



**SERIAL SYSTEM LTD**  
新暉科技有限公司

Company Reg No.: 199202071D

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**Full Year Financial Statement And Dividend Announcement for the Period Ended 31 December 2005**

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**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.

For the financial year ended 31 December 2005

	Note	The Group		
		31/12/2005	31/12/2004	
		S\$'000	S\$'000	
Sales		303,682	313,642	-3%
Cost of sales		(270,181)	(282,901)	-4%
<b>Gross profit</b>		<b>33,501</b>	30,741	9%
Other operating income	1	4,055	6,940	-42%
Distribution costs	2	(20,810)	(16,513)	26%
Administrative expenses		(5,353)	(6,043)	-11%
Other operating expenses	3	(15,402)	(19,596)	-21%
<b>Loss from operations</b>	<b>4</b>	<b>(4,009)</b>	(4,471)	-10%
Finance income		188	138	36%
Finance costs	5	(2,598)	(1,755)	48%
Share of profit of associated companies		1,300	4,143	-69%
<b>Loss before income tax</b>		<b>(5,119)</b>	(1,945)	163%
Income tax expense	6	(883)	(1,980)	-55%
<b>Loss from ordinary activities after income tax</b>		<b>(6,002)</b>	(3,925)	53%
<b>Attributable to:</b>				
Shareholders of the Company		(5,989)	(3,989)	50%
Minority interests		(13)	64	-120%
		<b>(6,002)</b>	(3,925)	53%

## Notes to Income Statement

### 1. Other operating income

Other operating income decreased by about S\$2.9 million or 42% as compared to the previous financial year. The decrease is largely contributed by the reduction in sales commissions earned by the Group's subsidiaries in South Korea.

### 2. Distribution costs

Distribution costs increased by about S\$4.3 million or 26% as compared to the previous financial year. This is mainly due to increased salary costs in the Group's South Korean subsidiaries and expansion costs incurred in the People's Republic of China and Taiwan.

### 3. Other operating expenses

Other operating expenses decreased by about S\$4.2 million or 21% as compared to the previous financial year. This is mainly due to lower write-down of inventories to net realisable values and lower write-off of development costs when compared with the previous financial year.

### 4. Loss from operations

	The Group		
	31/12/2005	31/12/2004	%
	S\$'000	S\$'000	
Loss from operations is arrived at after charging/(crediting) :-			
a. Depreciation and amortisation <sup>1</sup>	2,511	3,671	(32)
b. Impairment loss on goodwill arising from acquisitions of subsidiaries <sup>1</sup>	1,204	383	214
c. (Gain) /Loss on disposal of plant and equipment	(16)	179	109
d. Impairment loss in other investments	6	22	(73)
e. Plant and equipment written off	88	57	54
f. Development expenditure written off	135	660	(80)
g. Allowance for doubtful debts (trade)	1,278	615	108
h. Allowance for doubtful debts (non-trade)	-	103	(100)
i. Write back of allowance for doubtful debts (non-trade)	-	(32)	(100)
j. Bad debts (trade) written off	-	34	(100)
k. Inventories written down to net realisable values	1,448	4,687	(69)
l. Inventories written off	284	119	139
m. Loss on dilution of interests in an associated company	390	549	(29)
n. Gain on sale of shares in an associated company	-	(244)	(100)
o. Loss on disposal of partial interests in subsidiaries (net)	-	25	(100)
p. Gain on disposal of other financial assets at fair value through profit or loss	(11)	(121) <sup>2</sup>	(91)
q. Foreign exchange gain	(667)	(122)	447
r. Foreign currency translation realised to income statement	1,051	48	2,090
s. Impairment losses on properties	1,198	820	46
t. Fair value adjustments for other financial assets at fair value through profit or loss	287	-	NM
u. Fair value adjustments for other assets	6	-	NM

*NM - Not Meaningful*

<sup>1</sup>With the adoption of FRS 103, the Group ceased amortisation of goodwill arising from acquisitions of subsidiaries (2004: S\$1,411,000). For financial year ended 31 December 2005, goodwill arising from acquisitions of subsidiaries was reviewed for impairment.

