

Full Year 2006 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		
	31.12.2006	31.12.2005	Change
	\$'000	\$'000	%
Revenue	238,997	178,584	33.8
Cost of sales	<u>(188,890)</u>	<u>(146,860)</u>	28.6
Gross profit	50,107	31,724	57.9
Other operating income	3,070	1,424	115.6
Selling and distribution costs	(8,297)	(7,746)	7.1
Administrative expenses	(19,811)	(13,471)	47.1
Finance costs	<u>(2,373)</u>	<u>(1,707)</u>	39.0
Profit before income tax (Note A)	22,696	10,224	122.0
Income tax	<u>(2,658)</u>	<u>(96)</u>	2,668.8
Net profit for the year	20,038	10,128	97.8

Note A:

Profit before income tax is arrived at after crediting (charging) the following:	GROUP		
	31.12.2006	31.12.2005	Change
	\$'000	\$'000	%
Interest income	608	177	243.5
Interest expense	(1,928)	(1,310)	47.2
Depreciation of property, plant and equipment	(4,510)	(4,005)	12.6
Amortisation of deferred expenditure	(3,301)	(2,553)	29.3
Impairment loss on available-for-sale investments	(383)	(80)	378.8
Reversal of doubtful trade receivables	-	7	n.m.
Allowance of inventories	(80)	(240)	(66.7)
Reversal of (provision for) warranty	76	(18)	n.m
Exchange (loss) gain, net	(1,306)	863	n.m
Share based payment	(10)	(197)	(94.9)
Gain (loss) on disposal of plant and equipment	1,030	(31)	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		
	31.12.2006	31.12.2005	Change	31.12.2006	31.12.2005 (Restated)	Change
	\$'000	\$'000	%	\$'000	\$'000	%
ASSETS						
Current assets:						
Cash and cash balances	29,177	15,325	90.4	21,324	7,450	186.2
Trade receivables	48,007	31,931	50.3	8,352	3,483	139.8
Other receivables and prepayments	2,253	1,123	100.6	32,699	32,574	0.4
Inventories	36,558	31,778	15.0	-	-	n.m
Total current assets	115,995	80,157	44.7	62,375	43,507	43.4
Non-current assets:						
Investment in Subsidiaries	-	-	n.m	25,832	18,022	43.3
Available-for-sale investments	403	1,097	(63.3)	356	1,050	(66.1)
Property, plant and equipment	28,551	53,332	(46.5)	969	23,084	(95.8)
Deferred expenditure	4,814	3,970	21.3	4,857	3,409	42.5
Deferred tax assets	425	268	58.6	573	-	n.m
Total non-current assets	34,193	58,667	(41.7)	32,587	45,565	(28.4)
Total assets	150,188	138,824	8.2	94,962	89,072	6.6

n.m: Not meaningful

	GROUP			COMPANY		
	31.12.2006	31.12.2005	Change	31.12.2006	31.12.2005 (Restated)	Change
	\$'000	\$'000	%	\$'000	\$'000	%
LIABILITIES AND EQUITY						
Current liabilities:						
Trade payables	36,330	20,492	77.3	218	14,318	(98.5)
Other payables and provisions	10,462	9,809	6.7	3,252	3,156	3.0
Income tax payable	2,464	283	770.7	2,440	-	n.m
Borrowings (Note B)	14,419	25,485	(43.4)	639	1,833	(65.1)
Total current liabilities	63,675	56,069	13.6	6,549	19,307	(66.1)
Non-current liabilities:						
Borrowings (Note B)	5,607	18,110	(69.0)	-	7,328	n.m
Total non-current liabilities	5,607	18,110	(69.0)	-	7,328	n.m
Total liabilities	69,282	74,179	(6.6)	6,549	26,635	(75.4)
Capital and reserves:						
Issue capital	108,342	20,109	438.8	108,342	20,109	438.8
Share premium	-	87,408	n.m.	-	87,408	n.m.
Foreign currency translation reserve	(1,329)	(858)	54.9	-	-	n.m
Employee share-based compensation reserve	514	597	(13.9)	514	597	(13.9)
Accumulated losses	(26,621)	(42,611)	(37.5)	(20,443)	(45,677)	(55.2)
Total equity	80,906	64,645	25.2	88,413	62,437	41.6
Total liabilities and equity	150,188	138,824	8.2	94,962	89,072	6.6

n.m: Not meaningful

Note B:

