96,244	99,858
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	79,096	79,096	79,096	79,096
Capital reserve	2,691	2,691	2,691	2,691
Share option reserve	121	121	121	121
Currency translation reserve ⁹	(7,042)	(4,838)	-	-
Retained earnings	4,714	1,884	14,336	17,950
	79,580	78,954	96,244	99,858
Minority interests	1,406	1,083	-	-
Total Equity	80,986	80,037	96,244	99,858

Notes to the Balance Sheet

1. Trade and other receivables decreased by about S\$8.8 million when compared to 31 December 2007. The decrease is mainly due to lower sales recorded by the Group in the fourth quarter of FY2008. Reduction in debtors' collection days from 48 days to 42 days also contributed to the decline.
2. Inventories decreased by about S\$25.1 million when compared to 31 December 2007. The decrease is mainly due to lower inventories held by the Group's Hong Kong and Singapore subsidiaries due to lower sales volume anticipated in first quarter of 2009 in the light of the economic crisis and continued efficient and effective inventory management.
3. The Company's investment in subsidiaries increased by S\$11.3 million mainly due to the capitalisation of S\$10.5 million loan to equity of a Singapore wholly-owned operating subsidiary, Serial Microelectronics Pte Ltd to strengthen its balance sheet. Correspondingly, the decrease in the Company's loans and receivables was mainly attributable to this capitalisation of S\$10.5 million loan to equity.
4. Investment properties increased by S\$3.1 million mainly due to the acquisition of an investment property in Taiwan. This property was rented to Bull Will Co., Ltd, an associated company of the Group.
5. Trade and other payables decreased by about S\$28.9 million when compared to 31 December 2007. The decrease is mainly attributable to the lower inventories purchased in the fourth quarter of FY2008 due to lower sales volume anticipated in first quarter of 2009 and tighter payment period by certain suppliers of the Group.

Included in 31 December 2008 "Trade and other payables" was a S\$0.3 million fair value loss resulting from hedging contracts entered into by the Company in FY2008 to hedge its United States dollar long term loan exposure of its foreign subsidiaries. This hedging loss was recognised separately in the income statement in FY2008.

6. Current income tax liabilities increased by about S\$0.9 million when compared to 31 December 2007 due to higher income tax arising from higher profit generated from a Hong Kong subsidiary in FY2008.
7. Borrowings (in Current and Non-Current Liabilities) included a Transferable Loan Facility amounting to about S\$9.9 million (31/12/2007: S\$13.7 million). The Transferable Loan Facility was fully repaid on 30 January 2009 via a secured three years term loan taken with a bank.

Borrowings declined by about S\$7.0 million when compared to 31 December 2007 mainly due to repayment of the Transferable Loan Facility of about S\$4.3 million and repayment of other bank borrowings to reduce finance costs. A bank loan amounting to S\$2.1 million was taken by a wholly owned Taiwan subsidiary to part finance the purchase of an investment property in Taiwan in FY2008.

8. Net current assets reduced from about S\$57.8 million as of 31 December 2007 to about S\$50.4 million as of 31 December 2008 mainly due to the reclassification of the Transferable Loan Facility of about S\$5.6 million from non-current borrowings to current borrowings.
9. The Group's currency translation loss increased by about S\$2.2 million when compared to 31 December 2007, mainly due to the depreciation of the Group's investments in Korea arising from the weakening of the Korean Won against Singapore dollar.

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

Amount repayable in one year or less, or on demand

As at 31 December 2008		As at 31 December 2007	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
S\$'000	S\$'000	S\$'000	S\$'000
663	27,705	1,827	25,382

Amount repayable after one year

As at 31 December 2008		As at 31 December 2007	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
S\$'000	S\$'000	S\$'000	S\$'000
2,004	-	585	9,589