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

## 5. Finance costs

Finance costs increased by about S\$0.8m or 48% as compared to the previous financial year. This is mainly due to interest costs attributable to the transferable loan facility. The transferable loan facility of S\$25 million was drawn down on 31 January 2005.

6. Tax	31/12/2005 S\$'000	31/12/2004 S\$'000	%
Under / (over) provision in preceding financial years			
Current income tax	-	1	(100)
Deferred income tax	-	218	(100)

*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.

### As at 31 December 2005

	The Group		The Company	
	31/12/2005 S\$'000	31/12/2004 S\$'000	31/12/2005 S\$'000	31/12/2004 S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	14,510	9,160	7,536	218
Trade and other receivables	62,180	37,389	11,353	3,992
Inventories	49,802	36,230	-	159
Other current assets	868	377	15	14
Other financial assets at fair value through profit or loss	577	-	-	-
	<b>127,937</b>	<b>83,156</b>	<b>18,904</b>	<b>4,383</b>
<b>Non-current assets</b>				
Available-for-sale financial assets	879	1,022	-	-
Investment in associated companies	38,136	34,430	18,751	18,473
Investment in subsidiaries	-	-	21,683	24,140
Property, plant and equipment	17,141	19,553	2,970	4,341
Intangible assets	9,508	12,755	414	792
Other receivables	-	-	42,373	53,099
Other assets	1,774	1,424	-	-
Deferred income tax assets	459	329	-	-
	<b>67,897</b>	<b>69,513</b>	<b>86,191</b>	<b>100,845</b>
<b>Total Assets</b>	<b>195,834</b>	<b>152,669</b>	<b>105,095</b>	<b>105,228</b>

**LIABILITIES**

<b>Current liabilities</b>				
Trade and other payables	53,729	29,669	8,107	8,163
Current income tax liabilities	746	1,299	397	411
Borrowings <sup>1</sup>	34,030	39,721	11,080	14,883
	<b>88,505</b>	<b>70,689</b>	<b>19,584</b>	<b>23,457</b>
<b>Non-current liabilities</b>				
Borrowings <sup>1</sup>	19,940	886	16,481	194
Provision for other liabilities and charges	571	675	-	-
Deferred income tax liabilities	1,041	1,047	1,014	1,014
	<b>21,552</b>	<b>2,608</b>	<b>17,495</b>	<b>1,208</b>
<b>Total Liabilities</b>	<b>110,057</b>	<b>73,297</b>	<b>37,079</b>	<b>24,665</b>
<b>Net Assets</b>	<b>85,777</b>	<b>79,372</b>	<b>68,016</b>	<b>80,563</b>
<b>EQUITY</b>				
Share capital	36,466	30,378	36,466	30,378
Share premium	49,990	49,105	49,990	49,105
Capital reserve	3,290	308	3,290	308
Other reserves	(142)	84	111	84 <sup>3</sup>
Foreign currency translation reserve	(198)	(2,963)	-	-
(Accumulated loss) / Retained earnings	(7,921)	(1,488)	(21,841) <sup>2</sup>	688 <sup>3</sup>
<b>Total shareholders' equity</b>	<b>81,485</b>	<b>75,424</b>	<b>68,016</b>	<b>80,563</b>
<b>Minority interests</b>	<b>4,292</b>	<b>3,948</b>	<b>-</b>	<b>-</b>
	<b>85,777</b>	<b>79,372</b>	<b>68,016</b>	<b>80,563</b>

**Notes to the Balance Sheet**

<sup>1</sup>Borrowings(in Current and Non-Current Liabilities) include a Transferable Loan Facility amounting to S\$20,688,000 (31/12/2004: Nil)

<sup>2</sup>The Company made allowances for inter-company loan receivables for subsidiaries and impairment losses for investment in subsidiaries. These provisions were made mainly due to the Group's considered decision to wind down the activities in the consumer digital appliances business. The total provisions made amounted to S\$21,608,000, and these do not have an impact on the Group's results.

