

Full Year 2007 Financial Statement And Dividend Announcement

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.

	GROUP					
	3 months ended	3 months ended		Full Year ended	Full Year ended	
	31.12.07	31.12.06	Change	31.12.07	31.12.06	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	83,178	75,966	9.5	268,310	238,997	12.3
Cost of sales	(71,822)	(58,317)	23.2	(221,979)	(188,890)	17.5
Gross profit	11,356	17,649	(35.7)	46,331	50,107	(7.5)
Other operating income	4,096	590	594.2	6,244	3,070	103.4
Selling and distribution costs	(1,866)	(2,116)	(11.8)	(8,029)	(8,297)	(3.2)
Administrative expenses	(5,852)	(6,357)	(7.9)	(21,188)	(19,811)	7.0
Finance costs	(627)	(512)	22.5	(2,143)	(2,373)	(9.7)
Profit before income tax (Note A)	7,107	9,254	(23.2)	21,215	22,696	(6.5)
Income tax	(1,548)	(1,458)	6.2	(3,038)	(2,658)	14.3
Net profit for the period	5,559	7,796	(28.7)	18,177	20,038	(9.3)

Note A:	GROUP					
	3 months ended	3 months ended		Full Year ended	Full Year ended	
	31.12.07	31.12.06	Change	31.12.07	31.12.06	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Profit before income tax is arrived at after crediting (charging) the following:						
Interest income	183	165	10.9	780	608	28.3
Interest expense	(429)	(412)	4.1	(1,578)	(1,928)	(18.2)
Depreciation of property, plant and equipment	(1,287)	(1,140)	12.9	(4,948)	(4,510)	9.7
Amortisation of deferred expenditure	(884)	(1,025)	(13.8)	(3,545)	(3,301)	7.4
Provision for (reversal of) doubtful trade receivables	(2)	49	n.m	(581)	-	n.m
Impairment loss on available-for-sale investments	-	(283)	n.m	-	(383)	n.m
Exchange loss	(696)	(934)	(25.5)	(1,548)	(1,306)	18.5
Gain (loss) on disposal of plant and equipment	(8)	3	n.m	(10)	1,030	n.m
Gain on revaluation of investment properties	3,499	-	n.m.	3,499	-	n.m.
Change in fair value of currency derivatives	(100)	-	n.m.	(100)	-	n.m

n.m: 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.

	GROUP			COMPANY		
	31.12.07	31.12.06	Change	31.12.07	31.12.06	Change
	\$'000	\$'000	%	\$'000	\$'000	%
ASSETS						
Current assets:						
Cash and bank balances	36,177	29,177	24.0	27,327	21,324	28.2
Trade receivables	44,225	48,007	(7.9)	13,879	8,352	66.2
Other receivables and prepayments (Note B)	3,421	2,253	51.8	1,361	34,093	n.m
Forward foreign exchange contracts	176	-	n.m	20	-	n.m
Inventories	36,099	36,558	(1.3)	-	-	n.m
Total current assets	120,098	115,995	3.5	42,587	63,769	(33.2)
Non-current assets:						
Investment in subsidiaries (Note B)	-	-	n.m	54,658	25,832	111.6
Investment properties	14,316	-	n.m	-	-	-
Available-for-sale investments	560	403	39.0	516	356	44.9
Property, plant and equipment	27,364	28,551	(4.2)	832	969	(14.1)
Deferred expenditure	6,245	4,814	29.7	6,580	4,857	35.5
Deferred tax assets	-	425	n.m	507	573	(11.5)
Total non-current assets	48,485	34,193	41.8	63,093	32,587	93.6
Total assets	168,583	150,188	12.2	105,680	96,356	9.7

Note B: Capitalisation of current account

On 16 August 2007, the Company increased its investment in a subsidiary – Aztech Systems (Hong Kong) Ltd (“Aztech HK”) through the conversion of receivables amounted to \$27,784,355 due from Aztech HK into its capital.