Details of any collateral

- a) The Transferable Loan Facility of S\$9.9 million (31/12/2007: S\$13.7 million) is obtained with the joint and several guarantees of certain subsidiaries of the Group. There is a negative pledge over all the assets of the Company and its subsidiaries (except for the legal mortgage over the leasehold land and building at 8 Ubi View, Serial System Building, Singapore). The Transferable Loan Facility was fully repaid on 30 January 2009 via a secured three years term loan taken with a bank.
- b) Bank borrowing of S\$0.6 million (31/12/2007: S\$1.9 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 ("Property") is secured by the following:
- a first legal mortgage of the Property;
 - an assignment of all rights and benefits relating to the Property;
 - an assignment of all rights, title interest and benefits in tenancy agreements, relating to the Property;
 - an assignment of all rights and benefits under an insurance policy taken in relation to the Property;
 - a continuing corporate guarantee amounting to about S\$6.7 million by the Company; and
 - a deed of subordination for all monies owing by the subsidiary to the Company.
- The bank borrowing of S\$0.6 million was fully repaid on 16 January 2009.
- c) Bank loan of S\$2.1 million was taken by a subsidiary to part finance the acquisition of an investment property in Taiwan in FY2008. The investment property 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) Finance lease liabilities of S\$0.02 million (31/12/2007: S\$0.08 million) are 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.

	31/12/2008	31/12/2007
	S\$'000	S\$'000
Cash flows from operating activities		
Net profit	6,635	7,488
Adjustments for:		
Income tax expense	1,386	1,263
Amortisation of development expenditure	(8)	125
Amortisation of computer software license and development costs	53	42
Amortisation of government incentive grants	-	(20)
Depreciation of property, plant and equipment	859	1,190
Development expenditure written off	65	-
Property, plant and equipment written off	6	21
Loss/(gain) on disposal of property, plant and equipment	18	(61)
Fair value gain on investment properties (net)	(128)	(892)
Impairment loss on financial asset, available-for-sale	1	-
Impairment losses on goodwill arising from acquisition of subsidiaries	1,270	1,208
Gain on dilution of interests in an associated company	(164)	(234)
Loss on closure of a subsidiary	-	2
Gain on disposal of partial interests in a subsidiary	(10)	(63)
Gain on sale of financial assets, available-for-sale	-	(7,084)
Hedging loss (unrealised)	343	-
Loss/(gain) on sale of financial assets, at fair value through profit or loss	266	(17)
Fair value losses on financial assets, at fair value through profit or loss	128	33
Provision for severance benefits	428	432
Interest income	(156)	(309)
Interest expense	2,170	2,606
Share of losses of associated companies	483	655
Operating cash flow before working capital changes	13,645	6,385
Change in operating assets and liabilities, net of effects from acquisition of a subsidiary		
Trade and other receivables	8,817	(3,635)
Inventories	25,088	(4,981)
Other current assets	(1)	(276)
Loans and receivables	-	(13)
Other non-current assets	297	(383)
Trade and other payables	(29,609)	7,890
Cash from operations	18,237	4,987
Income tax paid	(534)	(1,516)
Net cash provided by operating activities	17,703	3,471

Cash flows from investing activities		
Payments for development expenditure	-	(39)
Payments for intangible assets (computer software license and development costs)	-	(137)
Payments for property, plant and equipment	(321)	(628)
Payment for acquisition of an investment property	(2,997)	-
Proceeds from disposal of property, plant and equipment	84	383
Proceeds from sale of financial assets, available-for-sale	-	27,654
Proceeds from sale of financial assets, at fair value through profit or loss	203	897
Proceeds from disposal of partial interests in a subsidiary	119	490
Payments for acquisition of additional interests in subsidiaries from minority shareholders	(507)	(5,021)
Payment for acquisition of a subsidiary, net of cash acquired	-	(401)
Payments for acquisition of interests in an associated company	-	(4,414)
Payments for financial assets, at fair value through profit or loss	(145)	(528)
Interest received	167	280
Net cash (used in)/provided by investing activities	(3,397)	18,536
Cash flows from financing activities		
Proceeds from issue of ordinary shares	-	7,338
Dividends paid	(3,198)	(7,121)
Proceeds from bank borrowings	75,098	69,314
Repayment of bank borrowings	(78,367)	(77,283)
Repayment of Transferable Loan Facility	(4,300)	(4,300)
Repayment of lease liabilities	(49)	(134)
Interest paid	(1,623)	(1,958)
Net cash used in financing activities	(12,439)	(14,144)
Effect of currency rate changes on consolidation	(1,915)	(5,381)
Net (decrease)/increase in cash and cash equivalents held	(48)	2,482
Cash and cash equivalents at the beginning of the financial year	15,388	12,906
Cash and cash equivalents at the end of the financial year	15,340	15,388