<sup>3</sup>The adoption of FRS 102 required the Company and the Group to restate it's prior years' employees' share option reserve.

**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 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
1,602	32,428	6,073	33,648

**Amount repayable after one year**

As at 31 December 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
3,552	16,388	510	376

**Details of any collateral**

- a) The Transferable Loan Facility of S\$20,688,000 (31/12/2004: Nil) is secured by joint and several corporate guarantees from certain subsidiaries in the Group.
- b) Bank borrowing of S\$4,544,000 (31/12/2004: S\$5,637,000) 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\$310,000 (31/12/2004: S\$549,000) are secured on the freehold land and building of a subsidiary.
- d) The finance lease liabilities of S\$300,000 (31/12/2004: S\$397,000) 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.**

	31/12/2005	31/12/2004
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Loss before income tax and share of profit of associated companies	(6,419)	(6,088)
Adjustments for:		
Impairment loss in other investments	6	22
Amortisation of development expenditure and computer software license and development costs	777	762
Depreciation of property, plant and equipment	1,773	1,537
Amortisation of goodwill arising from acquisitions of subsidiaries	-	1,411
Impairment losses on goodwill arising from acquisitions of subsidiaries	1,204	383
Impairment losses on properties	1,198	820
Development expenditure written off	135	660
Amortisation of government incentive grants	(39)	(39)
Plant and equipment written off	88	57
(Gain) / loss on disposal of plant and equipment	(16)	179
Gain on disposal of other financial assets at fair value through profit or loss	(11)	(121)
Loss on dilution of interests in an associated company	390	549
Loss on disposal of partial interests in subsidiaries (net)	-	25
Gain on sale of shares in an associated company	-	(244)
Fair value adjustments for other financial assets at fair value through profit or loss	287	-
Fair value adjustments for other assets	6	-
Fair value adjustments for share options under the Serial System Executives Share Option Scheme	27	-
Foreign currency translation realised to income statement	1,051	-
Interest income	(188)	(138)
Interest expense	2,598	1,755
Operating cash flow before working capital changes	2,867	1,530
Change in operating assets and liabilities, net of effects from acquisitions of subsidiaries		
Trade and other receivables	(24,789)	2,030
Inventories	(13,571)	5,718
Other current assets	(491)	314
Other non-current assets	(129)	(388)
Trade and other payables	26,561	(13,716)
Foreign currency translation adjustment	1,472	239
Cash used in operations	(8,080)	(4,273)
Income tax paid	(1,558)	(2,626)
<b>Net cash outflow from operating activities</b>	<b>(9,638)</b>	<b>(6,899)</b>

**Cash flows from investing activities**

Payments for intangible assets (computer software license and development costs)	(46)	(1,056)
Development expenditures	-	(416)
Payments for property, plant and equipment	(519)	(7,766)
Proceeds from disposal of plant and equipment	59	476
Proceeds from sale of shares in an associated company	-	904
Proceeds from disposal of other financial assets at fair value through profit or loss	289	574
Proceeds from disposal of partial interests in subsidiaries	-	6
Payments for acquisition of subsidiaries, net of cash acquired	-	(2,048)
Payment for acquisition of interest in a new associated company	(3,042)	-
Payments for available-for-sale financial assets	(246)	(1,437)
Payments for other financial assets at fair value through profit or loss	(1,142)	(1)
Payments for other assets (club memberships)	-	(9)
Payment of balance outstanding for acquisition of a subsidiary in preceding year	(1,228)	(577)
Dividends received from an associated company	1,011	1,893
Withholding tax paid on dividends received from an associated company	(277)	(104)
Interest received	188	138
Capital contribution by a minority shareholder in a newly incorporated subsidiary	200	-
<b>Net cash outflow from investing activities</b>	<b>(4,753)</b>	<b>(9,423)</b>

