



**BRIGHT WORLD PRECISION MACHINERY LIMITED**  
**(Co. Regn. No: 200409453N)**

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**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),  
 HALF-YEAR AND FULL YEAR RESULTS**

The directors are pleased to announce the unaudited operating results of the Group and the Company for the half year of FY2008.

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Unaudited results for half year of FY2008:**

	Group					
	1.1.2008 to 30.6.2008 RMB '000	1.1.2007 to 30.6.2007 RMB '000	Change %	1.4.2008 to 30.6.2008 RMB '000	1.4.2007 to 30.6.2007 RMB '000	Change %
Turnover	351,831	253,496	38.8%	210,375	149,121	41.1%
Cost of sales	(235,739)	(165,220)	42.7%	(143,559)	(98,468)	45.8%
Gross profit	116,092	88,276	31.5%	66,816	50,653	31.9%
Gross profit margin (%)	33.0%	34.8%	(1.8%)	31.8%	34.0%	(2.2%)
Other income	1,890	2,720	(30.5%)	1,126	669	68.3%
Distribution and selling expenses	(15,685)	(21,136)	(25.8%)	(8,524)	(12,461)	(31.6%)
Administrative expenses	(11,904)	(7,709)	54.4%	(6,757)	(3,776)	78.9%
Other operating income/(expenses), net	274	(1,487)	118.4%	222	(16)	1,487.5%
Profit from operations	90,667	60,664	49.5%	52,883	35,069	50.8%
Financial expenses, net	(2,242)	(675)	232.1%	(1,061)	(427)	148.5%
Profit before income tax	88,425	59,989	47.4%	51,822	34,642	49.6%
Income tax expense	(9,422)	(7,421)	27.0%	(5,099)	(4,228)	20.6%
Profit for the period	79,003	52,568	50.3%	46,723	30,414	53.6%
Net Profit margin (%)	22.5%	20.7%	1.8%	22.2%	20.4%	1.8%
Attributable to:						
Equity holders of the company	78,871	52,568	50.0%	46,580	30,414	53.2%
Minority interest	132	-	N.M	143	-	N.M
	79,003	52,568	50.3%	46,723	30,414	53.6%

N.M. denotes Not Meaningful



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**Explanatory Notes**

(A) On 12 April 2006, the Company converted to a public limited company. The Company was admitted to the Official List of the Main Board of the SGX-ST on 27 April 2006. World Precise Machinery (China) Co., Ltd ("WPM (China)") and Bright World Heavy Machine Tools (China) Co., Ltd ("BWHM"), which are incorporated in the People's Republic of China ("PRC"), are both wholly-owned subsidiary of the Company. Shanghai Shangduan Machinery Co., Ltd ("SHSM"), which is also incorporated in the People Republic of China ("PRC") is 60%-owned subsidiary of WPM (China).

(B) Profit From Operations

This is determined after charging/ (crediting) the following:

	<b>Group</b>			
	<b>1.1.2008 to 30.6.2008 RMB '000</b>	<b>1.1.2007 to 30.6.2007 RMB '000</b>	<b>1.4.2008 to 30.6.2008 RMB '000</b>	<b>1.4.2007 to 30.6.2007 RMB '000</b>
Allowance for doubtful debts written back (trade)	(252)	(67)	(188)	(67)
Allowance for inventory obsolescence	-	35	-	35
Amortisation of intangible assets	217	227	109	116
Bad debts written off (trade)	21	183	17	101
Depreciation of property, plant and equipment	11,099	8,866	5,480	4,561
Interest income on bank balances	(110)	(785)	(57)	(346)
Interest expenses on bank loans	2,997	1,417	1,704	744
Inventory written off	-	63	-	63
Net foreign exchange loss/(gain)	(810)	19	(770)	17
Property, plant and equipment written off	-	7	-	-