n.m : Not meaningful

	GROUP			COMPANY		
	31.12.07	31.12.06	Change	31.12.07	31.12.06	Change
	\$'000	\$'000	%	\$'000	\$'000	%
LIABILITIES AND EQUITY						
Current liabilities:						
Trade payables	37,316	36,330	2.7	79	218	(63.8)
Other payables and provisions	9,671	10,462	(7.6)	12,308	4,646	164.9
Income tax payable	3,023	2,464	22.7	2,044	2,440	(16.2)
Borrowings (Note C)	19,729	14,419	36.8	-	639	n.m
Forward foreign exchange contracts	280	-	n.m	15	-	n.m
Total current liabilities	70,019	63,675	10.0	14,446	7,943	81.9
Non-current liabilities:						
Borrowings (Note C)	8,336	5,607	48.7	-	-	n.m
Deferred tax liability	582	-	n.m	-	-	n.m
Total non-current liabilities	8,918	5,607	59.1	-	-	n.m
Total liabilities	78,937	69,282	13.9	14,446	7,943	81.9
Capital and reserves:						
Share capital	109,958	108,342	1.5	109,958	108,342	1.5
Treasury shares	(3,647)	-	n.m	(3,647)	-	n.m
Warrant reserve	1,769	-	n.m	1,769	-	n.m
Foreign currency translation reserve	(3,482)	(1,329)	162.0	-	-	n.m
Employee share-based compensation reserve	547	514	6.4	547	514	6.4
Revaluation reserve	200	-	n.m.	200	-	n.m.
Accumulated losses	(15,699)	(26,621)	(41.0)	(17,593)	(20,443)	(13.9)
Total equity	89,646	80,906	10.8	91,234	88,413	3.2
Total liabilities and equity	168,583	150,188	12.2	105,680	96,356	9.7

n.m: Not meaningful

Note C:**Detail of borrowings:**

	GROUP		COMPANY	
	31.12.07	31.12.06	31.12.07	31.12.06
	\$'000	\$'000	\$'000	\$'000
Current				
Bills discounted with recourse (secured)	1,343	1,496	-	639
Bill payable (secured)	10,000	8,686	-	-
Export Trade loan (secured)	1,374	-	-	-
Revolving loan (secured)	718	-	-	-
Term loan (secured)	1,436	2,054	-	-
Bank loan (secured)	2,210	-	-	-
Finance leases (secured)	2,648	2,183	-	-
	19,729	14,419	-	639
Non Current				
Term loan (secured)	-	1,540	-	-
Bank loan (secured)	5,159	-	-	-
Finance leases (secured)	3,177	4,067	-	-
	8,336	5,607	-	-
Total borrowings	28,065	20,026	-	639

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

Amount repayable in one year or less, or on demand

As at 31.12.2007 (\$'000)		As at 31.12.2006 (\$'000)	
Secured	Unsecured	Secured	Unsecured
19,729	-	14,419	-

Amount repayable after one year

As at 31.12.2007 (\$'000)		As at 31.12.2006 (\$'000)	
Secured	Unsecured	Secured	Unsecured
8,336	-	5,607	-

Detail of any collateral

Bank borrowings

Trade Finance:

The Group has banking facilities relating to bills discounted with recourse, trade bills payable, revolving credit, export trade loan and bank overdrafts of \$53,424,000 (FY2006: \$50,975,570), of which \$13,435,000 (FY2006: \$10,181,570) have been utilised as at 31 December 2007. These banking facilities are secured by a corporate guarantee from the Company and bear interest rates from 4.7% to 7.5% (FY2006: 5.9% to 10.0%) per annum.

The term loan of approximately \$5,059,000 extended to the Group is repayable over 3 years commencing 2005. The loan which has an outstanding balance of \$1,436,000 (FY2006: \$3,594,000) bears interest at United States Prime Lending Rate less 0.5% per annum or at 1.5% over the Lender's cost of funds, whichever is higher. It is calculated on a 360 day basis and the actual number of days elapsed. The loan is secured by a corporate guarantee from the Company.

Shenzhen Office Property:

On 1 June 2007, the Group acquired office property in Shenzhen, China for the consideration of \$8.88 million. The acquisition of property was satisfied by a combination of bank borrowings and internal funds.

The bank loan of approximately \$7,369,000 extended to the Group is repayable over 3 years (FY2008: 2,210,000, FY2009: 2,210,000 and FY2010: 2,949,000) commencing June 2007. The loan bears interest at HIBOR plus 1.5% per annum calculated on a 365 day basis and the actual number of days elapsed. The bank loan 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.