**Cash flows from financing activities**

Proceeds from issuance of ordinary shares arising from exercise of share options and warrants	15	227
Proceeds from issuance of warrants (net of warrants issue expenses)	2,982	-
Proceeds from issuance of ordinary shares pursuant to a rights issue (net of rights issue expenses)	6,958	-
Dividends paid	(608)	(970)
Proceeds from bank borrowings	14,380	21,571
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	(20,923)	(6,721)
Repayment of transferable loan facility	(2,150)	-
Lease liabilities	(241)	(184)
Interest paid	(1,544)	(1,674)
<b>Net cash inflow from financing activities</b>	<b>20,739</b>	<b>12,249</b>

<b>Net increase / (decrease) in cash and cash equivalents held</b>	<b>6,348</b>	<b>(4,073)</b>
Cash and cash equivalents at the beginning of the financial year	8,162	12,235
<b>Cash and cash equivalents at the end of the financial year</b>	<b>14,510</b>	<b>8,162</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 shareholders of the Company									
	Share capital S\$'000	Share premium S\$'000	Capital reserve S\$'000	Other reserves Fair value reserve S\$'000	Employees' share option reserve S\$'000	Foreign currency translation reserve S\$'000	Accumulated loss S\$'000	Total S\$'000	Minority interests S\$'000	Total S\$'000
<b>Balance at 1 January 2005</b>										
- As previously reported	30,378	49,105	308	-	-	(2,963)	(1,404)	75,424	3,948	79,372
- Effect of changes in accounting policies										
Adoption of FRS 102	-	-	-	-	84	-	(84)	-	-	-
Adoption of FRS 103	-	-	-	-	-	-	164	164	-	164
- As restated	30,378	49,105	308	-	84	(2,963)	(1,324)	75,588	3,948	79,536
Fair value losses on available-for-sale financial assets	-	-	-	(253)	-	-	-	(253)	-	(253)
Foreign currency translation differences	-	-	-	-	-	1,714	-	1,714	157	1,871
Foreign currency translation realised to income statement	-	-	-	-	-	1,051	-	1,051	-	1,051
Net loss for the financial year	-	-	-	-	-	-	(5,989)	(5,989)	(13)	(6,002)
<b>Total recognised (loss) / gains for the financial year</b>	-	-	-	(253)	-	2,765	(5,989)	(3,477)	144	(3,333)

## Consolidated Statement of Changes in Equity [cont'd]

	Attributable to shareholders of the Company									
	Share capital S\$'000	Share premium S\$'000	Capital reserve S\$'000	Other reserves		Foreign currency translation reserve S\$'000	Accumulated loss S\$'000	Total S\$'000	Minority interests S\$'000	Total S\$'000
			Fair value reserve S\$'000	Employees' share option reserve S\$'000						
Final dividend for year 2004	-	-	-	-	-	-	(608)	(608)	-	(608)
Executives Share Option Scheme - Value of employees' services	-	-	-	-	27	-	-	27	-	27
Exercise of share options under the Serial System Executives Share Option Scheme	10	4	-	-	-	-	-	14	-	14
Exercise of warrants	1	-	-	-	-	-	-	1	-	1
Issuance of warrants	-	-	3,419	-	-	-	-	3,419	-	3,419
Warrants issue expenses	-	-	(437)	-	-	-	-	(437)	-	(437)
Issuance of shares pursuant to a rights issue	6,077	1,216	-	-	-	-	-	7,293	-	7,293
Rights issue expenses	-	(335)	-	-	-	-	-	(335)	-	(335)
Capital contribution by a minority shareholder	-	-	-	-	-	-	-	-	200	200
<b>Balance at 31 December 2005</b>	<b>36,466</b>	<b>49,990</b>	<b>3,290</b>	<b>(253)</b>	<b>111</b>	<b>(198)</b>	<b>(7,921)</b>	<b>81,485</b>	<b>4,292</b>	<b>85,777</b>

