



Half -Year Financial Statement Announcement for the Period Ended 30 June 2005

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.

		The Group		
	Note	30/06/2005	30/06/2004	
		S\$'000	S\$'000	
Sales		126,695	171,045	-26%
Cost of sales		(112,065)	(154,457)	-27%
<b>Gross profit</b>		<b>14,630</b>	16,588	-12%
Other operating income	1	1,877	4,313	-56%
Distribution costs		(8,805)	(9,303)	-5%
Administrative expenses		(2,600)	(2,321)	12%
Other operating expenses		(7,311)	(6,563)	11%
<b>(Loss)/profit from operations</b>	2	<b>(2,209)</b>	2,714	-181%
Finance income		95	77	23%
Finance costs	3	(1,117)	(597)	87%
Share of profit of an associated company after income tax		870	2,216	-61%
<b>(Loss)/profit before income tax</b>		<b>(2,361)</b>	4,410	-154%
Income tax expense		(221)	(1,321)	-83%
<b>(Loss)/profit from ordinary activities after income tax</b>		<b>(2,582)</b>	3,089	-184%
<b>Attributable to:</b>				
Shareholders of the Company		(2,792)	2,788	-200%
Minority interests		210	301	-30%
		<b>(2,582)</b>	3,089	-184%

## Notes:

### 1. Other operating income

Other operating income decreased by S\$2.4 m or 56% as compared to the previous corresponding period. The decrease is mainly due to reduction in sales commissions earned as compared to the previous corresponding period.

### 2. (Loss) / profit from operations

	The Group		%
	30/06/2005	30/06/2004	
	S\$'000	S\$'000	
<hr/>			
(Loss) / profit from operations is arrived at after charging/(crediting) :-			
a.Depreciation and amortisation <sup>1</sup>	1,118	1,768	(37)
b.Impairment loss on goodwill arising from acquisitions of subsidiaries <sup>1</sup>	674	-	NM
c.(Gain) /Loss on disposal of plant and equipment	(1)	94	101
d.Plant and equipment written off	86	1	8,500
e.Allowance for doubtful trade debts	167	30	457
f.Bad trade debts written off	67	3	2,133
g.Provision for inventory obsolescence	1,038	1,007	3
h.Gain on dilution of interests in an associated company	-	(88)	NM
i.Gain on sale of shares in an associated company	-	(244)	NM
j.Gain on disposal of partial interests in subsidiaries	-	(56)	NM
k.Gain on disposal of other financial assets at fair value through profit or loss	(13)	(66) <sup>2</sup>	(80)
l. Foreign exchange (gain) / loss	(11)	30	137
m.Amortisation of government incentive grants	(20)	-	NM
n. Fair value adjustments for other financial assets at fair value through profit or loss	72	-	NM

*NM - Not Meaningful*

<sup>1</sup>With the adoption of FRS 103, the Group ceased amortisation of goodwill arising from acquisitions of subsidiaries from 1 January 2005. From 1 January 2005 onwards, goodwill arising from acquisitions of subsidiaries is tested for impairment.

<sup>2</sup>In 2004, this was disclosed as gain on disposal of other investments.

### 3. Finance costs

Finance costs increased by S\$0.5 m or 87% as compared to the previous corresponding period. This is mainly due to interest costs attributable to the transferable loan facility of S\$25 m. The transferable loan facility was drawn down on 31 January 2005.