Group	3 months ended	3 months ended	Full Year ended	Full Year ended
	31.12.07	31.12.06	31.12.07	31.12.06
	\$'000	\$'000	\$'000	\$'000
Operating activities:				
Profit before income tax	7,107	9,254	21,215	22,696
Adjustments for:				
Share based payment	101	23	258	10
Provision for (reversal of) doubtful trade receivables	2	(49)	581	-
Increase (decrease) in allowance for inventories	410	(552)	1,436	80
Impairment loss on available-for-sales investment	-	283	-	383
Depreciation	1,287	1,140	4,948	4,510
(Gain) loss on disposal of plant and equipment	8	(3)	10	(1,030)
Loss on disposal of investment	-	-	3	-
Amortisation on deferred expenditure	884	1,025	3,545	3,301
Provision for (reversal of) warranty	9	(79)	82	(76)
Gain on revaluation of investment properties	(3,499)	-	(3,499)	-
Change in fair value of currency derivatives	100	-	100	-
Interest income	(183)	(165)	(780)	(608)
Interest expense	429	412	1,578	1,928
Operating cash flows before movement in working capital	6,655	11,289	29,477	31,194
Trade receivables	320	(9,506)	3,201	(16,076)
Other receivables and prepayments	1,065	1,065	(1,168)	(230)
Inventories	14,340	2,680	(977)	(4,860)
Trade payables	(7,601)	10,286	986	15,838
Other payables	203	(1,123)	(303)	729
Cash generated from operations	14,982	14,691	31,216	26,595
Interest paid	(429)	(412)	(1,578)	(1,928)
Income tax paid	(588)	(1,231)	(1,440)	(1,535)
Net cash from operating activities	13,965	13,048	28,198	23,132

	3 months ended	3 months ended	Full Year ended	Full Year ended
	31.12.07	31.12.06	31.12.07	31.12.06
	\$'000	\$'000	\$'000	\$'000
Cash flows from investing activities:				
Proceeds on disposal of property, plant and equipment	1	111	17	25,056
Proceeds on disposal of investment	-	311	38	311
Purchase of property, plant and equipment	(508)	-	(5,578)	(3,570)
Purchase of investment property	-	-	(8,884)	-
Deferred expenditure	(1,416)	(1,227)	(4,979)	(4,185)
Interest received	183	165	780	608
Net cash from (used in) investing activities	(1,740)	(640)	(18,606)	18,220
Cash flows from financing activities:				
Payment of dividend	-	(10)	(7,255)	(4,048)
Repayment of obligations under finance leases	(984)	(382)	(3,054)	(2,574)
Net proceeds from (repayment of) bank borrowings	797	(2,921)	8,464	(23,584)
Proceeds from issue of shares	285	208	1,381	732
Proceeds from derivative financial instrument	11	-	11	-
Net proceeds from issue of warrants	-	-	1,779	-
Purchase of treasury shares	(2,288)	-	(3,647)	-
Net cash used in financing activities	(2,179)	(3,105)	(2,321)	(29,474)
Effect of translation of foreign subsidiaries	(87)	543	(271)	1,974
Net increase in cash and cash equivalents	9,959	9,846	7,000	13,852
Cash and cash equivalents at beginning of period	26,218	19,331	29,177	15,325
Cash and cash equivalents at end of period	36,177	29,177	36,177	29,177

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.

	Share capital	Treasury shares	Warrant reserve	Foreign currency translation reserve	Employee share-based compensation	Revaluation reserve	Accumulated losses	Total
The Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Latest Period								
Balance at 1 January 2007	108,342	-	-	(1,329)	514	-	(26,621)	80,906
Issue of shares	486	-	-	-	-	-	-	486
Employees' share option benefit	88	-	-	-	(59)	-	-	29
Currency translation differences	-	-	-	(55)	-	-	-	(55)
Repurchase of shares and held as treasury shares	-	(451)	-	-	-	-	-	(451)
Net profit for the period	-	-	-	-	-	-	3,811	3,811
Balance at 31 March 2007	108,916	(451)	-	(1,384)	455	-	(22,810)	84,726
Issue of shares	605	-	-	-	-	-	-	605
Employees' share option benefit	134	-	-	-	(98)	-	-	36
Currency translation differences	-	-	-	135	-	-	-	135
Dividend paid	-	-	-	-	-	-	(4,124)	(4,124)
Net profit for the period	-	-	-	-	-	-	5,216	5,216
Balance at 30 June 2007	109,655	(451)	-	(1,249)	357	-	(21,718)	86,594
Issue of shares	5	-	-	-	-	-	-	5
Employees' share option benefit	2	-	-	-	90	-	-	92
Currency translation differences	-	-	-	(671)	-	-	-	(671)
Repurchase of shares and held as treasury shares	-	(908)	-	-	-	-	-	(908)
Warrant reserve	-	-	1,779	-	-	-	-	1,779
Dividend paid	-	-	-	-	-	-	(3,131)	(3,131)
Net profit for the period	-	-	-	-	-	-	3,591	3,591
Balance at 30 September 2007	109,662	(1,359)	1,779	(1,920)	447	-	(21,258)	87,351

