



SERIAL SYSTEM LTD
新曄科技有限公司

Company Reg No.: 199202071D

(Incorporated in Singapore on 22 April 1992)

Half-Year Financial Statement and Dividend Announcement for the Period Ended 30 June 2011

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		
		30/06/2011 S\$'000	30/06/2010 S\$'000	
Sales		396,269	370,992	7%
Cost of sales		(360,450)	(335,248)	8%
Gross profit		35,819	35,744	0.2%
Other operating income	1	2,347	2,065	14%
Expenses:				
Distribution	2	(17,056)	(15,003)	14%
Administrative	3	(4,240)	(3,260)	30%
Finance	4	(1,410)	(949)	49%
Other	5	(6,598)	(8,946)	-26%
Total expenses		(29,304)	(28,158)	4%
		8,862	9,651	-8%
Share of results of associated companies (after income tax)		86	163	-47%
Profit before income tax	6	8,948	9,814	-9%
Income tax expense	7	(1,549)	(2,692)	-42%
Profit after income tax		7,399	7,122	4%
Attributable to:				
Equity holders of the Company		7,105	6,488	10%
Non-controlling interests		294	634	-54%
		7,399	7,122	4%

Notes to income statement

1. Other operating income

Other operating income increased by about S\$0.3 million or 14%.

The increase is mainly due to:

- (i) Advertising income earned by the Group's 65% owned Singapore subsidiary, Serial Multivision Pte Ltd amounting to about S\$0.6 million (1H2010: Nil);
- (ii) Foreign exchange hedging gain recognized by the Company amounting to about S\$0.5 million (1H2010: S\$0.04 million);
- (iii) Profit on sale of the Group's investment properties in Singapore and Taiwan amounting to about S\$0.2 million (1H2010: Nil);
- (iv) Office rental income earned in 1H2011 amounting to about S\$0.4 million (1H2010: S\$0.3 million).

The Group recorded lower sales commission and service income, mainly from its Korean subsidiaries amounting to about S\$0.2 million (1H2010: S\$1.1 million) due to lower sales to certain commission based customers and lesser service based projects. This negated the impact of the increase in "other operating income".

Lower gain on dilution of interests in an associated company in 1H2011 amounting to about S\$0.04 million (1H2010: S\$0.3 million) also offset the increase in "other operating income"

2. Distribution expenses

Distribution expenses increased by about S\$2.1 million or 14%.

The increase is mainly contributed by:

- (i) Higher staff salaries and related costs of about S\$0.5 million as the Group increased its staff strength to expand newer product lines within the Asian region and continue its investment in emerging countries like India and China;
- (ii) Higher sales related costs (freight and handling charges, warehousing and custom declaration costs) of about S\$0.7 million due to costs increase and higher bulky product mix;
- (iii) Higher regional expenses incurred by the Group's Hong Kong subsidiary of about S\$0.2 million as the Group continued to grow its China market;
- (iv) Direct expenses incurred by the Group's 65% owned Singapore subsidiary, Serial Multivision Pte Ltd amounting to about S\$0.7 million. Serial Multivision Pte Ltd commenced commercial operation in September 2010.

3. Administrative expenses

Administrative expenses increased by about S\$1.0 million or 30%.

The increase is mainly due to higher office rental expenses, bank charges and various administrative expenses as the Group increased its resources to support expansion in newer product line growth and continued investment in emerging countries like India and China. Higher staff related costs (staff insurance and housing fund) due to new labour regulations in China also contributed to the increase in administrative expenses.

The increase is also due to expenses attributable to the Group's two new wholly owned subsidiaries, Contract Sterilization Services Pte Ltd and Intraco Technology Pte Ltd which the Group acquired in 1H2011, amounting to about S\$0.3 million.

4. Finance costs

Finance expenses increased by about S\$0.5 million or 49% mainly due to higher utilization of trade facilities as a result of higher sales for the Group and increased working capital requirement arising from longer average credit period for trade receivables as compared with 1H2010.

5. Other operating expenses

Other operating expenses decreased by about S\$2.3 million or 26%.

The decrease is mainly due to:

- (i) Net currency gain of about S\$0.7 million as compared to a loss of about S\$0.3 million in 1H2010;
- (ii) Gain on currency translation reserve realized to income statement upon repayment of inter-company long term loans of about S\$0.02 million as compared to loss of about S\$1.2 million in 1H2010; and
- (iii) Lower allowance for impairment losses on trade receivables of about S\$0.2 million as compared to S\$0.9 million in 1H2010.