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**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	
	30.6.2008 RMB '000	31.12.2007 RMB '000	30.6.2008 RMB '000	31.12.2007 RMB '000
<b>Share capital and reserves attributable to the Company's equity holders</b>				
Share capital	250,660	250,660	250,660	250,660
Statutory reserves	70,383	61,530	-	-
Revenue reserves	331,581	261,563	43,642	46,515
Currency translation reserve	(375)	(399)	5,743	5,719
	<hr/> 652,249	<hr/> 573,354	<hr/> 300,045	<hr/> 302,894
Minority interest	534	2,002	-	-
<b>Total Equity</b>	<hr/> <hr/> 652,783	<hr/> <hr/> 575,356	<hr/> <hr/> 300,045	<hr/> <hr/> 302,894
<b>Non current assets</b>				
Property, plant and equipment	323,995	301,715	-	-
Intangible assets	21,123	21,340	-	-
Investment in subsidiaries	-	-	299,172	299,172
	<hr/> 345,118	<hr/> 323,055	<hr/> 299,172	<hr/> 299,172
<b>Current assets</b>				
Inventories	214,193	162,574	-	-
Trade receivables	260,794	186,667	-	-
Other receivables, deposits and prepayments	60,733	47,331	28	38
Due from related parties (trade)	4,931	2,056	-	-
Due from related parties (non-trade)	1,804	-	-	-
Due from a subsidiary (non-trade)	-	-	1,297	5,875
Cash and bank balances	43,537	32,210	617	714
	<hr/> 585,992	<hr/> 430,838	<hr/> 1,942	<hr/> 6,627
<b>Current liabilities</b>				
Trade payables	140,542	67,352	-	-
Other payables and accruals	42,696	47,540	1,069	2,905
Due to related parties (trade)	884	786	-	-
Due to related parties (non-trade)	-	49	-	-
Short term bank loan	90,000	60,000	-	-
Provision for income tax	4,205	2,810	-	-
	<hr/> 278,327	<hr/> 178,537	<hr/> 1,069	<hr/> 2,905
<b>Net current assets</b>	<hr/> 307,665	<hr/> 252,301	<hr/> 873	<hr/> 3,722
<b>Net Assets</b>	<hr/> <hr/> 652,783	<hr/> <hr/> 575,356	<hr/> <hr/> 300,045	<hr/> <hr/> 302,894



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

**Amount repayable in one year or less, or on demand**

As at 30 June 2008		As at 31 December 2007	
Secured	Unsecured	Secured	Unsecured
RMB '000	RMB '000	RMB '000	RMB '000
30,000	60,000	-	60,000

**Details of any collateral**

As at 30 June 2008, bank loans amounting to RMB 30.0 million were secured by a guarantee issued by Jiangsu World Electronics Group Co., Ltd.

In addition, there were notes payables amounting to RMB 55.0 million which were non-guaranteed but were secured by fixed deposits amounting to RMB 26.0 million.



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

These figures have not been audited.

	Group			
	1H2008	1H2007	2Q2008	2Q2007
	1.1.2008 to 30.6.2008 RMB '000	1.1.2007 to 30.6.2007 RMB '000	1.4.2008 to 30.6.2008 RMB '000	1.4.2007 to 30.6.2007 RMB '000
<b>Cash flow from operating activities</b>				
Profit before tax	88,425	59,989	51,822	34,642
Adjustment for:				
Amortisation of intangible assets	217	227	109	116
Depreciation of property, plant and equipment	11,099	8,866	5,480	4,561
Interest expense	2,997	1,417	1,704	744
Interest income	(110)	(785)	(57)	(346)
Property, plant and equipment written off	-	7	-	-
Operating profit before working capital changes	102,628	69,721	59,058	39,717
Inventories	(51,619)	(30,346)	(23,042)	(24,495)
Trade receivables	(77,002)	(27,098)	(46,450)	6,130
Other receivables, deposits and prepayments	(16,806)	1,966	11,730	9,425
Trade payables	73,288	14,761	2,678	9,576
Other payables and accruals	(5,112)	15,190	3,477	775
Cash generated from operations	25,377	44,194	7,451	41,128
Interest paid	(2,997)	(1,417)	(1,704)	(744)
Interest received	110	785	57	346
Income taxes paid	(8,027)	(11,486)	(3,746)	(4,264)
Net cash generated from operating activities	14,463	32,076	2,058	36,466
<b>Cash flow from investing activities</b>				
Purchase of property, plant and equipment (Note A)	(33,111)	(72,184)	(18,097)	(41,488)
Net cash used in investing activities	(33,111)	(72,184)	(18,097)	(41,488)
<b>Cash flow from financing activities</b>				
Due to related parties (non-trade)	(49)	(206)	375	96
Proceeds from short term bank loans	90,000	60,000	-	40,000
Repayment of short term bank loans	(60,000)	(40,000)	-	(20,000)
Cash deposits pledged	(26,000)	-	-	-
Dividend paid	-	(34,607)	-	(34,607)
Net cash flow generated from/ (used in) financing activities	3,951	(14,813)	375	(14,511)