For the purpose of presenting the consolidated cash flow statement, the consolidated cash and cash equivalents comprise the following:

	31/12/2008	31/12/2007
	S\$'000	S\$'000
Cash and cash equivalents per consolidated balance sheet	15,440	15,388
Less: Bank overdrafts included in current bank borrowings	(100)	-
Cash and cash equivalents per consolidated cash flow statement	15,340	15,388

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

	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
Balance at 1 January 2008	79,096	2,691	121	(4,838)	1,884	78,954	1,083	80,037
Currency translation differences	-	-	-	(2,204)	-	(2,204)	(96)	(2,300)
Disposal of partial interests in a subsidiary	-	-	-	-	-	-	52	52
Net losses recognised directly in equity	-	-	-	(2,204)	-	(2,204)	(44)	(2,248)
Net profit for the financial year	-	-	-	-	6,028	6,028	607	6,635
Total recognised (losses)/gains for the financial year	-	-	-	(2,204)	6,028	3,824	563	4,387
One-tier tax-exempt final cash dividend for year 2007	-	-	-	-	(1,207)	(1,207)	-	(1,207)
One-tier tax-exempt interim cash dividend for year 2008	-	-	-	-	(1,991)	(1,991)	-	(1,991)
Acquisition of additional interests in a subsidiary	-	-	-	-	-	-	(240)	(240)
Balance at 31 December 2008	79,096	2,691	121	(7,042)	4,714	79,580	1,406	80,986

Consolidated Statement of Changes in Equity [cont'd]

	Share capital S\$'000	Capital reserve S\$'000	Fair value 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
Balance at 1 January 2007									
- As previously reported	64,615	3,290	5,078	121	(817)	8,944	81,231	1,941	83,172
- Effect of changes in accounting policies									
Adoption of FRS 40	-	-	-	-	-	(388)	(388)	-	(388)
- As restated	64,615	3,290	5,078	121	(817)	8,556	80,843	1,941	82,784
Transfer on sale of financial asset, available-for-sale	-	-	(5,078)	-	-	-	(5,078)	-	(5,078)
Currency translation differences	-	-	-	-	(3,937)	-	(3,937)	(187)	(4,124)
Disposal of partial interests in a subsidiary	-	-	-	-	-	-	-	214	214
Net (losses)/gains recognised directly in equity	-	-	(5,078)	-	(3,937)	-	(9,015)	27	(8,988)
Net profit for the financial year	-	-	-	-	-	7,288	7,288	200	7,488
Total recognised (losses)/gains for the financial year	-	-	(5,078)	-	(3,937)	7,288	(1,727)	227	(1,500)

Consolidated Statement of Changes in Equity [cont'd]

	Share capital S\$'000	Capital reserve S\$'000	Fair value 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
Final cash dividend for year 2006	-	-	-	-	-	(3,098)	(3,098)	-	(3,098)
Special interim cash dividend for year 2007	-	-	-	-	-	(6,839)	(6,839)	-	(6,839)
One-tier tax-exempt interim cash dividend for year 2007	-	-	-	-	-	(4,023)	(4,023)	-	(4,023)
Serial System Executives Share Option Scheme									
- Exercise of share options	1,220	-	-	-	-	-	1,220	-	1,220
Exercise of Warrants W090206	2,364	(580)	-	-	-	-	1,784	-	1,784
Warrants W090206 adjustment expenses	-	(19)	-	-	-	-	(19)	-	(19)
Issue of new shares as consideration for acquisition									
of additional interests in subsidiaries	4,334	-	-	-	-	-	4,334	-	4,334
Rights issue of new shares in conjunction with									
the special interim cash dividend for year 2007	6,839	-	-	-	-	-	6,839	-	6,839
Shares issue expenses	(276)	-	-	-	-	-	(276)	-	(276)
Acquisition of additional interests in subsidiaries	-	-	-	-	(55)	-	(55)	(1,125)	(1,180)
Acquisition of a subsidiary	-	-	-	-	(29)	-	(29)	281	252
Dividend paid to minority shareholder	-	-	-	-	-	-	-	(241)	(241)
Balance at 31 December 2007	79,096	2,691	-	121	(4,838)	1,884	78,954	1,083	80,037