**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	
	30/06/2005 S\$'000	31/12/2004 S\$'000	30/06/2005 S\$'000	31/12/2004 S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	14,531	9,160	6,513	218
Trade and other receivables	41,640	37,389	8,865	3,992
Inventories	39,640	36,230	159	159
Other current assets	953	377	90	14
Other financial assets at fair value through profit or loss	939	-	-	-
	<b>97,703</b>	<b>83,156</b>	<b>15,627</b>	<b>4,383</b>
<b>Non-current assets</b>				
Available-for-sale financial assets <sup>1</sup>	1,032	1,022	-	-
Investment in an associated company	35,122	34,430	18,473	18,473
Investment in subsidiaries	-	-	23,593	24,140
Property, plant and equipment	18,924	19,553	4,177	4,341
Intangible assets	11,987	12,755	637	792
Other receivables	-	-	52,508	53,099
Other assets	1,496	1,424	-	-
Deferred income tax assets	438	329	-	-
	<b>68,999</b>	<b>69,513</b>	<b>99,388</b>	<b>100,845</b>
<b>Total Assets</b>	<b>166,702</b>	<b>152,669</b>	<b>115,015</b>	<b>105,228</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	31,073	29,669	8,282	8,163
Current income tax liabilities	977	1,299	397	411
Borrowings <sup>2</sup>	29,446	35,414	13,194	14,883
	<b>61,496</b>	<b>66,382</b>	<b>21,873</b>	<b>23,457</b>
<b>Non-current liabilities</b>				
Borrowings <sup>2</sup>	23,102	5,193	18,823	194
Provision for other liabilities and charges	704	675	-	-
Deferred income tax liabilities	1,068	1,047	1,014	1,014
	<b>24,874</b>	<b>6,915</b>	<b>19,837</b>	<b>1,208</b>
<b>Total Liabilities</b>	<b>86,370</b>	<b>73,297</b>	<b>41,710</b>	<b>24,665</b>
<b>Net Assets</b>	<b>80,332</b>	<b>79,372</b>	<b>73,305</b>	<b>80,563</b>
<b>EQUITY</b>				
Share capital	30,388	30,378	30,388	30,378
Share premium	49,110	49,105	49,110	49,105
Capital reserve	3,290	308	3,290	308
Other reserve	21	-	-	-
Foreign currency translation reserve	(2,123)	(2,963)	-	-
(Accumulated losses) / retained earning	(4,804)	(1,404)	(9,483) <sup>3</sup>	772
	<b>75,882</b>	<b>75,424</b>	<b>73,305</b>	<b>80,563</b>
<b>Minority interests</b>	<b>4,450</b>	<b>3,948</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>80,332</b>	<b>79,372</b>	<b>73,305</b>	<b>80,563</b>

<sup>1</sup>The adoption of FRS 39 required the Group to recognise other financial assets and available-for-sale financial assets at fair value. The comparative amount of S\$1,021,783 was reclassified from "Other investments" in 2004 to "Available-for-sale financial assets" in 2005 as a result of the adoption of FRS 39.

<sup>2</sup>Borrowings(in Current and Non-Current Liabilities) include a Transferable Loan Facility amounting to S\$25 million.(31/12/2004: Nil)

<sup>3</sup>The Company made allowances for inter-company loan receivables for subsidiaries and impairment loss for investment in a subsidiary, amounting to S\$10.3 million. These provisions do not have an impact on the Group's results.

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

**Details of any collateral**

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

As at 30 June 2005		As at 31 December 2004	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
S\$'000	S\$'000	S\$'000	S\$'000
5,056	24,390	1,605	33,809

**Amount repayable after one year**

As at 30 June 2005		As at 31 December 2004	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
S\$'000	S\$'000	S\$'000	S\$'000
23,102	-	5,193	-

- a) The Transferable Loan Facility of S\$25,000,000 (31/12/2004: Nil) is secured by joint and several corporate guarantees from certain subsidiaries in the Group.
- b) Bank borrowing of S\$5,209,171 (31/12/2004: S\$5,636,669) taken by a subsidiary to finance the purchase and construction of the leasehold land and building at 8 Ubi View, 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, if any, relating to the Property;
  - an assignment of all rights and benefits under any insurance policies taken in relation to the Property;
  - a continuing corporate guarantee amounting to S\$6,650,000 by the Company; and
  - a deed of subordination for all monies owing by the subsidiary to the Company.
- c) Bank borrowings of S\$340,480 (31/12/2004: S\$389,120) are secured on the freehold land and building of a subsidiary.
- d) Factoring loans of S\$1,192,471 (31/12/2004: S\$1,142,755) are secured on the trade receivables of a subsidiary.
- e) The finance lease liabilities of S\$412,641 (31/12/2004: S\$396,942) 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.**