<i>[continuous from previous page]</i>	Share capital	Treasury shares	Warrant reserve	Foreign currency translation reserve	Employee share-based compensation	Revaluation reserve	Accumulated losses	Total
Balance at 30 September 2007	109,662	(1,359)	1,779	(1,920)	447	-	(21,258)	87,351
Issue of shares	285	-	-	-	-	-	-	285
Employees' share option benefit	1	-	-	-	100	-	-	101
Currency translation differences	-	-	-	(1,562)	-	-	-	(1,562)
Repurchase of shares and held as treasury shares	-	(2,288)	-	-	-	-	-	(2,288)
Warrant reserve	10	-	(10)	-	-	-	-	-
Revaluation of available-for-sale investments	-	-	-	-	-	200	-	200
Net profit for the period	-	-	-	-	-	-	5,559	5,559
Balance at 31 December 2007	109,958	(3,647)	1,769	(3,482)	547	200	(15,699)	89,646

	Share capital	Share premium	Warrant reserve	Foreign currency translation reserve	Employee share-based compensation	Accumulated losses	Total
The Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Previous Corresponding Period							
Balance at 1 January 2006	20,109	87,408	-	(858)	597	(42,611)	64,645
Transfer of share premium reserve to share capital (Note D)	87,408	(87,408)	-	-	-	-	-
Issue of shares	29	-	-	-	-	-	29
Currency translation differences	-	-	-	(183)	-	-	(183)
Net profit for the period	-	-	-	-	-	2,127	2,127
Balance at 31 March 2006	107,546	-	-	(1,041)	597	(40,484)	66,618
Issue of shares	321	-	-	-	-	-	321
Employees' share option benefit	-	-	-	-	(8)	-	(8)
Currency translation differences	-	-	-	(189)	-	-	(189)
Dividend paid	-	-	-	-	-	(2,011)	(2,011)
Net profit for the period	-	-	-	-	-	5,085	5,085
Balance at 30 June 2006	107,867	-	-	(1,230)	589	(37,410)	69,816
Issue of shares	174	-	-	-	(39)	-	135
Employees' share option benefit	47	-	-	-	(13)	-	34
Currency translation differences	-	-	-	32	-	-	32
Dividend paid	-	-	-	-	-	(2,027)	(2,027)
Net profit for the period	-	-	-	-	-	5,030	5,030
Balance at 30 September 2006	108,088	-	-	(1,198)	537	(34,407)	73,020
Issue of shares	254	-	-	-	(23)	-	231
Currency translation differences	-	-	-	(131)	-	-	(131)
Dividend paid	-	-	-	-	-	(10)	(10)
Net profit for the period	-	-	-	-	-	7,796	7,796
Balance at 31 December 2006	108,342	-	-	(1,329)	514	(26,621)	80,906