Detail of borrowings:

	GROUP		COMPANY	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
	\$'000	\$'000	\$'000	\$'000
Current				
Bills discounted with recourse (secured)	1,496	4,164	639	1,146
Bills payable (secured)	8,686	8,590	-	-
Export trade loan (secured)	-	7,798	-	-
Term loan (secured)	2,054	1,124	-	-
Bank loan (secured)	-	687	-	687
Loan from developer ** (unsecured)	-	1,245	-	-
Finance leases (secured)	<u>2,183</u>	<u>1,877</u>	<u>-</u>	<u>-</u>
	14,419	25,485	639	1,833
Non Current				
Term loan (secured)	1,540	3,935	-	-
Bank loan (secured)	-	7,328	-	7,328
Loan from developer ** (unsecured)	-	2,489	-	-
Finance leases (secured)	<u>4,067</u>	<u>4,358</u>	<u>-</u>	<u>-</u>
	5,607	18,110	-	7,328
Total borrowings	20,026	43,595	639	9,161

** The Group had obtained a 3-year unsecured term loan of RMB18,000,000 from the developer for the construction of new factory in Dong Guan, China in 2005. The loan bears interest at 3-year Renminbi lending rate. The loan from developer was fully settled in early of July 2006.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 31.12.2006 (\$'000)		As at 31.12.2005 (\$'000)	
Secured	Unsecured	Secured	Unsecured
14,419	-	24,240	1,245

Amount repayable after one year

As at 31.12.2006 (\$'000)		As at 31.12.2005 (\$'000)	
Secured	Unsecured	Secured	Unsecured
5,607	-	15,621	2,489

Detail of any collateral**Bank borrowings**

The Group has banking facilities relating to bills discounted with recourse, trade bills payable, revolving credit export trade loan and bank overdrafts of \$50,975,580 (FY2005: \$46,125,210), of which \$10,181,570 (FY2005: \$20,552,000) have been utilised as at 31 December 2006. These banking facilities are secured by a corporate guarantee from the Company. These banking facilities bear interest rates from 5.9% to 10.0% (FY2005: 3.1% to 8.5%) per annum.

The term loan of approximately \$5,059,000 extended to the Group is repayable over 3 years in 2005. The loan 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 days basis and the actual number of days elapsed. The loan is secured by corporate guarantees from the Company. The repayment for the year was approximately \$1,465,000 (2005: Nil).

Bank loan – for Aztech Building

On 21 February 2006, the Company disposed of Aztech Building at a consideration of \$23,000,000 pursuant to a conditional Put and Call Option Agreement with HSBC institutional Trust Services (Singapore) Limited, as trustees for Ascendas Real Estate Investment Trust. The proceeds of \$8,007,000 were used to fully redeem the term loan facility granted by United Overseas Bank Limited ("UOB"). With the redemption of the said loan on 21 February 2006, the mortgage over the Aztech Building in favour of UOB was discharged.

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

	31.12.2006	31.12.2005
	\$'000	\$'000
Operating activities		
Profit before income tax	22,696	10,224
Adjustments for:		
Share based payment	10	197
Reversal of doubtful trade receivables	-	(7)
Allowance of inventories	80	240
Impairment loss on available for-sale-investments	383	80
Depreciation of property, plant and equipment	4,510	4,005
(Gain) loss on disposal of plant and equipment	(1,030)	31
Amortisation on deferred expenditure	3,301	2,553
(Reversal of) Provision for warranty	(76)	18
Interest income	(608)	(177)
Interest expense	<u>1,928</u>	<u>1,310</u>
Operating cashflow before movements in working capital changes	31,194	18,474
Trade receivables	(16,076)	(2,230)
Other receivables and prepayments	(1,130)	(405)
Inventories	(4,860)	(6,552)
Trade payables	15,838	(9,625)
Other payables and provisions	<u>729</u>	<u>6,469</u>
Cash generated from operations	25,695	6,131
Interest paid	(1,928)	(1,310)
Income tax paid	<u>(635)</u>	<u>(273)</u>
Net cash from operating activities	<u>23,132</u>	<u>4,548</u>
Investing activities:		
Purchase of property, plant and equipment (Note)	(3,570)	(11,610)
Deferred expenditure	(4,185)	(2,696)
Proceeds from available-for-sale investments	311	560
Proceeds on disposal of property, plant and equipment	25,056	128
Interest received	<u>608</u>	<u>177</u>
Net cash from (used in) investing activities	<u>18,220</u>	<u>(13,441)</u>