## Consolidated Statement of Changes in Equity [cont'd]

	Attributable to shareholders of the Company									
	Share capital S\$'000	Share premium S\$'000	Capital reserve S\$'000	Other reserves Fair value reserve S\$'000	Employees' share option reserve S\$'000	Foreign currency translation reserve S\$'000	Accumulated loss S\$'000	Total S\$'000	Minority interests S\$'000	Total S\$'000
<b>Balance at 1 January 2004</b>										
- As previously reported	30,236	49,020	308	-	-	(2,558)	3,555	80,561	3,448	84,009
- Effect of changes in accounting policies										
Adoption of FRS 102	-	-	-	-	35	-	(35)	-	-	-
- As restated	30,236	49,020	308	-	35	(2,558)	3,520	80,561	3,448	84,009
Foreign currency translation differences	-	-	-	-	-	(453)	-	(453)	(47)	(500)
Foreign currency translation realised to income statement	-	-	-	-	-	48	-	48	-	48
Net loss for the financial year	-	-	-	-	-	-	(3,989)	(3,989)	64	(3,925)
<b>Total recognised (loss) / gain for the financial year</b>	-	-	-	-	-	(405)	(3,989)	(4,394)	17	(4,377)
Final dividend for year 2003	-	-	-	-	-	-	(970)	(970)	-	(970)
Executives Share Option Scheme										
- Value of employees' services	-	-	-	-	49	-	(49)	-	-	-
Disposal of partial interests in subsidiaries	-	-	-	-	-	-	-	-	483	483
Exercise of share options under the Serial System Executives Share Option Scheme	142	85	-	-	-	-	-	227	-	227
<b>Balance at 31 December 2004</b>	<b>30,378</b>	<b>49,105</b>	<b>308</b>	<b>-</b>	<b>84</b>	<b>(2,963)</b>	<b>(1,488)</b>	<b>75,424</b>	<b>3,948</b>	<b>79,372</b>

## Statement of Changes in Equity - Company

	Share capital S\$'000	Share premium S\$'000	Capital reserve S\$'000	Employees' share option reserves S\$'000	(Accumulated loss) / Retained earnings S\$'000	Total S\$'000
<b>Balance at 1 January 2005</b>						
- As previously reported	30,378	49,105	308	-	772	80,563
- Effect of changes in accounting policies						
Adoption of FRS 102	-	-	-	84	(84)	-
- As restated	30,378	49,105	308	84	688	80,563
Final dividend for year 2004	-	-	-	-	(608)	(608)
<b>Executives Share Option Scheme</b>						
- Value of employees' services	-	-	-	27	-	27
Exercise of share options under the Serial System Executives Share Option Scheme	10	4	-	-	-	14
Exercise of warrants	1	-	-	-	-	1
Issuance of warrants	-	-	3,419	-	-	3,419
Warrants issue expenses	-	-	(437)	-	-	(437)
Issuance of shares pursuant to a rights issue	6,077	1,216	-	-	-	7,293
Rights issue expenses	-	(335)	-	-	-	(335)
Net loss for the financial year	-	-	-	-	(21,921)	(21,921)
<b>Balance at 31 December 2005</b>	<b>36,466</b>	<b>49,990</b>	<b>3,290</b>	<b>111</b>	<b>(21,841)</b>	<b>68,016</b>
<b>Balance at 1 January 2004</b>						
- As previously reported	30,236	49,020	308	-	1,344	80,908
- Effect of changes in accounting policies						
Adoption of FRS 102	-	-	-	35	(35)	-
- As restated	30,236	49,020	308	35	1,309	80,908
Final dividend for year 2003	-	-	-	-	(970)	(970)
<b>Executives Share Option Scheme</b>						
- Value of employees' services	-	-	-	49	-	49
Exercise of share options under the Serial System Executives Share Option Scheme	142	85	-	-	-	227
Net profit for the financial year	-	-	-	-	349	349
<b>Balance at 31 December 2004</b>	<b>30,378</b>	<b>49,105</b>	<b>308</b>	<b>84</b>	<b>688</b>	<b>80,563</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.**

On 7 February 2005, 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 13 January 2005, fractional entitlements being disregarded.