	Share capital	Treasury shares	Warrant reserve	Revaluation reserve	Employee share-based compensation	Accumulated losses	Total
The Company	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Latest Period							
Balance at 1 January 2007	108,342	-	-	-	514	(20,443)	88,413
Issue of shares	486	-	-	-	-	-	486
Employees' share option benefit	88	-	-	-	(59)	-	29
Repurchase of shares and held as treasury shares	-	(451)	-	-	-	-	(451)
Net profit for the period	-	-	-	-	-	432	432
Balance at 31 March 2007	108,916	(451)	-	-	455	(20,011)	88,909
Issue of shares	605	-	-	-	-	-	605
Employees' share option benefit	134	-	-	-	(98)	-	36
Dividend paid	-	-	-	-	-	(4,124)	(4,124)
Net profit for the period	-	-	-	-	-	864	864
Balance at 30 June 2007	109,655	(451)	-	-	357	(23,271)	86,290
Issue of shares	5	-	-	-	-	-	5
Employees' share option benefit	2	-	-	-	90	-	92
Repurchase of shares and held as treasury shares	-	(908)	-	-	-	-	(908)
Warrant reserve	-	-	1,779	-	-	-	1,779
Dividend paid	-	-	-	-	-	(3,131)	(3,131)
Net profit for the period	-	-	-	-	-	1,147	1,147
Balance at 30 September 2007	109,662	(1,359)	1,779	-	447	(25,255)	85,274
Issue of shares	285	-	-	-	-	-	285
Employees' share option benefit	1	-	-	-	100	-	101
Repurchase of shares and held as treasury shares	-	(2,288)	-	-	-	-	(2,288)
Warrant reserve	10	-	(10)	-	-	-	-
Revaluation of available- for-sale investments	-	-	-	200	-	-	200
Net profit for the period	-	-	-	-	-	7,662	7,662
Balance at 31 December 2007	109,958	(3,647)	1,769	200	547	(17,593)	91,234

	Share capital	Share premium	Warrant reserve	Revaluation reserve	Employee share-based compensation	Accumulated losses	Total
The Company	\$'000	\$'000	\$'000b	\$'000	\$'000	\$'000	\$'000
Previous Corresponding Period							
Balance at 1 January 2006	20,109	87,408	-	-	597	(46,342)	61,772
Effect of recognition of financial guarantee contract	-	-	-	-	-	665	665
Balance at 1 January 2006 (Restated)	20,109	87,408	-	-	597	(45,677)	62,437
Transfer of share premium reserve to share capital (Note D)	87,408	(87,408)	-	-	-	-	-
Issue of shares	29	-	-	-	-	-	29
Net profit for the period	-	-	-	-	-	3,991	3,991
Balance at 31 March 2006	107,546	-	-	-	597	(41,686)	66,457
Issue of shares	321	-	-	-	-	-	321
Employees' share option benefit	-	-	-	-	(8)	-	(8)
Dividend paid	-	-	-	-	-	(2,011)	(2,011)
Net profit for the period	-	-	-	-	-	4,359	4,359
Balance at 30 June 2006	107,867	-	-	-	589	(39,338)	69,118
Issue of shares	174	-	-	-	(39)	-	135
Employees' share option benefit	47	-	-	-	(13)	-	34
Dividend paid	-	-	-	-	-	(2,027)	(2,027)
Net profit for the period	-	-	-	-	-	4,838	4,838
Balance at 30 September 2006	108,088	-	-	-	537	(36,527)	72,098
Issue of shares	254	-	-	-	(23)	-	231
Dividend paid	-	-	-	-	-	(10)	(10)
Net profit for the period	-	-	-	-	-	16,094	16,094
Balance at 31 December 2006	108,342	-	-	-	514	(20,443)	88,413

Note D

In accordance with the Companies (Amendment) Act 2005, with effect from 30 January 2006, the concepts of par value and authorized share capital was abolished and the shares of the company ceased to have a par value. The amount in the share premium reserve as at 30 January 2006 becomes part of the company's share capital.

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.

	Number of Shares (‘000)	\$’000
Share Capital		
<u>Ordinary shares issued and fully paid</u>		
Balance as at 1 January 2007	409,080	108,342
Issue of new shares	4,543	574
Balance as at 31 March 2007	413,623	108,916
Issue of new shares	5,495	739
Balance as at 30 June 2007	419,118	109,655
Issue of new shares	50	7
Balance as at 30 September 2007	419,168	109,662
Issue of new shares	658	296
Balance as at 31 December 2007	419,826	109,958

During the 4Q2007, 112,000 ordinary shares were issued for the options exercised under the ESOS2000 Scheme and 546,000 ordinary shares were issued for the conversion of warrant.

As at 31 December 2007, there were 11,819,600 (FY2006: 20,533,650) unissued ordinary shares of \$0.05 each under exercisable options granted and unexercised under Aztech Group Employee Share Option Scheme 2000.

As at 31 December 2007, there were 103,844,250 (FY2006: Nil) outstanding convertible warrant with exercise price S\$0.51 for each ordinary share.