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	Group			
	1H2008	1H2007	2Q2008	2Q2007
	<b>1.1.2008 to 30.6.2008 RMB '000</b>	<b>1.1.2007 to 30.6.2007 RMB '000</b>	<b>1.4.2008 to 30.6.2008 RMB '000</b>	<b>1.4.2007 to 30.6.2007 RMB '000</b>
Net effect of exchange rate changes	24	(412)	(3)	1,021
Net decrease in cash and cash equivalents	(14,673)	(55,333)	(15,667)	(18,512)
Cash and cash equivalents at beginning of the period	32,210	117,170	33,204	80,349
Cash and cash equivalents at end of the financial period	17,537	61,837	17,537	61,837
Cash and cash equivalents as stated in cash flow statement	17,537	61,837	17,537	61,837
Cash deposits pledged	26,000	-	26,000	-
Cash and cash equivalents as stated in balance sheet	43,537	61,837	43,537	61,837

**Note A**

	1H2008	1H2007	2Q2008	2Q2007
	<b>1.1.2008 to 30.6.2008 RMB '000</b>	<b>1.1.2007 to 30.6.2007 RMB '000</b>	<b>1.4.2008 to 30.6.2008 RMB '000</b>	<b>1.4.2007 to 30.6.2007 RMB '000</b>
Total additions to property, plant and equipment	33,379	72,184	17,531	41,488
Add: Property, plant and equipment purchased in 1Q2008 but paid in 2Q2008	-	-	830	-
Less: Unpaid portion	(268)	-	(264)	-
Purchase of plant, property and equipment as stated in consolidated cash flow statement	33,111	72,184	18,097	41,488



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**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.**

**Group**

**Attributable to equity holders of the Company**

	Share capital RMB'000	Revenue reserves RMB'000	Currency translation reserves RMB'000	Statutory reserves RMB'000	Minority Interest RMB'000	Total Equity RMB'000
<b>Balance as at 1.1.2008</b>	250,660	261,563	(399)	61,530	2,002	575,356
Foreign currency translation difference	-	-	24	-	-	24
Net income recognised directly to equity	-	-	24	-	-	24
Profit for the financial period	-	78,871	-	-	132	79,003
Total recognised income and expenses	-	78,871	24	-	132	79,027
Decrease in Net Assets of subsidiary upon reduction in share capital by subsidiary	-	-	-	-	(1,600)	(1,600)
Transfer to statutory reserves	-	(8,853)	-	8,853	-	-
<b>Balance as at 30.6.2008</b>	250,660	331,581	(375)	70,383	534	652,783
	Share capital RMB'000	Revenue reserves RMB'000	Currency translation reserves RMB'000	Statutory reserves RMB'000	Minority interest RMB'000	Total Equity RMB'000
<b>Balance as at 1.1.2007</b>	250,660	174,334	36	39,112	-	464,142
Foreign currency translation difference	-	-	(412)	-	-	(412)
Net loss recognised directly to equity	-	-	(412)	-	-	(412)
Profit for the financial period	-	52,568	-	-	-	52,568
Total recognised income and expenses	-	52,568	(412)	-	-	52,156
Transfer to statutory reserves	-	(8,148)	-	8,148	-	-
Dividend paid	-	(34,607)	-	-	-	(34,607)
<b>Balance as at 30.6.2007</b>	250,660	184,147	(376)	47,260	-	481,691



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**Company**

	Share capital RMB'000	Revenue reserves RMB'000	Currency translation reserves RMB'000	Total Equity RMB'000
<b>Balance as at 1.1.2008</b>	250,660	46,515	5,719	302,894
Foreign currency translation difference	-	-	24	24
Net income recognised directly to equity	-	-	24	24
Loss for the financial period	-	(2,873)	-	(2,873)
Total recognised income and expenses	-	(2,873)	24	(2,849)
<b>Balance as at 30.6.2008</b>	250,660	43,642	5,743	300,045
	Share capital RMB'000	Revenue reserves RMB'000	Currency translation reserves RMB'000	Total Equity RMB'000
<b>Balance as at 1.1.2007</b>	250,660	35,296	1,438	287,394
Foreign currency translation difference	-	-	(624)	(624)
Net loss recognised directly to equity	-	-	(624)	(624)
Profit for the financial period	-	49,240	-	49,240
Total recognised income and expenses	-	49,240	(624)	48,616
Dividend paid		(34,607)	-	(34,607)
<b>Balance as at 30.6.2007</b>	250,660	49,929	814	301,403

**Explanatory Notes:**

**Statutory Reserves**

The non-distributable reserves represent amounts set aside in compliance with the local laws in the PRC where the subsidiary operates. The subsidiary is considered a foreign investment enterprise and the percentage of appropriation from the net profit after tax to the various reserve funds are determined by the Board of Directors of the subsidiary.