On 28 December 2005, the Company issued 60,776,270 new ordinary shares of S\$0.10 each (the "Rights Shares") via a renounceable rights issue at an issue price of S\$0.12 for each Rights Share, on the basis of one Rights Share for every five existing ordinary shares of S\$0.10 each in the Company held by the entitled shareholders as at 1 December 2005, fractional entitlements being disregarded.

Since the end of the previous financial year ended 31 December 2004, the following ordinary shares were also 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 31 December 2005, there were 15,141,000 (31/12/2004: 18,689,000) outstanding share options pursuant to the terms of the Serial System Executives Share Option Scheme and 75,962,547 (31/12/2004: nil) warrants.

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

The figures in the 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 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.**

In 2005, the Group and the Company adopted the new FRS that are effective from 1 January 2005. The adoption of the new FRS has resulted in the following impact on the Group:

FRS39 : Financial Instruments : Recognition and Measurement

The impact of adopting FRS39 is as follows:

1) the decrease in fair value to other financial assets adjusted to the income statement of the Group for the financial year ended 31 December 2005 amounted to S\$287,000.

2) the decrease in fair value adjustments to equity of the Group for the financial year ended 31 December 2005 amounted to S\$253,000.

FRS102 : Share-based payment

The impact of adopting FRS 102 is as follows:

1) opening revenue reserve of the Group and Company for 1 January 2005 have been restated by a reduction of S\$84,000.

2) net loss of the Group and the Company for the financial year ended 31 December 2005 increased by S\$27,000.

FRS103 : Business Combinations : Previously recognized negative goodwill

1) The impact of adopting FRS 103 has resulted in an increased in the Group's opening revenue reserve by S\$164,000.

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	
	31/12/2005	31/12/2004
Based on the weighted average number of ordinary shares in issue; and	<b>(1.97) cents</b>	(1.32) cents
On a fully diluted basis	<b>(1.97) cents</b>	(1.29) 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.

Net assets backing per ordinary share based on the existing issued share capital as at the end of the period reported on

The Group		The Company	
31/12/2005	31/12/2004	31/12/2005	31/12/2004
23.52 cents	26.13 cents	18.65 cents	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	31/12/2005	31/12/2004	Increase/ (Decrease)	% Change
Semiconductors/ Components Distribution	301.9	309.3	(7.4)	(2)
Consumer Digital Appliances and Other Businesses	1.8	4.3	(2.5)	(58)
Total	303.7	313.6	(9.9)	(3)

For the financial year ended 31 December 2005 (FY2005), the Group recorded a turnover of S\$303.7 million, a reduction of 3% as compared with S\$313.6 million in the financial year ended 31 December 2004 (FY2004).

The semiconductors/ components distribution business experienced meaningful growth in the People's Republic of China and Taiwan. However, much lower demand for GSM and GPRS solutions resulted in a substantial turnover reduction in a Hong Kong subsidiary.

Together with the continued emphasis on higher margin sales, turnover for the semiconductors/components distribution business registered a slight reduction of about 2% when compared with the previous year's figure.

The Group continued to face weak demand for its consumer digital appliances in the United States of America. As a result, a considered decision was taken to wind down the activities in the consumer digital appliances business.