	Number of Shares (‘000)	\$’000
Treasury Shares		
Balance as at 1 January 2007	-	-
Repurchased during the period	1,207	451
Balance as at 30 June 2007	1,207	451
Repurchased during the period	1,889	908
Balance as at 30 September 2007	3,096	1,359
Repurchased during the period	6,697	2,288
Balance as at 31 December 2007	9,793	3,647

The Company Act was amended to allow companies to hold Treasury Shares after 30 January 2006. Pursuant to a share purchase mandate (“Share Purchase Mandate”) approved by shareholders on 12 April 2006, the Company purchased a total of 9,793,000 shares through market purchase on the Singapore Exchange Securities Trading Limited during the period. The total amount paid to acquire shares pursuant to the Share Purchase Mandate was \$3,646,970 and has been deducted from shareholders’ equity. The repurchased shares are held as “Treasury Shares”.

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

These figures have not been audited nor reviewed by the auditors.

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 compared with the audited financial statements for the year ended 31 December 2006.

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.

Not applicable.

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.

	GROUP			
	3 months ended	3 months ended	Full Year ended	Full Year ended
	31.12.07	31.12.06	31.12.07	31.12.06
	(in cents)	(in cents)	(in cents)	(in cents)
(a) Based on weighted average number of ordinary shares in issue	1.40	1.91	4.45	4.94
(b) On a fully diluted basis	1.36	1.86	4.31	4.80

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.

	GROUP		COMPANY	
	31.12.07	31.12.06	31.12.07	31.12.06
	(in cents)	(in cents)	(in cents)	(in cents)
Net asset value per ordinary share	21.86	19.78	22.25	21.61
Net tangible asset value per ordinary share	20.34	18.60	20.65	20.43

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.**

Review of Group's performance

Results for FY2007

The Group's total revenue for FY2007 improved by 12.3% against the same period last year to \$268.31 million, fuelled by the strong performances of the ODM/OEM Sales segment.

Profit attributable to shareholders for FY2007 declined by 9.3% to \$18.18 million, as compared with the \$20.04 million recorded in the FY2006 **. Compared to the increase in turnover, the drop in gross profit reflects the intensity of the challenges faced by the Group during the year and the pressure on the Group's profit margin.

The Group maintained a healthy financial position. The Group recorded a strong cash position of \$36.18 million with gearing ratio kept at a low level of 31.3%. Continuing the Group's consistent payout to shareholders, the Board is proposing to pay a final dividend of \$0.01 per share. Together with the interim dividend of \$0.0075 per share which was paid to shareholders on 31 August 2007 and subject to shareholders' approval of the proposed final dividend, the total dividend for FY2007 would be \$0.0175 per share (FY2006: \$0.015 per share).

*** The Group recognised the revaluation gain of \$3.50 million on an investment property with the relevant deferred taxation of \$0.99 million in FY2007. Excluding this net revaluation gain on investment properties amounting to \$2.51 million in FY2007 and one-off gain on disposal of Aztech Building and factory equipment amounting to \$1.01 million in FY2006, the profit after tax for FY2007 decreased approximately by 17.6%.*

Results for 4Q2007

1. Turnover

In spite of the slowdown in the technology industry during 4Q2007, the Group's revenue climbed by 9.5% against the same period last year to \$83.18 million, driven by strong growth sales of its ADSL2/2+ modems/routers and HomePlug powerline adapter.

Business Segment	4Q2007 (\$' million)	%	4Q2006 (\$' million)	%	% Changes
ODM/OEM	46.66	56.1	25.63	33.7	82.1
Contract Manufacturing	28.89	34.7	43.27	57.0	(33.2)
Retail Distribution	7.63	9.2	7.07	9.3	7.9
Total	83.18	100	75.97	100	9.5

Geographical Segment	4Q2007 (\$' million)	%	4Q2006 (\$' million)	%	% Changes
Europe	22.92	27.6	17.87	23.5	28.3
North and South America	37.68	45.3	13.73	18.1	174.4
Asia Pacific	18.41	22.1	40.65	53.5	(54.7)
Others	4.17	5.0	3.72	4.9	12.1
Total	83.18	100	75.97	100	9.5

2. Profitability

The gross profit was \$11.36 million, a decrease of 35.7% from \$17.65 in 3Q2007. In addition, the gross profit margin of 13.7% was less than that achieved in the same period last year. The decrease in gross profit margin was due to a slowdown in orders for a complex high end product from a key Contract Manufacturing customer in Asia Pacific and higher operating costs in China.