The decrease is offset by higher depreciation charges of about S\$1.0 million (1H2010: S\$0.3 million) mainly due to the Group's 65% owned Singapore subsidiary, Serial Multivision Pte Ltd's LED advertising display media wall at Grand Park Orchard, Singapore which commenced commercial operation in September 2010.

6. Profit before income tax

	The Group		%
	30/06/2011	30/06/2010	
	S\$'000	S\$'000	
Profit from operations is arrived at after charging/(crediting) :-			
a. Depreciation and amortisation	1,021	399	156
b. Amortisation of distribution rights	654	672	-3
c. Impairment losses on goodwill arising from acquisition of subsidiaries	610	947	-36
d. (Gain)/loss on disposal of property, plant and equipment	(23)	20	215
e. Property, plant and equipment written off	16	-	NM
f. Allowance for impairment losses on trade receivables	159	868	-82
g. Allowance for inventory obsolescences (net)	824	700	18
h. Write-off of inventories	6	-	NM
i. Gain on disposal of a subsidiary	(9)	-	NM
j. Gain on dilution of interests in an associated company	(43)	(278)	-85
k. Currency translation (gain)/loss (net)	(719)	278	359
l. Currency translation reserve realised to income statement upon repayment of inter-company long term loans	(15)	1,202	101
m. Loss on derivative financial instruments	113	130	-13
n. Fair value gain on derivative financial instruments	(649)	(167)	289
o. Gain on disposal of investment properties	(242)	-	NM
p. Gain on sale of financial assets, at fair value through profit or loss	-	(35)	-100
q. Fair value losses on financial assets, at fair value through profit or loss	196	361	-46
r. Interest income	(65)	(34)	91
	30/06/2011	30/06/2010	
	S\$'000	S\$'000	%
7. Income tax expense			
Under/(over) provision in preceding financial years			
- Current income tax	9	2,645	-100
- Deferred income tax	(217)	47	562
	(208)	2,692	108

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

	The Group		
	30/06/2011	30/06/2010	
	S\$'000	S\$'000	
Profit after income tax	7,399	7,122	4%
Other comprehensive income for the period:			
Currency translation differences	(519)	602	-186%
Realisation of currency translation reserve to income statement upon disposal of a subsidiary	214	-	NM
Total comprehensive income for the period	7,094	7,724	-8%
Total comprehensive income attributable to:			
Equity holders of the Company	6,839	7,103	-4%
Non-controlling interests	255	621	-59%
	7,094	7,724	-8%

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	
	30/06/2011	31/12/2010	30/06/2011	31/12/2010
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	36,746	31,328	10,895	6,681
Trade and other receivables ¹	137,353	98,482	12,439	10,066
Inventories ²	103,554	91,675	-	-
Financial assets, at fair value through profit or loss	847	1,043	-	-
Other current assets	1,875	1,213	221	89
	280,375	223,741	23,555	16,836
Non-current assets				
Loans and receivables	-	-	41,646	40,450
Financial assets, available-for-sale ³	2,025	879	-	-
Investments in associated companies ⁴	8,582	7,506	6,516	6,516
Investments in subsidiaries	-	-	45,624	45,624
Property, plant and equipment	16,160	15,037	567	617
Investment properties ⁵	14,544	19,536	2,300	2,300
Intangible assets ⁶	11,159	10,047	163	135
Other assets	1,011	1,070	-	-
Deferred income tax assets	418	494	-	-
	53,899	54,569	96,816	95,642
Total Assets	334,274	278,310	120,371	112,478

LIABILITIES

Current liabilities				
Trade and other payables ⁷	99,415	83,123	6,039	4,761
Current income tax liabilities	3,468	3,766	378	378
Borrowings ⁸	98,026	68,477	3,635	3,460
	200,909	155,366	10,052	8,599
Non-current liabilities				
Borrowings ⁸	20,908	11,199	10,380	185
Provision for severance benefits	182	138	-	-
Deferred income tax liabilities	518	696	113	113
	21,608	12,033	10,493	298
Total Liabilities	222,517	167,399	20,545	8,897
Net Assets	111,757	110,911	99,826	103,581
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital ⁹	96,543	96,533	96,543	96,533
Capital reserve	308	308	308	308
Share option reserve	121	121	121	121
Currency translation reserve	(10,033)	(9,767)	-	-
Retained earnings	22,791	21,050	2,854	6,619
	109,730	108,245	99,826	103,581
Non-controlling interests	2,027	2,666	-	-
Total Equity	111,757	110,911	99,826	103,581