Statement of Changes in Equity - Company

	Share capital S\$'000	Capital reserve S\$'000	Fair value reserve S\$'000	Share option reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
Balance at 1 January 2008	79,096	2,691	-	121	17,950	99,858
One-tier tax-exempt final cash dividend for year 2007	-	-	-	-	(1,207)	(1,207)
One-tier tax-exempt interim cash dividend for year 2008	-	-	-	-	(1,991)	(1,991)
Net loss for the financial year	-	-	-	-	(416)	(416)
Balance at 31 December 2008	79,096	2,691	-	121	14,336	96,244
Balance at 1 January 2007	64,615	3,290	14,818	121	14,128	96,972
Final cash dividend for year 2006	-	-	-	-	(3,098)	(3,098)
Special interim cash dividend for year 2007	-	-	-	-	(6,839)	(6,839)
One-tier tax-exempt interim cash dividend for year 2007	-	-	-	-	(4,023)	(4,023)
Transfer on sale of financial asset, available-for-sale	-	-	(14,818)	-	-	(14,818)
Serial System Executives Share Option Scheme - Exercise of share options	1,220	-	-	-	-	1,220
Exercise of Warrants W090206	2,364	(580)	-	-	-	1,784
Warrants W090206 adjustment expenses	-	(19)	-	-	-	(19)
Issue of new shares as consideration for acquisition of additional interests in subsidiaries	4,334	-	-	-	-	4,334
Rights issue of new shares in conjunction with the special interim cash dividend for year 2007	6,839	-	-	-	-	6,839
Shares issue expenses	(276)	-	-	-	-	(276)
Net profit for the financial year	-	-	-	-	17,782	17,782
Balance at 31 December 2007	79,096	2,691	-	121	17,950	99,858

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 2007, the Company issued 2,000 ordinary shares upon the exercise of 2,000 Warrants W101220.

As at 31 December 2008, there were 8,261,400 (31/12/2007: 6,351,000) outstanding share options under the Serial System Executives Share Option Scheme and 85,534,325 (31/12/2007: 85,534,325) Warrants W090206 and 100,566,837 (31/12/2007: 100,568,837) Warrants W101220.

On 31 December 2008, the Company announced a proposed renounceable non-underwritten rights issue on the basis of one rights share for every five existing ordinary shares at an issue price of S\$0.055 for each rights share.

Subsequent to FY2008, 10,580 Warrants W090206 were exercised into 10,580 ordinary shares. The remaining unexercised 85,523,745 Warrants W090206 lapsed on 6 February 2009, being the expiry date of the Warrants W090206.

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

The figures in the Full 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 financial year as in the most recently audited financial statements for the financial year ended 31 December 2007.

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.

None.

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	
	31/12/2008	31/12/2007
Based on the weighted average number of ordinary shares in issue; and	1.00 cent	1.94 cents
On a fully diluted basis	1.00 cent*	1.79 cents

* There were no potential dilutive shares for FY2008

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	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Net assets backing per ordinary share based on the existing issued share capital as at the end of the period reported on	13.40 cents	13.26 cents	15.95 cents	16.55 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

The Group recorded a turnover of S\$510.6 million in FY2008, a creditable increase of about 7% when compared with the figure for FY2007. The turnover increase was achieved on the backdrop of a global financial and economic crisis, which dampened demand for electronic products, especially in the fourth quarter of FY2008. Turnover for fourth quarter of FY2008 was S\$110.8 million when compared to S\$131.6 for fourth quarter of FY2007 and quarterly average of S\$133.3 million for the first three quarters of FY2008.