	31.12.2006	31.12.2005
	\$'000	\$'000
Financing activities:		
Decrease in pledged fixed deposits	-	1,718
Proceeds from issue of shares	732	228
Net (repayment) proceeds from bank borrowings	(23,584)	15,007
Dividend paid	(4,048)	(1,000)
Repayment of obligations under finance leases	<u>(2,574)</u>	<u>(1,072)</u>
Net cash (used in) from financing activities	<u>(29,474)</u>	<u>14,881</u>
Effect of translation of foreign subsidiaries	<u>1,974</u>	<u>(320)</u>
Net increase in cash and cash equivalents	13,852	5,668
Cash and cash equivalents at beginning of year	<u>15,325</u>	<u>9,657</u>
Cash and cash equivalents at end of year	<u>29,177</u>	<u>15,325</u>

Note:

During the year, the Group acquired property, plant and equipment with an aggregate cost of \$6,159,000 (FY2005: \$22,040,000) of which \$2,589,000 (FY2005: \$6,696,000) was acquired by means of finance leases. Cash payments of \$3,570,000 (FY2005: \$11,610,000) were made to purchase the property, plant and equipment.

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.

	Issued capital	Share premium	Foreign currency translation reserve	Employee share-based compensation reserve	Accumulated losses	Total
Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2005	19,974	87,308	(767)	407	(51,739)	55,183
Issue of shares	135	93	-	-	-	228
Recognition of share based payment	-	7	-	190	-	197
Currency translation differences	-	-	(91)	-	-	(91)
Dividend paid	-	-	-	-	(1,000)	(1,000)
Net profit for the year	-	-	-	-	10,128	10,128
Balance at 1 January 2006	20,109	87,408	(858)	597	(42,611)	64,645
Transfer of share premium reserve to share capital (refer to para 1d(ii))	87,408	(87,408)	-	-	-	-
Issue of shares	825	-	-	(93)	-	732
Recognition of share based payment	-	-	-	10	-	10
Currency translation differences	-	-	(471)	-	-	(471)
Dividend paid	-	-	-	-	(4,048)	(4,048)
Net profit for the year	-	-	-	-	20,038	20,038
Balance at 31 December 2006	108,342	-	(1,329)	514	(26,621)	80,906

	Issued capital	Share premium	Foreign currency translation reserve	Employee share-based compensation reserve	Accumulated losses	Total
Company	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2005	19,974	87,308	-	407	(53,922)	53,767
Issue of shares	135	93	-	-	-	228
Recognition of share based payment	-	7	-	190	-	197
Dividend paid	-	-	-	-	(1,000)	(1,000)
Net profit for the year	-	-	-	-	8,580	8,580
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 (refer to para 1d(ii))	87,408	(87,408)	-	-	-	-
Issue of shares	825	-	-	(93)	-	732
Recognition of share based payment	-	-	-	10	-	10
Dividend paid	-	-	-	-	(4,048)	(4,048)
Net profit for the year	-	-	-	-	29,282	29,282
Balance at 31 December 2006	108,342	-	-	514	(20,443)	88,413

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 2006	402,187	20,109
Transfer of share premium reserve to share capital	-	87,408
Issue of new shares	6,893	825
Balance as at 31 December 2006	409,080	108,342

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.