Notes to the statement of financial position

- Trade and other receivables increased by about S\$38.9 million when compared to 31 December 2010. The increase is due to higher sales recorded by the Group and longer average credit period granted to customers. Trade receivable average turnover days increased from 38 days in FY2010 to 52 days in 1H2011. The increase is also contributed by the Group's wholly owned subsidiary, Intraco Technology Pte Ltd which the Group acquired in April 2011.
- Inventories increased by about S\$11.9 million when compared to 31 December 2010. The increase is mainly due to higher amounts of inventories held by the Group's Singapore wholly owned subsidiary as at 30 June 2011 when compared to 31 December 2010 due mainly to higher sales volume anticipated in South East Asia and India for the third quarter of 2011. Intraco Technology Pte Ltd, which the Group acquired in April 2011 also contributed to the increase in inventories.
- Financial assets, available-for-sale increased by about S\$1.1 million when compared to 31 December 2010. The increase is mainly due to the subscription of a S\$1.0 million convertible bond issued by a Singapore incorporated company which the Group has a 2.19% equity interest.
- Investments in associated companies increased by about S\$1.1 million when compared to 31 December 2010. The increase is mainly due to addition of a 33% interest in Unitron Tech Co., Ltd amounting to S\$1.0 million. The Group disposed of 50% interests in a Korean subsidiary, Unitron Tech Co., Ltd during 1H2011. Unitron Tech Co., Ltd became a 33% associated company of the Group after the disposal.
- Investment properties decreased by about S\$5.0 million when compared to 31 December 2010. The decrease is due to the disposal of an investment property in Singapore and Taiwan respectively. The Group recognized a total profit on disposal (inclusive of write-back of related deferred income tax liabilities) of about S\$0.4 million in 1H2011.

6. Intangible assets increased by about S\$1.1 million when compared to 31 December 2010. The increase is due to goodwill arising from the acquisition of two wholly-owned Singapore subsidiaries, Contract Sterilization Services Pte Ltd and Intraco Technology Pte Ltd, amounting to about S\$2.4 million. Total allowances for goodwill impairment and amortization of intangible assets amounted to about S\$1.3 million in 1H2011.
7. Trade and other payables increased by about S\$16.3 million when compared to 31 December 2010. The increase is attributed to higher purchases by the Group's Singapore subsidiary and contribution from Intraco Technology Pte Ltd as detailed in (2) above. Longer payment period to suppliers of the Group's Hong Kong and Korean subsidiaries also contributed to the increase in trade and other payables.
8. Borrowings increased by about S\$39.3 million when compared to 31 December 2010. The increase is mainly due to higher bank borrowings by the Group's Hong Kong and Singapore subsidiaries to finance increased working capital requirements and higher volume of businesses in 1H2011. Bank borrowing of S\$12.0 million (31 December 2010: Nil) was taken by the Company to finance the working capital and expansion requirements of the Group. The increase is also attributed to borrowings of S\$7.3 million (31 December 2010: Nil) due to previous shareholder, Intraco Limited in relation to the acquisition of Intraco Technology Pte Ltd.
9. 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 2011		As at 31 December 2010	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
S\$'000	S\$'000	S\$'000	S\$'000
4,072	93,954	4,894	63,583

Amount repayable after one year

As at 30 June 2011		As at 31 December 2010	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
S\$'000	S\$'000	S\$'000	S\$'000
17,275	3,633	11,199	-

