



**SERIAL SYSTEM LTD**  
新暉科技有限公司

Company Reg No.: 199202071D

(Incorporated in Singapore on 22 April 1992)

**Half-Year Financial Statement And Dividend Announcement for the Period Ended 30 June 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		
		30/06/2008	30/06/2007	
		S\$'000	S\$'000	
Sales		258,504	217,912	19%
Cost of sales		(235,561)	(199,300)	18%
<b>Gross profit</b>		<b>22,943</b>	<b>18,612</b>	<b>23%</b>
Other operating income	1	2,599	10,063	-74%
Expenses:				
Distribution		(11,760)	(11,437)	3%
Administrative	2	(3,070)	(2,646)	16%
Finance		(1,102)	(1,209)	-9%
Other	3	(5,586)	(8,844)	-37%
<b>Total expenses</b>		<b>(21,518)</b>	<b>(24,136)</b>	<b>-11%</b>
		<b>4,024</b>	<b>4,539</b>	<b>-11%</b>
Share of results of associated companies (after income tax)		54	(309)	117%
<b>Profit before income tax</b>	4	<b>4,078</b>	<b>4,230</b>	<b>-4%</b>
Income tax expense	5	(605)	(306)	98%
<b>Profit after income tax</b>		<b>3,473</b>	<b>3,924</b>	<b>-11%</b>
<b>Attributable to:</b>				
Equity holders of the Company		3,138	4,016	-22%
Minority interests		335	(92)	464%
		<b>3,473</b>	<b>3,924</b>	<b>-11%</b>

## Notes to Income Statement

### 1. Other operating income

For the period ended 30 June 2007 ('1H2007'), 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 period ended 30 June 2008 ('1H2008').

There was a reduction in commission and service income from about S\$2.0 million in 1H2007 to about S\$1.8 million in 1H2008.

### 2. Administrative expenses

Administrative expenses increased by about S\$0.4 million or 16%.

The increase is mainly due to higher staff related costs and office rental costs associated with the Group's operations and continued expansion in the People's Republic of China.

### 3. Other operating expenses

Other operating expenses decreased by about S\$3.3 million or 37%.

The decrease is mainly due to lower provision for trade receivables and inventories. Provision for trade receivables amounted to about S\$0.3 million in 1H2008 (1H2007: S\$3.5 million). The Group recorded an inventory provision write-back of about S\$0.1 million in 1H2008 as compared to an inventory provision of about S\$1.6 million in 1H2007.

The Group incurred a currency loss of about S\$0.9 million in 1H2008 (1H2007: S\$0.1 million) mainly due to the depreciation of Korean Won against the United States dollar.

### 4. Profit before income tax

	The Group		%
	30/06/2008	30/06/2007	
	S\$'000	S\$'000	
Profit from operations is arrived at after charging/ (crediting) :-			
a. Depreciation and amortisation	481	696	-31
b. Impairment losses on goodwill arising from acquisition of subsidiaries	535	584	-8
c. Gain on disposal of property, plant and equipment	(14)	-	NM
d. Property, plant and equipment written off	-	21	NM
e. Impairment losses on trade receivables	319	3,459	-91
f. (Write-back)/ write-down of inventories (net)	(152)	1,570	110
g. Write-off of inventories	3	-	NM
h. Gain on dilution of interests in an associated company	(164)	-	NM
i. Gain on disposal of partial interests in a subsidiary	(10)	(17)	-41
j. Currency translation loss (net)	884	99	793
k. Fair value gain on investment properties (net)	-	(389)	NM
l. Gain on sale of financial assets, available-for-sale	-	(7,084)	NM
m. Gain on sale of financial assets, at fair value through profit or loss	(15)	(50)	-70
n. Fair value losses/ (gain) for financial assets, at fair value through profit or loss	197	(107)	-284
o. Interest income	(84)	(124)	-32

## 5. Income tax expense

Income tax expenses increased by about S\$0.3 million or 98%.

The increase is mainly attributed to income tax from higher profit generated from a Hong Kong subsidiary in 1H2008.