	30/6/2005 S\$'000	30/06/2004 S\$'000
<b>Cash flows from operating activities</b>		
(Loss) / Profit before income tax and share of profit of an associated company	(3,231)	2,194
Adjustments for:		
Amortisation of development expenditure and computer software license and development costs	341	216
Amortisation of goodwill arising from acquisitions of subsidiaries	-	866
Impairment loss on goodwill arising from acquisitions of subsidiaries	674	-
Amortisation of government incentive grants	(20)	-
Depreciation of property, plant and equipment	777	686
Plant and equipment written off	86	1
(Gain) / Loss on disposal of plant and equipment	(1)	94
Gain on dilution of interests in an associated company	-	(88)
Gain on disposal of other financial assets at fair value through profit or loss	(13)	(66)
Gain on sale of shares in an associated company	-	(244)
Gain on disposal of partial interests in subsidiaries	-	(56)
Fair value adjustments for other financial assets at fair value through profit or loss	72	-
Interest income	(95)	(77)
Interest expense	1,117	597
Operating cash flow before working capital changes	(293)	4,123
Change in operating assets and liabilities, net of effects from acquisitions of subsidiaries		
Trade and other receivables	(4,351)	(11,245)
Inventories	(3,410)	(17,317)
Other current assets	(576)	(1,539)
Other non-current assets	(19)	-
Trade and other payables	3,253	4,073
Foreign currency translation adjustment	1,388	419
Cash used in operations	(4,008)	(21,486)
Income tax paid	(538)	(1,314)
<b>Net cash outflow from operating activities</b>	<b>(4,546)</b>	<b>(22,800)</b>
<b>Cash flows from investing activities</b>		
Payments for intangible assets (computer software license and development costs)	(55)	-
Development expenditure	(497)	-
Payments for property, plant and equipment	(246)	(7,109)
Proceeds from disposal of plant and equipment	16	26
Proceeds from sale of shares in an associated company	-	904
Proceeds from disposal of other financial assets at fair value through profit or loss	83	-
Proceeds from disposal of partial interests in subsidiaries	-	6
Payment for acquisition of subsidiaries, net of cash acquired	-	(2,037)
Payments for available-for-sale financial assets	(41)	-
Payments for other financial assets at fair value through profit or loss	(1,081)	(1,286)
Payment of balance outstanding for acquisition of a subsidiary in preceding period	(1,228)	-
Interest received	95	77
Capital contribution by a minority interest in a new subsidiary	200	-
<b>Net cash outflow from investing activities</b>	<b>(2,754)</b>	<b>(9,419)</b>

**Cash flows from financing activities**

Proceeds from issuance of ordinary shares	15	167
Proceeds from issuance of warrants (net of warrants issue expenses)	2,982	-
Dividends paid	(608)	(970)
Proceeds from bank borrowings	4,284	29,551
Proceeds from transferable loan facility	25,000	-
Payment of interest costs and expenses relating to the transferable loan facility	(3,130)	-
Repayment of bank borrowings	(13,974)	(2,072)
Lease liabilities	(124)	(33)
Interest paid	(776)	(527)
<b>Net cash inflow from financing activities</b>	<b>13,669</b>	<b>26,116</b>
<b>Net increase / (decrease) in cash and cash equivalents held</b>	<b>6,369</b>	<b>(6,103)</b>
Cash and cash equivalents at the beginning of the financial period	8,162	12,235
<b>Cash and cash equivalents at the end of the financial period</b>	<b>14,531</b>	<b>6,132</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**