Details of any collateral

- a) A S\$20.0 million four years term loan amounting to S\$12.0 million (31 December 2010: Nil) taken during the current period and an existing S\$10.0 million three years term loan amounting to S\$1.8 million (31 December 2010: S\$3.4 million), taken by the Company with a bank are secured by the following:
- a first legal mortgage of the following properties of a wholly owned subsidiary, Serial Investment Pte Ltd (“Mortgaged Properties”)
 - (a) the leasehold land and building at 8 Ubi View, Serial System Building, Singapore; and
 - (b) two freehold factory units at 76, Playfair Road, LHK2 Building, Singapore (31 December 2010: three units)
 - 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) Bank borrowings of S\$7.0 million (31 December 2010: S\$9.3 million) taken by a wholly owned Taiwan subsidiary, Serial Investment (Taiwan) Inc., to part finance the acquisition of two investment properties (31 December 2010: three investment properties) in Taiwan are secured by the following:
- a first legal mortgage of the two investment properties (31 December 2010: three investment properties); and
 - a continuing corporate guarantee provided on one investment property (31 December 2010: two investment properties), amounting to about S\$0.2 million (31 December 2010: S\$2.3 million) by the Company.
- Bank borrowing of S\$1.9 million as at 31 December 2010 taken by Serial Investment (Taiwan) Inc., to part finance the acquisition of an investment property in Taiwan was fully repaid during the current period.
- c) Bank borrowing of S\$0.2 million (31 December 2010: Nil) taken by a newly-acquired wholly owned Singapore subsidiary, Contract Sterilization Services Pte Ltd, to finance its property in Singapore is secured by the following:
- a first legal mortgage of the leasehold factory unit at 28D Penjuru Close, #01-05, Singapore;
 - an assignment of all rights and benefits relating to the property.
- d) Bank borrowing of S\$3.1 million as at 31 December 2010 taken by a 65% owned Singapore subsidiary, Serial Multivision Pte Ltd, to finance the acquisition of a LED advertising display media wall at Grand Park Orchard, Singapore was fully repaid during the current period.
- e) Finance lease liabilities of S\$0.3 million (31 December 2010: S\$0.2 million) were secured on the Company and Group’s motor vehicles acquired under finance lease agreements.
- f) Included in borrowings is an amount of S\$7.3 million (31 December 2010: Nil) due by a newly-acquired wholly owned subsidiary, Intraco Technology Pte Ltd to its previous shareholder, Intraco Limited which is secured by a corporate guarantee from the Company.

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

	30/6/2011 S\$'000	30/6/2010 S\$'000
Cash flows from operating activities		
Profit before income tax	8,948	9,814
Adjustments for:		
Amortization of computer software license costs	55	56
Amortization of distribution rights	654	672
Depreciation of property, plant and equipment	966	343
Property, plant and equipment written off	16	-
(Gain)/loss on disposal of property, plant and equipment	(23)	20
Gain on disposal of investment properties	(242)	-
Impairment losses on goodwill arising from acquisition of subsidiaries	610	947
Gain on dilution of interests in an associated company	(43)	(278)
Gain on disposal of a subsidiary	(9)	-
Fair value gain on derivative financial instruments	(649)	(167)
Gain on sale of financial assets, at fair value through profit or loss	-	(35)
Fair value losses on financial assets, at fair value through profit or loss	196	361
Provision for severance benefits	247	241
Interest income	(65)	(34)
Interest expense	1,410	949
Share of results of associated companies	(86)	(163)
Operating cash flow before working capital changes	11,985	12,726
Change in operating assets and liabilities, net of effects from acquisition and disposal of subsidiaries		
Trade and other receivables	(42,827)	(42,759)
Inventories	(7,121)	(12,408)
Other current assets	(569)	(405)
Other non-current assets	(276)	(35)
Trade and other payables	20,375	19,345
Cash used in operations	(18,433)	(23,536)
Income tax paid	(1,696)	(705)
Net cash used in operating activities	(20,129)	(24,241)

	30/6/2011	30/6/2010
	S\$'000	S\$'000
Cash flows from investing activities		
Payments for intangible assets (computer software license costs)	(70)	(56)
Payments for intangible assets (distribution rights)	-	(13)
Payments for property, plant and equipment	(1,475)	(1,991)
Down payment for acquisition of an investment property	-	(2,020)
Proceeds from disposal of investment properties	5,234	-
Proceeds from disposal of property, plant and equipment	32	121
Proceeds from sale of financial assets, at fair value through profit or loss	-	367
Proceeds from disposal of a subsidiary	1,670	-
Payments for acquisition of additional interests in a subsidiary from non-controlling interests	-	(65)
Payments for acquisition of subsidiaries, net of cash acquired	(1,014)	-
Payments for acquisition of additional interests in an associated company	-	(1,089)
Payments for financial assets, available-for-sale	(1,120)	(500)
Payments for financial assets, at fair value through profit or loss	-	(516)
Dividends paid to non-controlling interests	(160)	-
Interest received	57	28
Net cash provided by/(used in) investing activities	3,154	(5,734)
Cash flows from financing activities		
Proceeds from issue of ordinary shares, net of share issue expenses	10	286
Dividends paid	(5,502)	(2,757)
Proceeds from bank borrowings	207,990	105,775
Repayment of bank borrowings	(177,579)	(80,138)
Repayment of other borrowing	(604)	-
Repayment of lease liabilities	(56)	(28)
Interest paid	(1,347)	(950)
Net cash provided by financing activities	22,912	22,188
Net increase/(decrease) in cash and cash equivalents held	5,937	(7,787)
Effect of currency rate changes on cash and cash equivalents	(519)	635
Cash and cash equivalents at the beginning of the financial period	31,328	20,749
Cash and cash equivalents at the end of the financial period	36,746	13,597