	30/06/2008 S\$'000	30/06/2007 S\$'000	%
<b>Under provision in preceding financial years</b>			
- Current income tax	17	-	NM

*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	
	30/06/2008 S\$'000	31/12/2007 S\$'000	30/06/2008 S\$'000	31/12/2007 S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	20,290	15,388	767	923
Trade and other receivables <sup>1</sup>	76,115	65,845	17,566	15,353
Inventories <sup>2</sup>	46,327	65,772	-	-
Financial assets, at fair value through profit or loss	342	539	-	-
Other current assets	1,183	967	61	9
	<b>144,257</b>	<b>148,511</b>	<b>18,394</b>	<b>16,285</b>
<b>Non-current assets</b>				
Loans and receivables <sup>3</sup>	-	13	64,925	79,574
Financial assets, available-for-sale	219	219	-	-
Investment in associated companies	4,205	3,982	3,559	3,559
Investment in subsidiaries <sup>3</sup>	-	-	27,731	17,231
Property, plant and equipment	6,513	6,871	539	593
Investment properties	8,353	8,353	1,850	1,850
Intangible assets	10,679	11,033	88	118
Other assets	1,341	1,750	-	-
Deferred income tax assets	592	683	-	-
	<b>31,902</b>	<b>32,904</b>	<b>98,692</b>	<b>102,925</b>
<b>Total Assets</b>	<b>176,159</b>	<b>181,415</b>	<b>117,086</b>	<b>119,210</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables <sup>4</sup>	53,955	62,638	2,935	2,999
Current income tax liabilities	1,103	831	378	378
Borrowings <sup>5</sup>	41,666	27,209	17,173	6,566
	<b>96,724</b>	<b>90,678</b>	<b>20,486</b>	<b>9,943</b>
<b>Non-current liabilities</b>				
Borrowings <sup>5</sup>	104	10,174	4	9,373
Provision for severance benefits	552	450	-	-
Deferred income tax liabilities	76	76	36	36
	<b>732</b>	<b>10,700</b>	<b>40</b>	<b>9,409</b>
<b>Total Liabilities</b>	<b>97,456</b>	<b>101,378</b>	<b>20,526</b>	<b>19,352</b>
<b>Net Assets</b>	<b>78,703</b>	<b>80,037</b>	<b>96,560</b>	<b>99,858</b>

## 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 <sup>7</sup>	(8,244)	(4,838)	-	-
Retained earnings	3,815	1,884	14,652	17,950
	<b>77,479</b>	<b>78,954</b>	<b>96,560</b>	<b>99,858</b>
<b>Minority interests</b>	<b>1,224</b>	<b>1,083</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>	<b>78,703</b>	<b>80,037</b>	<b>96,560</b>	<b>99,858</b>

## Notes to the Balance Sheet

1. Trade and other receivables increased by about S\$10.3 million when compared to 31 December 2007. The increase is mainly due to higher sales recorded by certain subsidiaries of the Group and longer credit period granted by a Hong Kong subsidiary to its customers in 1H2008.
2. Inventories decreased by about S\$19.4 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 resulting from more efficient and effective inventory management.
3. The Company's investment in subsidiaries increased by S\$10.5 million due to capitalisation of loan to equity of a Singapore wholly-owned operating subsidiary to strengthen its balance sheet. Correspondingly, the Company's loans and receivables registered a decrease arising from this capitalisation of loan to equity. Repayment of loans by certain subsidiaries also contributed to the decrease in the Company's loans and receivables when compared to 31 December 2007.
4. Trade and other payables decreased by about S\$8.7 million when compared to 31 December 2007. The decrease is mainly due to shorter payment period granted by certain suppliers of a Hong Kong subsidiary.
5. Borrowings include a Transferable Loan Facility amounting to S\$11.8 million (31/12/2007: S\$13.7 million) which will be fully repayable by 30 January 2009. Borrowings increased by about S\$4.4 million when compared to 31 December 2007 mainly due to higher borrowings by the Group's Hong Kong and Singapore subsidiaries to finance their business expansion.
6. Net current assets reduced from about S\$57.8 million as of 31 December 2007 to about S\$47.5 million as of 30 June 2008 mainly due to reclassification of the Transferable Loan Facility of about S\$7.5 million from non-current borrowings to current borrowings. The Transferable Loan Facility will be fully repayable by 30 January 2009.
7. The Group's currency translation loss increased by about S\$3.4 million when compared to 31 December 2007, mainly due to the strengthening of the Singapore dollar against United States dollar and Korean Won.