As at 31 December 2006, there were 20,533,650 (FY2005: 24,478,300) unissued ordinary shares of \$0.05 each under exercisable options granted and unexercised under Aztech Group Employee Share Option Scheme 2000.

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 2005 as well as all the applicable Financial Reporting Standards ("FRS") which become effective for the financial year beginning on or after 1 January 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.

Financial Guarantee Contracts

The amendments to FRS39 *Financial Instruments: Recognition and Measurement – Financial Guarantee Contracts*, which took effect from financial years beginning on or after 1 January 2006, require the Company to measure the financial guarantees given to banks for bank borrowings of its subsidiaries at fair value upon inception of the guarantees. These guarantees are subsequently measured at the higher of their initial fair values less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. Previously, these financial guarantees were disclosed as contingent liabilities at the Company level whereby a loss was recognised only if it is probable that it would be incurred.

With the adoption of the amendments to FRS39 retrospectively from 1 January 2005, the Company's accumulated losses as at 1 January 2006 have been decreased by \$665,000. The profit of the Company has increased by \$687,000 for the year ended 31 December 2006. This change has no impact to the Group's financial statements.

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	
	31.12.2006	31.12.2005
	(in cents)	(in cents)
Earnings per share		
(a) Based on weighted average number of ordinary shares in issue	4.94	2.53
(b) On a fully diluted basis	4.80	2.47

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	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
	(in cents)	(in cents)	(in cents)	(in cents)
Net asset value per ordinary share	19.78	16.07	21.61	15.52
Net tangible asset value per ordinary share	18.60	15.09	20.43	14.68

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 Performance

The FY2006 saw a continuation of the success and growth that was achieved in FY2005:

- Group's revenue for FY2006 grew by 33.8% against the same period last year to \$239.00 million (FY2005: \$178.58 million).
- Profitability increased sharply by 97.8% to \$20.04 million (FY2005: \$10.13 million).
- Earnings per share grew 95.3% to 4.94 cents (FY2005: 2.53 cents).

Reflecting the excellent results, the Board is proposing to pay a final dividend of \$0.010 per share, which includes a special dividend of \$0.005 per share. Together with the interim dividend of \$0.005 per share which was paid to shareholders in August 2006 and subject to shareholders' approval of the proposed final dividend, the total dividend for FY2006 would be \$0.015 per share (Total FY2005: \$0.005 per share).

Segment Revenue

ODM/OEM sales segment recorded sales increased by 8.6%. The total sales quantity of the Group's ADSL, DECT and Homeplug products increased year on year. However, the Group's entry level products faced price erosion. Expecting this trend, the Group strategically continued to introduce new and technologically more advanced products such as Skype DECT Phone and 4 port ADSL 2+ wireless routers resulting in the segment achieving positive growth in revenue. ODM/OEM sales segment accounted for 38.8% (FY2005: 47.8%) of the Group's total revenue.

Contract Manufacturing segment had an excellent twelve months, illustrated by a strong revenue growth of 89.3% from \$60.80 million in FY2005 to \$115.07 million in FY2006. The growth was mainly driven by sales from new projects awarded by existing customers as well as by new customers that the Group had successfully secured during the year.

The Group's success in this segment can be attributed to several factors:

- Selection of right type of customers where the Group can provide high value added services in the whole manufacturing and supply chain management.
- The continuous trend globally of many established companies, as part of their business strategy to concentrate on product development, marketing and sales and accordingly to engage Contract Manufacturing providers to carry out manufacturing services on their behalf.
- Production of better margin products utilising its sophisticated test equipment.
- Group's ability to provide vertically integrated services and achieve manufacturing efficiency for its customers.

Contract Manufacturing segment accounted for 48.1% (FY2005: 34.0%) of the Group's total revenue.

The revenue of Retail Distribution Business segment of \$31.3 million (FY2005: \$32.52 million) was slightly below that of last year. It contributed 13.1% (FY2005: 18.2%) to the Group's revenue. During the year, the Group embarked on a long-term plan to expand its range of products and to increase its marketing efforts and work on marketing programs to bolster brand awareness. These efforts are expected to help bring better returns in the long term.