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	Non-controlling interests S\$'000	Total equity S\$'000
Balance at 1 January 2011	96,533	308	121	(9,767)	21,050	108,245	2,666	110,911
Total comprehensive income for the period	-	-	-	(266)	7,105	6,839	255	7,094
One-tier tax-exempt final cash dividend for year 2010	-	-	-	-	(5,502)	(5,502)	-	(5,502)
Serial System Executives Share Option Scheme								
- Exercise of share options	10	-	-	-	-	10	-	10
Disposal of a subsidiary	-	-	-	-	138	138	(576)	(438)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(318)	(318)
Balance at 30 June 2011	96,543	308	121	(10,033)	22,791	109,730	2,027	111,757

Consolidated Statement of Changes in Equity [cont'd]

	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	Non-controlling interests S\$'000	Total equity S\$'000
Balance at 1 January 2010	87,803	308	121	(6,011)	9,744	91,965	1,573	93,538
Total comprehensive income for the period	-	-	-	615	6,488	7,103	621	7,724
One-tier tax-exempt final cash dividend for year 2009	-	-	-	-	(2,757)	(2,757)	-	(2,757)
Exercise of Warrant W101220	286	-	-	-	-	286	-	286
Acquisition of additional interests in a subsidiary	-	-	-	-	-	-	(61)	(61)
Balance at 30 June 2010	88,089	308	121	(5,396)	13,475	96,597	2,133	98,730

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
Balance at 1 January 2011	96,533	308	121	6,619	103,581
Total comprehensive income for the period	-	-	-	1,737	1,737
One-tier tax-exempt final cash dividend for year 2010	-	-	-	(5,502)	(5,502)
Serial System Executives Share Option Scheme	10	-	-	-	10
- Exercise of share options					
Balance at 30 June 2011	96,543	308	121	2,854	99,826
Balance at 1 January 2010	87,803	308	121	12,813	101,045
Total comprehensive income for the period	-	-	-	731	731
One-tier tax-exempt final cash dividend for year 2009	-	-	-	(2,757)	(2,757)
Exercise of Warrant W101220	286	-	-	-	286
Balance at 30 June 2010	88,089	308	121	10,787	99,305

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 2010, 77,000 ordinary shares were issued pursuant to the exercise of 77,000 share options under the Serial System Executives Share Option Scheme.

As at 30 June 2011, there were 2,569,000 (31 December 2010: 2,646,000) outstanding share options under the Serial System Executives Share Option Scheme.

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 the end of the immediately preceding year.

	<u>30/06/2011</u>	<u>31/12/2010</u>
Total number of issued shares	821,192,914	821,115,914
Total number of treasury shares	-	-
Total number of issued shares excluding treasury shares	<u>821,192,914</u>	<u>821,115,914</u>

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 2011 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 applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited annual financial statements for the financial year ended 31 December 2010. The Group has also adopted the new or revised FRSs which are relevant to the Group during the current reporting period. The said adoption does not have any significant 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	
	30/06/2011	30/06/2010
Based on the weighted average number of ordinary shares in issue; and	0.87 cent	0.89 cent
On a fully diluted basis	0.86 cent	0.89 cent

Earnings per ordinary share on existing issued share capital are computed based on the weighted average number of shares in issue during the period of 821,188,260 (1H2010: 725,199,092).

Earnings per ordinary share on a fully diluted basis is computed based on the weighted average number of shares during the period of 821,591,593 (1H2010: 726,269,285) after adjusting assumed conversion of all potential dilutive ordinary shares.

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	
	30/06/2011	31/12/2010	30/06/2011	31/12/2010
Net assets backing per ordinary share based on the existing issued share capital as at the end of the period reported on	13.61 cents	13.51 cents	12.16 cents	12.61 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\$396.3 million in 1H2011, an increase of about 7% when compared with the figure for 1H2010. The increase would have been higher if not for the appreciation of Singapore dollar and other Asian currencies against the United States dollar. The turnover increase was attributed to healthy demand for electronic products in most of the Asian markets where the Group operates, supported by the Group's comprehensive product lines, extensive distribution network and diversified customer base.