Following the measures taken to achieve cost efficiencies, the percentage of selling and administrative expenses to Group's revenue was lower compared to that of previous year. The Group also recognised the revaluation gain of \$3.50 million on an investment property with the relevant deferred taxation of \$0.99 million charged to income statement in 4Q2007.

Profit before taxation was \$7.11 million, a decrease of 23.2% from \$9.25 million in 4Q2006. After factoring in an increase in effective tax rate following reduction of tax losses carried forward and recognition of deferred taxation for revaluation gain of investment properties, net profit for the period was \$5.56 million, a decrease of 28.7% over 4Q2006. Earnings per share were recorded at 1.40 cents (4Q2006: 1.91 cents).

Financial Resources for FY2007

As at 31 December 2007, the Group had net current assets of \$50.08 million, total assets of \$168.58 million and shareholders' funds of \$89.65 million.

The total capital expenditure for FY2007 was \$16.52 million, of which \$11.28 million was for the acquisition of office property in Shenzhen, China and the purchase of three more Surface Mount Technology ("SMT") lines. The remaining expenditure was mainly for the purchase of other factory equipment in Dong Guan, China. The acquisition of office property and new SMT lines were satisfied by a combination of bank borrowings and internal resources.

The inventory balance as at 31 December 2007 decrease slightly by 1.3% over the balance as at 31 December 2006 to \$36.10 million. The turnover days improved from 74 days to 67 days. This was mainly attributable to an improvement in supply chain management.

The trade receivables balance as at 31 December 2007 was \$44.23 million as compared to \$48.01 million in the previous financial year. The turnover days were around 60 days, the same as the previous financial year. As at 4 February 2008, the Group had collected approximately 55.0% of the trade receivables.

Cash on hand as at 31 December 2007 stood at \$36.18 million while secured bank loans were \$28.07 million. The gearing ratio was 31.3% (FY2006: 24.8%). The higher gearing ratio was attributable to the bank loan of \$7.37 million and finance leases of \$2.63 million extended to the Group during the period under review.

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

The 4Q2007 financial results are in line with the prospect statement made in 3Q2007 announcement dated 25 October 2007.

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.

Despite challenging industry and economic conditions, the Group's business prospects remain positive over the longer term. Capitalizing on its R&D strengths, manufacturing competencies and expertise in the broadband technology areas, the Group expects to achieve steady growth and progress for FY2008.

The Group will continue to reinforce the key strengths of its core business, primarily the design and manufacturing of ADSL2+ modems/routers and the Homeplug powerline adapters for the ODM/OEM and Retail market. Maintaining an exceptionally strong commitment to R&D, the Group will continue to produce innovative broadband communications products specially targeted at the upgrade market, which is gaining worldwide industry momentum. The Group has succeeded in establishing major key customers and will continue to expand its sales network into developing regions such as Eastern Europe and South America. The Group's year-to-date order book until 4 February 2008 was \$109.09 million.

The Group remains mindful of global economic uncertainty and fluctuations that could affect profitability. High material prices and higher operating cost in China continue to impose cost pressures on the Group. In addition, the new Labour Contract Law in China will further impact human resources management and labour costs. To mitigate these challenges, the Group will continue its focus on higher value-added business and improve manufacturing and operational efficiency.

The Group recently embarked on its strategy to diversify its business. Through its subsidiary AZ United Pte Ltd, the Group will explore opportunities for building construction industry and infrastructure development projects.

Barring any unforeseen circumstances, the Group remains cautiously optimistic of its prospects for the first quarter and full year FY2008.

11. Dividend.

(a) Current Financial Period Reported On

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

Name of Dividend: Interim (paid on 31 August 2007)

Dividend Type: Cash

Dividend Amount Per Share: \$0.0075 per share (tax exempt one-tier)

Name of Dividend: Final

Dividend Type: Cash

Dividend Amount Per Share: \$0.010 per share (tax exempt one-tier)

(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: \$0.005 per share (tax exempt one-tier)

Name of Dividend: Special

Dividend Type: Cash

Dividend Amount Per Share: \$0.005 per share (tax exempt one-tier)

(c) Date payable

Subject to shareholders' approval in the Annual General Meeting to be held on 11 April 2008, the final one-tier tax exempt dividend of \$0.010 per share for the financial year ended 31 December 2007, will be paid on 2 May 2008.