Geographically, Asia Pacific had become the largest market for the Group, followed by Europe and North and South Americas. Together they accounted for 45.7%, 29.5% and 19.3% of the Group's total revenue respectively.

Profitability

The Group's gross margin improved from 17.8% in FY2005 to 21.0% in FY2006. The profitability of the Group was achieved by:

- Selling new products with latest technology and improved features to the upgrade markets.
- Providing value added service and vertically integrated manufacturing technology to its Contract Manufacturing customers.
- Improving the efficiency of the Group's manufacturing operation.
- Continued cost down program through reduction of bill of material costs and design optimisation by in-house R&D.
- Effective control of its operating cost.

Other operating income increased significantly by 115.6% to \$3.07 million in FY2006 mainly due to the recognition of \$1.00 million gain on disposal of Aztech Building and certain factory equipment.

Selling and distribution costs increased by 7.1% to \$8.30 million in FY 2006. The increase was attributable to the continuing expansion of its sales force and increased spending in integrated marketing programs.

The Group continued to maintain good control over its administrative expenses. The percentage of administrative expenses to Group's revenue was recorded at the similar level as compared with that of previous year. In FY2006, administrative expenses increased by 47.1% to \$19.81 million. The increase was attributable to the following:

- Increased spending on R&D activities, test and tooling equipment as well as other related corporate and administrative expenses by \$2.00 million to support the growth in business.
- Completion of the conditional Put and Call Option Agreement with HSBC Institutional Trust Services (Singapore) Limited, as trustee of A-REIT on 21 February 2006 for the sale and leaseback of Aztech building. Concurrent with the sale was the execution of the operating lease agreement for the facility for a term of 7 years. The total rental paid for the building for FY2006 was \$1.75 million (FY2005: Nil).
- Appreciation of Singapore dollars against the US dollar gave rise to a net exchange loss of \$1.31 million, compared to a net exchange gain of \$0.86 million in FY2005.

The Group's finance costs increased by 39.0% to \$2.37 million in FY2006 compared with same period last year, due to the increase in average market interest rate and finance lease borrowings.

The consolidated effective tax rate was 11.7% (FY2005: 0.9%). The increase was mainly attributable to the reduction of tax losses carried forward. The Group has made provision of tax amounting to \$2.53 million in FY2006 (FY2005: \$0.4 million).

Financial Resources

As at 31 December 2006, the Group had net current assets of \$52.32 million, total assets of \$150.19 million and shareholders' funds of \$80.91 million.

During the year, the Group disposed of Aztech Building and certain factory machinery with net book value of \$22.44 million and \$1.41 million respectively. The total capital expenditure was \$6.16 million, of which \$4.41 million was for the purchase of production equipment. The balance was mainly for the fit-out of the new factory in Dong Guan, China.

To cope with the rapid technology changes and higher market expectations, the Group continued the investment in R&D, technology licensing, test and tooling equipment, facility expansion and recruitment. In FY2006, the Group incurred \$4.19 million development expenditure, which was 55.2% higher than that in FY2005. Major products under development were Aztech PC-less Skype DECT, Skype Internet Speaker Phone, HomePlug 200Mbps Audio/Video coaxial, IP phone, IP-PBX system, USB digital TV Receiver and the new range of ADSL 2+ products.

Trade receivables as at 31 December 2006 were \$48.01 million. Inventories and trade payables increased by \$4.78 million and \$15.84 million respectively due to the increase in production for Q4 2006 and Q1 2007. The inventory turnover period (based on average inventory balance net of provision) was 74 days as compared to 80 days as at 31 December 2006.

As at 31 December 2006, the Group had cash on hand of \$29.18 million (FY2005: \$15.33 million), which included \$23.00 million proceeds from the disposal of Aztech Building in February 2006. The Group's short-term bank borrowings of \$14.42 million (FY2005: \$24.24 million) were in relation to the bills payable, revolving bank loans, the current portion of the secured term loan and finance leases.