In accordance with the Foreign Enterprise Law of the PRC, the subsidiary, a wholly foreign-owned enterprise ("WFOE") must make contributions to a statutory reserve fund ("SRF"). At least 10 per cent of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF. If the cumulative total of the SRF reaches 50% of an enterprise's registered capital, the enterprise will not be required to make any further contribution.

The SRF may be used to offset accumulated losses or increase the registered capital of the company, subject to approval from relevant PRC authorities and is not available for dividend distribution to the shareholders. The PRC enterprise is prohibited from distributing dividends unless the losses (if any) of previous years have been made good.



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- 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.**

During the three months ended 30 June 2008, there has been no changes in the issued and paid-up share capital of the Company. There are also no 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.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at end of the current financial period and as at the end of the immediately preceding year.**

	As at 30 June 2008	As at 31 December 2007
Total number of issued shares	400,000,000	400,000,000
Less: treasury shares	-	-
Total number of issued shares excluding treasury shares	400,000,000	400,000,000

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at end of the current period reported on.**

During the current financial period and the immediately preceding financial year, the Company does not have any outstanding treasury shares.

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

The figures have been reviewed by the Group's auditors in accordance with the Singapore Standard on Review Engagement 2410.

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

Please refer to Appendix A for the review report.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those used in the audited financial statements as of 31 December 2007.



5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

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.**

	1.1.2008 to 30.6.2008	1.1.2007 to 30.6.2007	1.4.2008 to 30.6.2008	1.4.2007 to 30.6.2007
(a) Based on weighted average number of ordinary shares on issue (RMB); and	0.20	0.13	0.12	0.08
(b) On a fully diluted basis (RMB)	0.20	0.13	0.12	0.08
Weighted average number of shares	400,000,000	400,000,000	400,000,000	400,000,000

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	
	30.6.2008	31.12.2007	30.6.2008	31.12.2007
	RMB	RMB	RMB	RMB
Net asset value per ordinary share based on issued share capital at the end of the respective periods:	1.63	1.44	0.75	0.76
No. of shares in computing NAV	400,000,000	400,000,000	400,000,000	400,000,000

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 PERFORMANCE**

### **(A) Consolidated Income Statement**

#### **(i) Turnover**

For the 3 months ended 30 June 2008 ("2Q08"), the Group's turnover increased 41.1% year-on-year to RMB 210.4 million from RMB 149.1 million in the 3 months ended 30 June 2007 ("2Q07").

In terms of sales performance for second quarter year-on-year, sales of conventional stamping machines grew 38.2% while sales of high performance stamping machines increased 39.7%.

For the 6 months ended 30 June 2008 ("1H08"), the Group's turnover rose 38.8% year-on-year to RMB 351.8 million from RMB 253.5 million in the 6 months ended 30 June 2007 ("1H07").

In terms of sales performance for first half year-on-year, sales of conventional stamping machines grew 22.4% while sales of high performance stamping machines increased 52.3%.

The increase in number of units sold for both conventional and high performance stamping machines contributed to the overall turnover growth. The upward revision in selling prices of the stamping machines also contributed to the increase in turnover.

In 1H08, the Group's subsidiaries have started to contribute to the Group's turnover: -

- (a) Bright World Heavy Machine Tools (China) Co., Ltd, had started production at its new premises during the financial period, contributed 9.7% to total turnover.
- (b) Shanghai Shangduan Machinery Co., Ltd, which was 60% owned by the Group was incorporated in August 2007, contributed 3.3% to total turnover.

The Group's turnover mainly derived from sales at Guangdong, Jiangsu, Zhejiang and Shanghai.

#### **(ii) Gross Profit**

Overall, despite the higher average selling prices derived from stronger sales of high performance stamping machines, gross profit margin in 2Q08 and 1H08 declined due mainly to the increase in the cost of iron, a key raw material.

The Group's gross profit for 2Q08 increased 31.9% to RMB 66.8 million from RMB 50.7 million in 2Q07 in tandem with turnover growth. Gross profit margin, however, declined 2.2% to 31.8% in 2Q08 from 34.0% in 2Q07.