Turnover in South and South East Asia posted an increase of 22% when compared to 1H2010. Majority of the countries in South and South East Asia enjoyed growth as export of electronic products by the Group customers remained healthy. Amongst them, Thailand and Philippines recorded the highest increase in turnover when compared to 1H2010 as demand from its existing customers improved. India, which the Group commenced operations in December 2006, registered turnover of S\$4.4 million in 1H2011 as compared to S\$4.3 million in 1H2010. The Group will continue to invest in India as one of its key market for future growth. It now operates 8 sales offices there. The turnover increase in South and South East Asia was also due to contribution from the Group's newly acquired wholly owned subsidiary, Intraco Technology Pte Ltd. Intraco Technology Pte Ltd added S\$7.3 million revenue for the period from May to June 2011.

North Asia (comprising Greater China, South Korea and Taiwan) grew by 4% when compared to 1H2010. The smallish percent growth was mainly attributed to the appreciation of Singapore dollar versus the Hong Kong dollar and United States dollar. The higher revenue was mainly due to increased contribution from newer product lines and strong demand from certain existing customers of the Hong Kong and China subsidiaries and stronger sales to/from newer customers/ product lines of the South Korea and Taiwan subsidiaries.

Turnover from North Asia accounted for 85% of the Group's total sales for 1H2011 (1H2010: 87%) with Greater China covering 55% (1H2010: 59%). The Group now operates 29 sales offices in key cities of China.

Group's Profit After Income Tax

For 1H2011, the Group posted a net profit after tax ("NPAT") of about S\$7.1 million, an increase of 10% as compared to a NPAT of about S\$6.5 million for 1H2010.

The electronic components distribution business registered a NPAT of S\$6.9 million as compared to a NPAT of S\$6.7 million in 1H2010. Gross profit margin was 9.0% as compared to 9.6% in 1H2010 as the highly competitiveness of the electronic industry continued to exert pressures on margin. The gross profit margin was also affected by the appreciation of Singapore dollar and other Asian currencies against the United States dollar. Total expenses as a percentage of turnover declined from 7.6% in 1H2010 to 7.4% in 1H2011 as the Group continued to focus on cost efficiency, inventory and credit management and benefited from economies of scale. Increase in expenses arising from expansion activities in emerging countries and newer product lines reduced the percentage decline in total expenses over turnover.

The Group's other businesses recorded a profit of S\$0.1 million as compared to a loss of S\$0.4 million in 1H2010. The Group's newly-acquired wholly owned subsidiary, Contract Sterilization Services Pte Ltd earned profit after tax of S\$0.4m on the back of S\$1.8 million revenue from March to June 2011. During the 1H2011, the Group sold off two investment properties and made a total profit of S\$0.4 million. The Group's 65% subsidiary, Serial Multivision Pte Ltd earned advertising income of S\$0.6 million and incurred a loss of S\$0.4 million due to interest costs and depreciation expenses.

The Group's share of profit in its associated companies was about S\$0.1 million as compared to S\$0.2 million in 1H2010. The profit was contributed by the Group's 34.3% interests in Bull Will Co., Ltd and 33.0% interests in Unitron Tech Co., Ltd.

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 Group is cautiously optimistic of the business outlook in the second half of FY2011. This is because of the uncertainties of the pace of recovery of the United States of America economy, continued concerns of sovereign debt sustainability in Europe, inflationary pressures and currency appreciation which will affect the continued strong growth in Asia, especially China. Any negative impacts arising from these issues will affect the performance of the Group's businesses.

While the business environment remains uncertain and challenging, the Group will continue its expansion strategies by working closely with its customers and suppliers to expand new / existing product lines and product ranges, and customer bases in the Asian market. The Group will also make acquisitions as and when opportunities arise to capitalize on its competitive strengths of extensive distribution network, diversified customer base and comprehensive product lines. As the Group expands, it will remain vigilant on cost, inventory, credit and cash management in response to a volatile environment.

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)	0.30 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)	0.28 cent per ordinary share
Optional:- Dividend Rate (in %)	
Par value of shares	Not applicable
Tax Rate	One-Tier Tax-exempt

c) Date payable

2 September 2011

d) Books closure date

The Share Transfer Books and Register of Members of the Company will be closed on 18 August 2011 for the purpose of determining shareholders' entitlement to the interim one-tier tax-exempt cash dividend of 0.30 cent per share for the financial year ending 31 December 2011.

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 17 August 2011 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 17 August 2011 will be entitled to the interim dividends. The dividends will be paid on 2 September 2011.

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
8 August 2011