The gearing ratio (total borrowings to shareholders' equity) was 24.8% (FY2005: 67.4%). The improvement in gearing was due to the positive cash flow generated from operating activities and repayment of long-term mortgage loan. The Group's cash balance, together with anticipated cash flows from operations and borrowings available under existing credit facilities will be sufficient to fund its operations and capital expenditure needs.

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

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group's three core businesses are well positioned for growth, albeit there will be various challenges in each segment that will need to be addressed.

In FY2007, the Group will introduce a number of exciting new products to boost the Group's sales and profitability. There will be greater focus on the rollout of products. In addition, having established major customers in Asia Pacific, Europe and North America, the Group is looking to enlarge its sales outreach in South America and Eastern Europe.

The global Contract Manufacturing industry is expected to grow in FY2007, driven largely by the need of the customers to outsource their manufacturing activities to capable and efficient Contract Manufacturing providers. The Group believes it is well positioned to take advantage of this favorable situation to deliver revenue and profit growth.

With rigorous execution of the above plans and barring any unforeseen circumstances, the Group is optimistic of its prospects for 2007.

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 30 August 2006)

Dividend Type: Cash

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

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)

(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)

(c) Date payable

Subject to shareholders' approval in the Annual General Meeting to be held on 10 April 2007, the final one-tier tax exempt dividend of 0.010 per share for the financial year ended 31 December 2006, will be paid on 10 May 2007.

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 25 April 2007, 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 24 April 2007 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 24 April 2007 will be entitled to the said dividend.

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

N/A

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.

SEGMENT INFORMATION : 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

	ODM/OEM Sales	Contract Manufacturing	Retail Distribution Business	Elimination	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
2005 **					
Revenue					
External Sales	85,266	60,795	32,523		178,584
Inter-segment sales	21,104	-	-	(21,104)	-
	106,370	60,795	32,523	(21,104)	178,584
Results					
Segment results	10,218	10,082	2,436	(2,930)	19,806
Other operating income					1,424
Unallocated corporate expenses					(9,299)
Finance costs					(1,707)
Profit before income tax					10,224
Income tax					(96)
Net profit for the year					10,128
Segment assets	61,480	29,002	10,238	(4,488)	96,232
Unallocated corporate assets					42,592
Consolidated total assets					138,824
Segment liabilities	29,350	16,704	5,848	(4,488)	47,414
Unallocated corporate liabilities					26,765
Consolidated total liabilities					74,179
Other Information					
Capital expenditure	15,382	8,518	233	-	24,133
Unallocated capital expenditure					603
Consolidated capital expenditure					24,736
Depreciation and amortization	4,322	1,137	33	-	5,492
Unallocated depreciation and amortisation expenses					1,066
Consolidated depreciation and amortization expenses					6,558

GEOGRAPHICAL SEGMENT

	REVENUE		ASSETS		CAPITAL EXPENDITURE	
	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Asia Pacific	109,124	66,573	127,369	113,359	10,340	24,702
Europe	70,439	72,996	9,464	18,176	2	13
North and South Americas	46,008	32,849	11,028	6,379	2	21
Others	13,426	6,166	2,327	910	-	-
Total	238,997	178,584	150,188	138,824	10,344	24,736

** The comparative figures for business segment have been restated to conform with current year's presentation. Some of the sales previously recorded in ODM/OEM sales segment were related to Retail Distribution Business segment. Accordingly, reclassifications have been made from the ODM/OEM sales segment to Retail Distribution Business segment to arrive at the restated ODM/OEM sales segment and Retail Distribution Business segment figures.

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.

	2006	2005	Change
	\$'000	\$'000	%
(a) Sales reported for first half year	101,077	83,961	20.4
(b) Operating profit after tax for first half year	7,212	4,121	75.0
(c) Sales reported for second half year	137,920	94,623	45.8
(d) Operating profit after tax for second half year	12,826	6,007	113.5

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

	2006	2005
	\$'000	\$'000
(a) Ordinary	6,118	2,011
(b) Preference	N/A	N/A
Total	6,118	2,011

BY ORDER OF THE BOARD

Pavani Nagarajah
Company Secretary