The semiconductors/components distribution business experienced growth in FY2008 in majority of the markets they operate in when compared to FY2007. North Asia (comprising Greater China, South Korea and Taiwan) posted a 5% growth in turnover due largely to increase in customers' base, new products' lines and increased products' range. Turnover from North Asia accounted for about 85% of the Group's total.

The Group's operations in South and South East Asia registered a 19% increase in turnover when compared with the figure for FY2007. The higher turnover achieved was largely the result of increased sales volume in Philippines, Thailand and India.

Group's Profit After Income Tax

For FY2008, the Group posted a net profit of about S\$6.0 million as compared to a net profit of about S\$7.3 million for FY2007.

In FY2007, the Group made a gain of S\$7.1 million from the sale of its entire 10.7% interests in Wintech Microelectronics Co., Ltd, a company listed on the Taiwan Stock Exchange. In addition, the Group made a fair value gain on investment properties of about S\$0.9 million in FY2007 as compared to about S\$0.1 million in FY2008.

The semiconductors/components distribution business registered a net profit of S\$6.6 million as compared to a net profit of S\$0.2 million in FY2007. The better performance by the semiconductors/components distribution business was largely the result of higher gross profit earned because of higher turnover and higher gross profit margin. Average gross profit margin increased from 8.7% in FY2007 to 9.1% in FY2008 as the Group focused more effort on the sale of higher margin products. The continued competitive environment in the markets the Group operates in coupled with worsening economic environment, however negated the impact of the gross margin increase. The low net profit of S\$0.2 million in FY2007 included an impairment loss for trade receivable amounting to about S\$3.2 million due from one of the Group's customers.

If we were to exclude provisions for trade and other receivables and currency loss, total expenses as a percentage of turnover dropped from about 9% in FY2007 to about 8% in FY2008, a result of the continued focus on cost efficiency.

The Group's share of losses in associated companies was about S\$0.5 million as compared to S\$0.7 million in FY2007. 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 largely to impairment losses from trade receivables and investments and write-down of aged inventories, this company was not profitable in FY2008. The Group's share of the loss in this associated company was about S\$0.4 million.

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.

The current financial and economic crisis has resulted in negative or slow growth in major economies of the world. The Group expects sliding demand for electronic products in both the consumer and industrial segments, fluctuations in currency exchange rates and commodity prices and tight credit conditions to weigh on the performance of the Group's semiconductors/components distribution business. FY2009 will be a challenging year and further worsening of the global economic environment will negatively impact the Group's revenue and hence its profitability.

The Group will continue to adopt measures focusing on stringent cost control, close monitoring of inventories, tightening of credit to customers and strengthening of cash flows in response to the uncertain economic environment. Efforts will also be heightened to diversify product and customer base to lessen the impact of falling demand.

11. Dividend

a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Interim	Final (Proposed)
Dividend Type	Cash	Cash
Dividend Amount per Share (in cents)	0.33 cent per ordinary share	0.25 cent per ordinary share
Optional:- Dividend Rate (in %)		
Par value of shares	Not applicable	Not applicable
Tax Rate	One-Tier Tax-exempt	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	Interim	Final
Dividend Type	Cash	Cash	Cash
Dividend Amount per Share (in cents)	2.1 cents per ordinary share (less tax)	1.0 cent per ordinary share	0.2 cent per ordinary share
Optional:- Dividend Rate (in %)			
Par value of shares	Not applicable	Not applicable	Not applicable
Tax Rate	18%	One-Tier Tax-exempt	One-Tier Tax-exempt

c) Date payable

Date of proposed final dividend payment will be announced at a later date.

d) Books closure date

Notice of books closure date will be announced at a later date.

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

The proposed final dividend as stated in 11(a) above is subject to shareholders' approval at the forthcoming Annual General Meeting.