**(b) Group's Loss After Income Tax (S\$'million)**

<b>Business segments</b>	<b>31/12/2005</b>	<b>31/12/2004</b>	<b>Increase/ (Decrease)</b>	<b>% Change</b>
Semiconductors/ Components Distribution	(2.1)	(1.4)	(0.7)	50
Investment in associated companies (Semiconductors/ Components Distribution)	0.7	3.5	(2.8)	(80)
Consumer Digital Appliances and Other Businesses	(4.6)	(6.1)	1.5	(25)
Total	(6.0)	(4.0)	(2.0)	50

For FY2005, the Group posted a net loss of about S\$6.0 million as compared to a net loss of about S\$4.0 million for FY2004.

The semiconductors/components distribution business posted a net loss of S\$2.1 million in FY2005 as compared to a net loss of S\$1.4 million in FY2004. This was largely contributed by lower income from sales commission and increased salary costs in the Group's South Korean subsidiaries as well as expansion costs incurred in the People's Republic of China.

The Group's associated company, Wintech Microelectronics Co., Ltd (Taiwan) ("Wintech"), reported lower investment income and higher inventory provisions, resulting in lower profits in FY2005. As a result, the Group's share of the profit was reduced to S\$0.5 million in FY2005 from S\$3.5 million in FY2004.

The Group acquired a 21.43% interest in NEX Display Technology Co., Ltd ("NEX") on 21 October 2005. NEX contributed a profit of S\$0.2 million for FY2005.

Provision for inventories and trade receivables, impairment losses on properties, realised foreign currency translation loss and fair value adjustments for other financial assets contributed to the losses of the consumer digital appliances and other business in FY2005.

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

A profit warning statement was announced on 24 November 2005 via SGXNET No.00097. The results reported are not inconsistent with the statement made.

**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.**

Demand in a broad range of applications in semiconductors and consumer electronics will continue to impact on the Group's performance. The Group's performance is also significantly dependent on the global economy as well as the economies of the People's Republic of China, South Korea, and Taiwan, markets in which the Group operates. The People's Republic of China, with its huge potential market base and increased concentration of manufacturing operations by multinational corporations/original equipment manufacturers (OEMs) in the country, continues to be a key market.

The Group will continue to put primary emphasis on its operations in North Asia, which accounted for approximately 81.1% of the Group's turnover for FY2005.

**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? Yes

Name of Dividend	Final
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.25 cent per ordinary share (less tax)
Optional:- Dividend Rate (in %)	
Par value of shares	S\$0.10
Tax Rate	20%

**c) Date payable**

Not applicable.

**d) Books closure date**

Not applicable.

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

No dividend has been declared/ recommended for the financial year ended 31 December 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\$607,768 was approved at the Company's Annual General Meeting on 28 April 2005. The dividend was paid on 27 May 2005.

**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	Consumer digital appliances S\$'000	Other businesses S\$'000	Eliminations S\$'000	Group S\$'000
<b>Year ended 31 December 2005</b>					
Sales					
External	301,936	1,733	13	-	303,682
Inter-segment	-	51	-	(51)	-
	<u>301,936</u>	<u>1,784</u>	<u>13</u>	<u>(51)</u>	<u>303,682</u>
Segment result - operating gain / (loss)	1,704	(3,315)	(979)	(1,029)	(3,619)
Unallocated loss	-	-	-	-	(390)
Finance income					188
Finance costs					(2,598)
Share of profit of associated companies	1,513				1,513
Loss before income tax					(4,906)
Income tax expense					(1,096)
Loss from ordinary activities after income tax					(6,002)
Minority interests					13
Net loss					<u>(5,989)</u>
Segment assets	124,710	2,454	87,267	(57,192)	157,239
Investment in associated companies (equity method)	38,136	-	-	-	38,136
Deferred income tax assets					459
Consolidated total assets					<u>195,834</u>
Segment liabilities	98,538	(33)	2,356	(46,561)	54,300
Borrowings	21,864	-	32,106	-	53,970
Income tax liabilities					1,787
Consolidated total liabilities					<u>110,057</u>
Capital expenditures	595	4	101	-	700
Depreciation of property, plant and equipment	904	32	837	-	1,773
Amortisation of development expenditures	316	-	-	-	316
Net amortisation of computer software license and development costs	-	-	422	-	422
Impairment losses on properties	-	-	1,198	-	1,198
Development expenditure written off	135	-	-	-	135
Impairment losses on goodwill arising from acquisitions of subsidiaries	1,204	-	-	-	1,204
Write-down of inventories to net realisable values	598	850	-	-	1,448