In terms of gross profit margin for second quarter year-on-year, gross profit margin for conventional stamping machines dropped 1.9% from 27.0% in 2Q07 to 25.1% in 2Q08 while gross profit margin for high performance stamping machines remained constant at 39.7%.

Overall, the Group's gross profit for 1H08 increased 31.5% year-on-year to RMB 116.1 million from RMB 88.3 million in 1H07 in tandem with the growth in turnover. The gross profit margin for 1H08 decrease 1.8% to 33.0% from 34.8% in 1H07.

In terms of gross profit margin for first half year-on-year, gross profit margin for conventional stamping machines dropped 2.9% from 28.4% in 1H07 to 25.5% in 1H08 while gross profit margin for high performance stamping machines dropped 2.2% from 41.8% in 1H07 to 39.6% in 1H08.



**(iii) Other Income**

In 2Q08, other income increased 68.3% to RMB 1.1 million from RMB 0.7 million in 2Q07.

However, other income for 1H08 decreased 30.5% to RMB 1.9 million from RMB 2.7 million in 1H07.

The other income were mainly derived from compensation received from suppliers, processing work for certain spare parts and sale of scrap materials.

**(iv) Distribution and Selling Expenses**

In 2Q08, distribution and selling expenses decreased 31.6% to RMB 8.5 million from RMB 12.5 million in 2Q07.

Distribution and selling expenses for 1H08 also decreased 25.8% year-on-year to RMB 15.7 million from RMB 21.1 million in 1H07. As a percentage of total revenue, distribution and selling expenses decreased from 8.3% in 1H07 to 4.5% in 1H08.

The decrease in distribution and selling expenses were due mainly to adjustments in staff incentive policy as part of the management's effort to control marketing expenses, despite the increases in Group turnover.

**(v) Administrative Expenses**

In 2Q08, administrative expenses increased 78.9% to RMB 6.8 million from RMB 3.8 million in 2Q07.

Administrative expenses for 1H08 also increased 54.4% year-on-year to RMB 11.9 million from RMB 7.7 million in 1H07. As a percentage of total revenue, administrative expenses increased from 3.0% in 1H2007 to 3.4% in 1H08.

The increase was mainly due to administrative expenses incurred by the 2 subsidiaries, Bright World Heavy Machine Tools (China) Co., Ltd and Shanghai Shangduan Machinery Co., Ltd. In 2Q07, Bright World Heavy Machine Tools (China) Co., Ltd was part of the Group but was dormant as its new factory was still under construction and Shanghai Shangduan Machinery Co., Ltd was not incorporated.

**(vi) Depreciation and amortisation expenses**

In 2Q08, depreciation and amortisation expenses increased 19.5% to RMB 5.6 million from RMB 4.7 million in 2Q07.

Depreciation and amortisation expenses for 1H08 increased 24.4% year-on-year to RMB 11.3 million from RMB 9.1 million in 1H07.

The increase was mainly due to depreciation charges incurred by one of the subsidiary, World Precise Machinery (China) Co., Ltd for the additional acquisition of property, plant and equipments since 1HY07.



**(vii) Other Operating Income/(Expenses), Net**

Other operating expenses decreased from net operating expenses of RMB 0.02 million in 2Q07 to net operating income of RMB 0.2 million in 2Q08. The decrease was mainly due to allowance for doubtful debts written back in 2Q08.

Other operating expenses decreased 118.4% from net operating expenses of RMB 1.5 million in 1H07 to net operating income of RMB 0.3 million in 1H08. It was mainly due to: -

- a) compensation fees paid for the conversion of land for industrial use in 1H07, and
- b) allowance for doubtful debts written back in 1H08.

**(viii) Financial Expenses, Net**

The Group's net finance expenses recorded an increase of 148.5% from RMB 1.1 million in 2Q08 as compared to 0.4 million in 2Q07. Included in the financial expenses are net interest expenses which recorded an increase of 313.8% from RMB 1.6 million in 2Q08 as compared to RMB 0.4 million in 2Q07. These were due to the additional interest paid to the financial institution as a result of the additional short term bank loans and also partially due to the increase in the short term bank loans interest rate during 2Q08 as compared to 2Q07. The decrease in interest income earned during the period was mainly because the Group had set aside more funds for the working capital needs of its two newer subsidiaries, instead of putting the funds into interest income generating deposits.