**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 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
1,262	40,404	1,827	25,382

**Amount repayable after one year**

As at 30 June 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
6	98	585	9,589

- a) The Transferable Loan Facility of S\$11.8 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 will be fully repayable by 30 January 2009.
- b) Bank borrowing of S\$1.2 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.
- c) Finance lease liabilities of S\$0.05 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.**

	30/6/2008	30/6/2007
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Net profit	3,473	3,924
Adjustments for:		
Income tax expense	605	306
Amortisation of development expenditure	24	61
Amortisation of computer software license and development costs	30	11
Amortisation of government incentive grants	-	(20)
Depreciation of property, plant and equipment	427	644
Property, plant and equipment written off	-	21
Gain on disposal of property, plant and equipment	(14)	-
Fair value gain on investment properties (net)	-	(389)
Impairment losses on goodwill arising from acquisition of subsidiaries	535	584
Gain on dilution of interests in an associated company	(164)	-
Gain on disposal of partial interests in a subsidiary	(10)	(17)
Gain on sale of financial assets, available-for-sale	-	(7,084)
Gain on sale of financial assets, at fair value through profit or loss	(15)	(50)
Fair value losses/(gain) for financial assets, at fair value through profit or loss	197	(107)
Provision for severance benefits	232	267
Interest income	(84)	(124)
Interest expense	1,102	1,209
Share of results of associated companies	(54)	309
Operating cash flow before working capital changes	6,284	(455)
Change in operating assets and liabilities, net of effects from acquisition of a subsidiary		
Trade and other receivables	(10,279)	(16,114)
Inventories	19,446	3,127
Other current assets	(217)	(142)
Other non-current assets	210	(160)
Trade and other payables	(8,743)	8,927
Cash from/(used in) operations	6,701	(4,817)
Income tax paid	(301)	(522)
<b>Net cash provided by/(used in) operating activities</b>	<b>6,400</b>	<b>(5,339)</b>
<b>Cash flows from investing activities</b>		
Payments for intangible assets (computer software license and development costs)	(39)	(323)
Payments for plant and equipment	(143)	(422)
Proceeds from disposal of property, plant and equipment	19	-
Proceeds from sale of financial assets, available-for-sale	-	27,654
Proceeds from sale of financial assets, at fair value through profit or loss	113	547
Proceeds from disposal of partial interests in a subsidiary	119	165
Payments for acquisition of additional interests in subsidiaries from minority shareholders	(507)	(687)
Payment for acquisition of a subsidiary, net of cash acquired	-	(401)
Payments for acquisition of interests in an associated company	-	(3,559)
Payments for financial assets, at fair value through profit or loss	(97)	(283)
Interest received	95	124
<b>Net cash (used in)/provided by investing activities</b>	<b>(440)</b>	<b>22,815</b>

<b>Cash flows from financing activities</b>		
Proceeds from issue of ordinary shares	-	544
Dividends paid	(1,207)	(3,098)
Proceeds from bank borrowings	46,015	36,072
Repayment of bank borrowings	(39,628)	(37,759)
Repayment of Transferable Loan Facility	(2,150)	(2,150)
Repayment of lease liabilities	(23)	(89)
Interest paid	(805)	(844)
<b>Net cash provided by/(used in) financing activities</b>	<b>2,202</b>	<b>(7,324)</b>
Effect of currency rate changes on consolidation	(3,260)	(1,195)
<b>Net increase in cash and cash equivalents held</b>	<b>4,902</b>	<b>8,957</b>
Cash and cash equivalents at the beginning of the financial period	15,388	12,906
<b>Cash and cash equivalents at the end of the financial period</b>	<b>20,290</b>	<b>21,863</b>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company							Minority interests S\$'000	Total equity S\$'000
	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			
<b>Balance at 1 January 2008</b>	<b>79,096</b>	<b>2,691</b>	<b>121</b>	<b>(4,838)</b>	<b>1,884</b>	<b>78,954</b>	<b>1,083</b>	<b>80,037</b>	
Currency translation differences	-	-	-	(3,406)	-	(3,406)	(6)	(3,412)	
Disposal of partial interests in a subsidiary	-	-	-	-	-	-	52	52	
Net (losses)/gains recognised directly in equity	-	-	-	(3,406)	-	(3,406)	46	(3,360)	
Net profit for the period	-	-	-	-	3,138	3,138	335	3,473	
<b>Total recognised (losses) / gains for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,406)</b>	<b>3,138</b>	<b>(268)</b>	<b>381</b>	<b>113</b>	
Final cash dividend for year 2007	-	-	-	-	(1,207)	(1,207)	-	(1,207)	
Acquisition of additional interests in a subsidiary	-	-	-	-	-	-	(240)	(240)	
<b>Balance at 30 June 2008</b>	<b>79,096</b>	<b>2,691</b>	<b>121</b>	<b>(8,244)</b>	<b>3,815</b>	<b>77,479</b>	<b>1,224</b>	<b>78,703</b>	