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.**

Primary reporting - business segments

	Semiconductors/ Components Distribution S\$'000	Other Businesses S\$'000	Eliminations S\$'000	Group S\$'000
Year ended 31 December 2008				
The Group				
Sales				
External	510,560	-	-	510,560
Segment results - operating profit/(loss)	11,422	(907)	(161)	10,354
Unallocated gain				164
Finance income				156
Finance costs	(1,373)	(797)	-	(2,170)
Share of loss of associated companies (after income tax)	(483)	-	-	(483)
Profit before income tax				8,021
Income tax expense				(1,386)
Profit after income tax				6,635
Segment assets	125,208	104,344	(86,599)	142,953
Investments in associated companies	3,712	-	-	3,712
Deferred income tax assets				555
Consolidated total assets				147,220
Segment liabilities	101,115	1,845	(68,881)	34,079
Borrowings	12,457	17,915	-	30,372
Income tax liabilities				1,783
Consolidated total liabilities				66,234
Capital expenditure on property, plant and equipment	299	22	-	321
Capital expenditure on intangible assets	110	-	-	110
Depreciation of property, plant and equipment	422	437	-	859
Net amortisation of computer software license and development costs	-	53	-	53
Amortisation of development expenditure	(8)	-	-	(8)
Fair value gain on investment properties (net)	-	128	-	128
Impairment losses on goodwill arising from acquisition of subsidiaries	1,270	-	-	1,270
Reversal of write-down of inventories	(1,332)	-	-	(1,332)
Net impairment losses on trade and other receivables	385	-	-	385

Primary reporting - business segments

	Semiconductors/ Components Distribution	Other Businesses	Eliminations	Group
	S\$'000	S\$'000	S\$'000	S\$'000
Year ended 31 December 2007				
The Group				
Sales				
External	476,123	38	-	476,161
Segment results - operating profit	3,996	7,608	(135)	11,469
Unallocated gain				234
Finance income				309
Finance costs	(1,656)	(950)	-	(2,606)
Share of loss of associated companies (after income tax)	(655)	-	-	(655)
Profit before income tax				8,751
Income tax expense				(1,263)
Profit after income tax				7,488
Segment assets	161,530	109,507	(94,287)	176,750
Investments in associated companies	3,982	-	-	3,982
Deferred income tax assets				683
Consolidated total assets				181,415
Segment liabilities	147,074	3,049	(87,035)	63,088
Borrowings	19,559	17,824	-	37,383
Income tax liabilities				907
Consolidated total liabilities				101,378
Capital expenditure on property, plant and equipment	506	122	-	628
Capital expenditure on intangible assets	39	136	-	175
Depreciation of property, plant and equipment	618	572	-	1,190
Net amortisation of computer software license and development costs	-	22	-	22
Amortisation of development expenditure	125	-	-	125
Fair value gain on investment properties (net)	-	892	-	892
Impairment losses on goodwill arising from acquisition of subsidiaries	1,208	-	-	1,208
Write-down of inventories	1,725	-	-	1,725
Net impairment losses on trade and other receivables	3,609	462	-	4,071

Secondary reporting - geographical segments

	Turnover		The Group Total Assets		Capital Expenditure	
	2008	2007	2008	2007	2008	2007
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	19,588	24,353	45,586	51,537	46	421
Singapore - Associated company	-	-	-	39	-	-
Greater China	294,763	277,857	62,502	86,713	103	274
South Korea	123,630	119,742	29,761	36,295	249	73
Taiwan	25,802	23,390	17,098	12,671	7	13
Taiwan - Associated company	-	-	3,712	3,943	-	-
Thailand	21,657	18,296	15	20	-	12
Malaysia	18,819	16,010	26	10	15	1
Others	15,572	7,433	50	410	11	9
	519,831	487,081	158,750	191,638	431	803
Eliminations	(9,271)	(10,920)	(11,530)	(10,223)	-	-
	510,560	476,161	147,220	181,415	431	803

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.**

Please refer to paragraph 8.

15. **A breakdown of sales.**

	Group		
	S\$'000		%
	31/12/2008	31/12/2007	Change
Sales reported for first half year	258,504	217,912	19
Operating profit reported for first half year	3,138	4,016	-22
Sales reported for second half year	252,056	258,249	-2
Operating profit reported for second half year	2,890	3,272	-12

16. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary	3,500	12,069
Preference	0	0
Total:	3,500	12,069

BY ORDER OF THE BOARD

Dr. Derek Goh Bak Heng
Executive Chairman/ Group CEO
20/02/2009