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 21 April 2008, for the preparation of dividend warrants.

Duly completed transfers received by the Company's Share Registrar, B.A.C.S. Pte Ltd of 63 Cantonment Road, Singapore 089758 up to close of business at 5 p.m. on 18 April 2008 will be registered to determine shareholders' entitlement to the said dividend. Members whose securities accounts with the Central Depository (Pte) Limited are credited with Shares at 5 p.m. on 18 April 2008 will be entitled to the said dividend.

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

Not applicable

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.

BUSINESS SEGMENT	ODM/OEM Sales	Contract Manufacturing	Retail Distribution Business	Elimination	Group
2007	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
External Sales	137,227	103,088	27,995	-	268,310
Inter-segment sales	16,655	-	-	(16,655)	-
	153,882	103,088	27,995	(16,655)	268,310
Results					
Segment results	17,543	16,750	83	(2,516)	31,860
Other operating income					6,244
Unallocated corporate expenses					(14,746)
Finance costs					<u>(2,143)</u>
Profit before income tax					21,215
Income tax					<u>(3,038)</u>
Profit after tax					18,177
Segment assets	60,851	47,864	5,170	(1,273)	112,612
Unallocated corporate assets					<u>55,971</u>
Consolidated total assets					168,583
Segment liabilities	32,519	25,471	2,337	(1,273)	59,054
Unallocated corporate liabilities					<u>19,883</u>
Consolidated total liabilities					78,937
Other information					
Capital expenditure	9,046	2,989	40	-	12,075
Unallocated capital expenditure					<u>9,425</u>
Consolidated capital expenditure					21,500
Depreciation and amortisation expenses	6,047	1,786	76	-	7,909
Unallocated depreciation and amortisation expenses					<u>584</u>
Consolidated depreciation and amortisation expenses					8,493

BUSINESS SEGMENT	ODM/OEM Sales	Contract Manufacturing	Retail Distribution Business	Elimination	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
2006					
Revenue					
External Sales	92,630	115,069	31,298	-	238,997
Inter-segment sales	18,707			(18,707)	-
	111,337	115,069	31,298	(18,707)	238,997
Results					
Segment results	8,843	29,563	563	(2,539)	36,430
Other operating income					3,070
Unallocated corporate expenses					(14,431)
Finance costs					(2,373)
Profit before income tax					22,696
Income tax					(2,658)
Profit after tax					20,038
Segment assets	64,256	54,402	7,380	(11,265)	114,773
Unallocated corporate assets					35,415
Consolidated total assets					150,188
Segment liabilities	28,942	28,189	12,684	(11,265)	58,550
Unallocated corporate liabilities					10,732
Consolidated total liabilities					69,282
Other information					
Capital expenditure	6,661	2,472	45	-	9,178
Unallocated capital expenditure					1,166
Consolidated capital expenditure					10,344
Depreciation and amortisation expenses	5,245	1,951	63	-	7,259
Unallocated depreciation and amortisation expenses					552
Consolidated depreciation and amortisation expenses					7,811

GEOGRAPHICAL SEGMENT

	REVENUE		ASSETS		CAPITAL EXPENDITURE	
	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Asia Pacific	65,028	109,124	5,618	127,369	21,477	10,340
Europe	86,487	70,439	14,488	9,464	19	2
North and South Americas	101,035	46,008	20,606	11,028	4	2
Others	15,760	13,426	127,871	2,327	-	-
Total	268,310	238,997	168,583	150,188	21,500	10,344

14. In the view of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographic segments.

Please refer to paragraph 8.

15. A breakdown of sales.

	2007	2006	Change
	\$'000	\$'000	%
(a) Sales reported for first half year	117,637	101,077	16.4
(b) Operating profit after tax for first half year	9,027	7,212	25.2
(c) Sales reported for second half year	150,673	137,920	9.2
(d) Operating profit after tax for second half year	9,150	12,826	(28.7)

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

	2007	2006
	\$'000	\$'000
(a) Ordinary	7,231	6,118
(b) Preference	N/A	N/A
Total	7,231	6,118

BY ORDER OF THE BOARD

Pavani Nagarajah
Company Secretary