Primary reporting - business segments

	Semiconductors/ Components distribution S\$'000	Consumer digital appliances S\$'000	Other businesses S\$'000	Eliminations S\$'000	Group S\$'000
<b>Year ended 31 December 2004</b>					
Sales					
External	309,292	4,340	10	-	313,642
Inter-segment	18	148	-	(166)	-
	<u>309,310</u>	<u>4,488</u>	<u>10</u>	<u>(166)</u>	<u>313,642</u>
Segment results - operating gain / (loss)	2,554	(4,110)	(1,083)	(1,527)	(4,166)
Unallocated loss					(305)
Finance income					138
Finance costs	(1,123)	-	(632)		(1,755)
Share of profit of an associated company	4,952				4,952
Loss before income tax					(1,136)
Income tax expense					(2,789)
Loss from ordinary activities after income tax					(3,925)
Minority interests					(64)
Net loss					(3,989)
Segment assets	92,293	4,736	70,443	(49,562)	117,910
Investment in an associated company (equity method)	34,430	-	-		34,430
Deferred income tax assets					329
Consolidated total assets					<u>152,669</u>
Segment liabilities	63,735	459	2,255	(36,105)	30,344
Borrowings	19,891	-	20,716		40,607
Income tax liabilities					2,346
Consolidated total liabilities					<u>73,297</u>
Capital expenditures	1,391	1	8,511	-	9,903
Depreciation of property, plant and equipment	817	118	602	-	1,537
Amortisation of development expenditures	494	-	-	-	494
Net amortisation of computer software license and development costs	-	-	229	-	229
Impairment losses on properties	-	-	820	-	820
Development expenditure written off	660	-	-	-	660
Amortisation of goodwill arising from acquisitions of subsidiaries	1,402	-	46	-	1,448
Amortisation of negative goodwill arising from acquisition of a subsidiary	(37)	-	-	-	(37)
Impairment loss on goodwill arising from acquisition of a subsidiary	-	-	383	-	383
Write-down of inventories to net realisable values	1,981	2,706	-	-	4,687

Secondary reporting - geographical segments

	Turnover		The Group Total Assets		Capital Expenditures	
	2005	2004	2005	2004	2005	2004
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	29,251	29,534	49,683	41,398	113	8,837
Greater China	132,754	120,017	80,394	64,093	218	455
South Korea	100,088	147,260	35,574	32,242	249	611
South Korea - Associated company	-	-	3,042	-	-	-
Taiwan	13,433	6,867	5,933	-	118	-
Taiwan - Associated company	-	-	18,751	18,473	-	-
Spain	11,307	-	-	-	-	-
Others	22,598	33,868	177	1,426	2	-
	309,431	337,546	193,554	157,632	700	9,903
Eliminations	(5,749)	(23,904)	2,280	(4,963)	-	-
	<b>303,682</b>	<b>313,642</b>	<b>195,834</b>	<b>152,669</b>	<b>700</b>	<b>9,903</b>

**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		%
	31/12/2005	31/12/2004	Change
Sales reported for first half year	<b>126,595</b>	171,045	(26)
Operating (loss) / profit reported for first half year	<b>(2,792)</b>	2,788	(200)
Sales reported for second half year	<b>177,087</b>	142,597	24
Operating loss reported for second half year	<b>(3,197)</b>	(6,777)	(53)

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	0	608
Preference	0	0
Total:	0	608

**BY ORDER OF THE BOARD**

Dr. Derek Goh Bak Heng  
Executive Chairman/ Group CEO  
25/02/2006