	Share capital S\$'000	Share premium S\$'000	Capital reserve S\$'000	Other reserve S\$'000	Foreign currency translation reserve S\$'000	(Accumulated losses)/ Retained earning S\$'000	Minority interests S\$'000	<b>Total</b> S\$'000
<b>Balance at 1 January 2005</b>								
- As previously reported	30,378	49,105	308	-	(2,963)	(1,404)	3,948	79,372
- Effect of changes in accounting policies	-	-	-	214	-	-	-	214
- As restated	30,378	49,105	308	214	(2,963)	(1,404)	3,948	79,586
Available-for-sale financial assets								
Valuation losses taken to equity	-	-	-	(193)	-	-	-	(193)
Foreign currency translation differences	-	-	-	-	399	-	92	491
Foreign currency translation realised to income statement	-	-	-	-	441	-	-	441
Net (loss) / profit for the financial period	-	-	-	-	-	(2,792)	210	(2,582)
<b>Total recognised (loss) / gains for the financial period</b>	-	-	-	(193)	840	(2,792)	302	(1,843)
Final dividend for year 2004	-	-	-	-	-	(608)	-	(608)
Exercise of share options under the Serial System Executives Share Option Scheme	10	4	-	-	-	-	-	14
Exercise of warrants	-	1	-	-	-	-	-	1
Issuance of warrants	-	-	2,982	-	-	-	-	2,982
Capital contribution by minority shareholder	-	-	-	-	-	-	200	200
<b>Balance at 30 June 2005</b>	<b>30,388</b>	<b>49,110</b>	<b>3,290</b>	<b>21</b>	<b>(2,123)</b>	<b>(4,804)</b>	<b>4,450</b>	<b>80,332</b>
<b>Balance at 1 January 2004</b>	30,236	49,020	308	-	(2,558)	3,555	3,447	84,008
Foreign currency translation differences	-	-	-	-	399	-	(44)	355
Net profit for the financial period	-	-	-	-	-	2,788	301	3,089
<b>Total recognised gains for the financial period</b>	-	-	-	-	399	2,788	257	3,444
Final dividend for year 2003	-	-	-	-	-	(970)	-	(970)
Disposal of partial interests in subsidiaries	-	-	-	-	-	-	482	482
Exercise of share options under the Serial System Executives Share Option Scheme	103	64	-	-	-	-	-	167
<b>Balance at 30 June 2004</b>	<b>30,339</b>	<b>49,084</b>	<b>308</b>	<b>-</b>	<b>(2,159)</b>	<b>5,373</b>	<b>4,186</b>	<b>87,131</b>

## Statement of Changes in Equity - Company

	Share capital S\$'000	Share premium S\$'000	Capital reserve S\$'000	(Accumulated losses) / Retained earning S\$'000	<b>Total</b> S\$'000
<b>Balance at 1 January 2005</b>	30,378	49,105	308	772	80,563
Net loss for the financial period	-	-	-	(9,647)	(9,647)
Final dividend for year 2004	-	-	-	(608)	(608)
Exercise of share options under the Serial System Executives Share Option Scheme	10	4	-	-	14
Exercise of warrants	-	1	-	-	1
Issuance of warrants	-	-	2,982	-	2,982
<b>Balance at 30 June 2005</b>	<b>30,388</b>	<b>49,110</b>	<b>3,290</b>	<b>(9,483)</b>	<b>73,305</b>
<b>Balance at 1 January 2004</b>	30,236	49,020	308	1,344	80,908
Net profit for the financial period	-	-	-	1,318	1,318
Final dividend for year 2003	-	-	-	(970)	(970)
Exercise of options under the Serial System Executives Share Option Scheme	103	64	-	-	167
<b>Balance at 30 June 2004</b>	<b>30,339</b>	<b>49,084</b>	<b>308</b>	<b>1,692</b>	<b>81,423</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 2004, the Company issued 75,968,779 warrants via a renounceable rights issue at an issue price of S\$0.045 for each warrant, each warrant carrying the right to subscribe for one new ordinary share of S\$0.10 each at an exercise price of S\$0.12 for each new ordinary share, on the basis of one warrant for every four existing ordinary shares of S\$0.10 each in the Company held by the entitled shareholders as at the books closure date, fractional entitlements being disregarded.

Since the end of the previous financial year ended 31 December 2004, the following ordinary shares were issued by the Company:-

(1) Exercise of share options under the Serial System Executives Share Option Scheme	100,000 ordinary shares
(2) Exercise of warrants	6,232 ordinary shares

As at 30 June 2005, there are 16,321,000 (30/06/2004: 20,013,000) outstanding share options pursuant to the terms of the Serial System Executives Share Option Scheme and 75,962,547 (30/06/2004: nil) warrants.

**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 Statements 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 2004 except that the Group has adopted all the applicable new/revised Financial Reporting Standards ("FRS") which became effective during the current reporting period.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The adoption of the new/revised FRS is currently assessed to have no significant impact on the financial position and results of the current period and prior period of the Group.