Consolidated Statement of Changes in Equity [cont'd]

	Attributable to equity holders of the Company								
	Share capital	Capital reserve	Fair value reserve	Share option reserve	Currency translation reserve	Retained earnings	Total attributable to equity holders of the Company	Minority interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at 1 January 2007</b>									
- 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	-	-	-	-	-	194	194	-	194
<b>- As restated</b>	<b>64,615</b>	<b>3,290</b>	<b>5,078</b>	<b>121</b>	<b>(817)</b>	<b>9,138</b>	<b>81,425</b>	<b>1,941</b>	<b>83,366</b>
Transfer on sale of financial asset, available-for-sale	-	-	(5,078)	-	-	-	(5,078)	-	(5,078)
Currency translation differences	-	-	-	-	(301)	-	(301)	(40)	(341)
Disposal of partial interests in a subsidiary	-	-	-	-	4	-	4	88	92
Net (losses)/gains recognised directly in equity	-	-	(5,078)	-	(297)	-	(5,375)	48	(5,327)
Net profit for the period	-	-	-	-	-	4,016	4,016	(92)	3,924
<b>Total recognised (losses) / gains for the period</b>	<b>-</b>	<b>-</b>	<b>(5,078)</b>	<b>-</b>	<b>(297)</b>	<b>4,016</b>	<b>(1,359)</b>	<b>(44)</b>	<b>(1,403)</b>
Final cash dividend for year 2006	-	-	-	-	-	(3,098)	(3,098)	-	(3,098)
Serial System Executives Share Option Scheme									
- Exercise of share options	417	-	-	-	-	-	417	-	417
Exercise of Warrant W090206	168	(42)	-	-	-	-	126	-	126
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	(560)	(560)
Acquisition of a subsidiary	-	-	-	-	(30)	-	(30)	281	251
Dividend paid to a minority shareholder	-	-	-	-	7	-	7	(108)	(101)
<b>Balance at 30 June 2007</b>	<b>65,200</b>	<b>3,248</b>	<b>-</b>	<b>121</b>	<b>(1,137)</b>	<b>10,056</b>	<b>77,488</b>	<b>1,510</b>	<b>78,998</b>

**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
<b>Balance at 1 January 2008</b>	79,096	2,691	-	121	17,950	99,858
Final cash dividend for year 2007	-	-	-	-	(1,207)	(1,207)
Net profit for the period	-	-	-	-	(2,091)	(2,091)
<b>Balance at 30 June 2008</b>	<b>79,096</b>	<b>2,691</b>	-	<b>121</b>	<b>14,652</b>	<b>96,560</b>
<b>Balance at 1 January 2007</b>	64,615	3,290	14,818	121	14,128	96,972
Final cash dividend for year 2006	-	-	-	-	(3,098)	(3,098)
Transfer on sale of financial asset, available-for-sale	-	-	(14,818)	-	-	(14,818)
Serial System Executives Share Option Scheme - Exercise of share options	417	-	-	-	-	417
Exercise of Warrants W090206	168	(42)	-	-	-	126
Net profit for the period	-	-	-	-	18,995	18,995
<b>Balance at 30 June 2007</b>	<b>65,200</b>	<b>3,248</b>	-	<b>121</b>	<b>30,025</b>	<b>98,594</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 2007, the Company issued 2,000 ordinary shares upon the exercise of 2,000 Warrant W101220.