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	
		30/06/2005	30/06/2004
Based on the weighted average number of ordinary shares in issue; and		<b>(0.92) cents</b>	0.92 cents
On a fully diluted basis		<b>(0.92) cents</b>	0.90 cents

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	
		30/06/2005	31/12/2004	30/06/2005	31/12/2004
Net assets backing per ordinary share based on the existing issued share capital as at the end of the period reported on		<b>26.44 cents</b>	26.13 cents	<b>24.12 cents</b>	26.52 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.

**(a) Group's Turnover (S\$'million)**

Business segments	Half Year ended 30 June 2005	Half Year ended 30 June 2004	Increase/ (Decrease)	% Change
Semiconductors/ Components Distribution	125.8	168.4	(42.6)	(25)
Consumer Digital Appliances and Other Businesses	0.9	2.6	(1.7)	(65)
Total	126.7	171.0	(44.3)	(26)

For the six months ended 30 June 2005 (1H 2005), the Group recorded a turnover of S\$126.7 million, a reduction of 26% as compared with S\$171.0 million in the previous corresponding period (1H2004).

Turnover for the semiconductors/components distribution business for 1H2005 was S\$125.8 million, a decrease of 25% when compared against 1H2004. The reduction in turnover was mainly due to the re-scheduling of orders by customers of a subsidiary. The Group's focus on higher margin sales which have lower sales volume for 1H2005 also contributed to the decline in turnover.

The Group's consumer digital appliances and other businesses registered a 65% reduction in turnover, from S\$2.6 million in 1H2004 to S\$0.9 million in 1H2005. This was largely due to weak demand for the Group's consumer digital appliances in the United States of America.

**(b) Group's (Loss)/Profit attributable to Shareholders (S\$'million)**

<b>Business segments</b>	<b>Half Year ended 30 June 2005</b>	<b>Half Year ended 30 June 2004</b>	<b>Increase/ (Decrease)</b>	<b>% Change</b>
Semiconductors/ Components Distribution	(2.9)	1.3	(4.2)	(323)
Investment in an associated company (Semiconductors/ Components Distribution)	0.9	2.5	(1.6)	(64)
Consumer Digital Appliances and Other Businesses	(0.8)	(1.0)	0.2	20
Total	(2.8)	2.8	(5.6)	(200)

For 1H2005, the Group posted a net loss of S\$2.8 million as compared to a net profit of S\$2.8 million for 1H2004.

The semiconductors/ components distribution business posted a net loss of S\$2.9 million in 1H2005, against a net profit of S\$1.3 million in 1H2004. This was largely contributed by lower income achieved due to lower turnover and lower commission income businesses.

The Group's share of profit in associated company, Wintech Microelectronics Co., Ltd (Taiwan) (Wintech) (20.73%) (30/06/2004: 20.78%) was reduced to S\$0.9 million in 1H2005 from S\$2.5 million in 1H2004. The reduction in Wintech's profit was mainly due to lower investment income in 1H2005 as compared to 1H2004.

The consumer digital appliances and other businesses posted a loss attributable to shareholders of S\$0.8 million in 1H2005 as compared to a loss of S\$1.0 million in 1H2004. This was largely due to conscientious efforts in reducing operating costs and a lower provision for inventories in 1H2005 as compared to 1H2004.

**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 a 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.**

Semiconductors/components distribution will continue to be the Group's anchor business but the business environment remains competitive. The performance of this business is largely driven by the corresponding demand in broad range applications in semiconductors. The Group would continue to increase the product mix and widen the customers' base.

The Group would continue to focus its efforts in North Asia, especially in Greater China, Taiwan and Korea.

Due to the weak demand and the stiff competition for the Company's products, the Group is reviewing its consumer digital appliances business.

**11. Dividend**

**a) Current Financial Period Reported On**

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/ recommended for the half year ended 30 June 2005. The Final Dividend of 0.25 cent per ordinary share less tax of 20% for the financial year ended 31 December 2004 amounting to S\$607,671 was approved at the Company's Annual General Meeting on 28 April 2005. The dividend was paid on 27 May 2005.

**BY ORDER OF THE BOARD**

Goh Bak Heng  
Executive Chairman/ Group CEO  
12/08/2005