As at 30 June 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) Warrant W090206 and 100,566,837 (31/12/2007: 100,568,837) Warrant W101220.

**1(e) Negative assurance confirmation on interim financial results pursuant to Rule 705(4) of the listing Manual**

We, the undersigned, hereby confirm 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 2008 to be false or misleading.

On behalf of the Board of Directors

**Derek Goh Bak Heng**  
Executive Chairman/ Group CEO

**Chin Yeow Hon**  
Executive Director

Singapore  
8 August 2008

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

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

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period as in the most recently audited financial statements for the financial year ended 31 December 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.**

The Group has adopted all the new and revised Financial Reporting Standards (“FRS”) and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for periods beginning on or after 1 January 2008. The adoption of these new / revised FRS and INT FRS does not result in changes to the Group’s and the Company’s accounting policies and has no material effect on the amounts reported for the current periods or prior years.

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	
	30/06/2008	30/06/2007
Based on the weighted average number of ordinary shares in issue; and	<b>0.52 cent</b>	1.10 cents
On a fully diluted basis	<b>0.52 cent</b>	1.03 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	
	30/06/2008	31/12/2007	30/06/2008	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	<b>13.04 cents</b>	13.26 cents	<b>16.00 cents</b>	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**

For 1H2008, the Group recorded a turnover of S\$258.5 million, an increase of 19% when compared with 1H2007.

The semiconductors/ components distribution business continued to experience growth in majority of the markets we operate due to expansion of existing product lines and products' range, new markets and new products' lines and increased customers' bases.

North Asia, which comprises Greater China, South Korea and Taiwan, posted an overall 12% increase in turnover due to continued strong performance in Greater China and Taiwan markets. Turnover in South and South East Asia registered a 73% growth in turnover due to higher sales contribution from Singapore, Thailand and India.

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

For 1H2008, the Group posted a net profit after tax ('NPAT') of about S\$3.1 million as compared to a NPAT of about S\$4.0 million for 1H2007.

The semiconductors/ components distribution business registered a net profit of S\$3.1 million as compared to a net loss of S\$3.3 million in 1H2007. The turnaround was due to higher gross profit earned from higher turnover and lower provision for trade receivables and inventories.

Gross margin achieved in 1H2008 was 8.9% as compared to 8.5% in 1H2007. Total expenses (excluding provision for trade receivables and inventories) as a percentage of turnover dropped from about 9% in 1H2007 to about 8% in 1H2008, a result of the continued focus on cost efficiency.

The Group's profit for 1H2007 were mainly contributed by a gain of about S\$7.1 million from the sale of its entire interest of about 10.7% in Wintech Microelectronics Co., Ltd and a fair value gain on investment properties amounting to about S\$0.4 million. There were no similar gains by the Group in 1H2008.

The Group's share of profit in its associated company, Bull Will Co., Ltd was about S\$0.1 million in 1H2008 as compared to a share of loss of S\$0.3 million in 1H2007.

**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 United States' sub-prime crisis which resulted in global stock market and currency volatilities, and tight credit conditions, high oil prices, inflationary pressures and slowing global economy will weigh on the performance of the Group's semiconductors/components distribution business.

The Group expects competition to be more intense and operating costs to continue to rise in tandem with global trend. The Group will continue to grow its sales to achieve higher economies of scale. More efforts will be put on high value-added products and services to improve product margins and operation efficiency and effectiveness to negate rising costs.

The Group will continue to review new business opportunities, with the view of increasing shareholders' value.

**11. Dividend**

**a) Current Financial Period Reported On**

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

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

**c) Date payable**

5 September 2008.

**d) Books closure date**

The Share Transfer Books and Register of Members of the Company will be closed on 26 August 2008 for the purpose of determining shareholders' entitlement to the interim one-tier tax-exempt cash dividend of 0.33 cent per share for the financial year ending 31 December 2008.

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 25 August 2008 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 25 August 2008 will be entitled to the interim dividends. The dividends will be paid on 5 September 2008.

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

Not applicable

**BY ORDER OF THE BOARD**

Dr. Derek Goh Bak Heng  
Executive Chairman/ Group CEO  
8 August 2008