For 1H08, the Group's net finance expenses rose 232.1% year-on-year from RMB 0.7 million in 1H07 to RMB 2.2 million. Included in the financial expenses are net interest expenses which recorded an increase of 356.8% from RMB 2.9 million in 2Q08 as compared to RMB 0.6 million in 2Q07.

**(ix) Income Tax**

The increases in tax expenses were in line with the increases in the profit before tax in 2Q08 and 1H08 as compared to 2Q07 and 1H07.

WPM (China) is entitled a 50% relief from the income tax of the PRC for three years from FY2006 to FY2008, and hence the profits derived from WPM (China) are currently taxed at 12.5%.

The profits derived from Bright World Heavy Machine Tools (China) Co., Ltd would have been taxed at 25%. However, being obtained wholly-owned foreign enterprise status in April 2008, the subsidiary is entitled to full exemption from the PRC income tax for the first two profitable financial years of its operations from FY2008 to FY2009 and thereafter a 50% relief from the income tax of the PRC for the following three financial years from FY2010 to FY2012.

The 60%-owned subsidiary, Shanghai Shangduan Machinery Co., Ltd was subjected to tax at the statutory tax rate of 25%.

No deferred tax was recognised as the Group did not have any significant temporary differences which gave rise to a deferred tax asset or liability at the balance sheet dates.

Income taxes incurred for 2Q08 and 1H08 were RMB 5.1 million and RMB 9.4 million respectively.



**(x) Profit Before Tax**

Overall, the Group's Profit Before Tax ("PBT") had kept pace with the Group's gross profit for 1H08.

The Group's PBT grew 49.6% year-on-year to RMB 51.8 million in 2Q08 from RMB 34.6 million in 2Q07.

For 1H08, the Group's PBT rose 47.4% year-on-year from RMB 60.0 million in 1H07 to RMB 88.4 million.

**(xi) Net Profit After Tax**

In tandem with the increase in PBT, the Group's net profit after tax ("NPAT") grew by 53.6% from RMB 30.4 million in 2Q07 to RMB 46.7 million in 2Q08. Net profit margin increased marginally by 1.8% from 20.4% for 2Q07 to 22.2% for 2Q08.

Overall the Group's NPAT grew by 50.3% to RMB 79.0 million in 1H08 from RMB 52.6 million in 1H07. Net profit margin increased marginally by 1.8% from 20.7% for 1H07 to 22.5% for 1H08.

**(B) Consolidated Balance Sheet (30 June 2008 vs 31 December 2007)**

For the period under review, the Group's non-current assets increased by approximately RMB 22.1 million due to the acquisition of property, plant and equipment and depreciation charges. The increase was mainly due to the acquisition of plant and equipment for its two newer incorporated subsidiaries.

The Group's total current assets increased by approximately RMB 155.2 million from RMB 430.8 million as at 31 December 2007 to RMB 586.0 million as at 30 June 2008. This is attributed to an increase in inventories balance and trade receivables which were in line with the growth of the Group in 1H08. Other receivables, deposits and prepayments, amount due from related parties and cash and bank balances also contributed to the increase in the current assets.

Concurrently, the Group's total current liabilities increased by approximately RMB 99.8 million from RMB 178.5 million as at 31 December 2007 to RMB 278.3 million as at 30 June 2008. The increase can be attributed to an additional RMB 30.0 million short term bank loan and an increase in trade payables which was in line with the growth of the Group in 1H08.



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## (C) Consolidated Cash Flow Statement

For the 3 months ended 30 June 2008, the Group saw a net cash decrease of approximately RMB 15.7 million. It was mainly due to: -

- a) the net cash inflow arising from operating activities which amounted to RMB 2.1 million. The reasons are mainly as per discussion in the consolidated income statement and consolidated balance sheet.
- b) the net cash inflow arising from financing activities which amounted to RMB 0.4 million and which arose from changes in amount due to related parties (non-trade).
- c) the net cash outflow arising from investing activities amounted to RMB 18.1 million and which was due to acquisition of property, plant and equipment.

For the 6 months ended 30 June 2008, the Group saw a net cash decrease of approximately RMB 14.7 million. It was mainly due to: -

- a) The net cash inflow arising from operating activities which amounted to RMB 14.5 million. The reasons are mainly as per discussion in the consolidated income statement and consolidated balance sheet.
- b) The net cash inflow arising from financing activities which amounted to RMB 4.0 million and which was due to additional short terms bank loans of RMB 30.0 million offset by cash deposit pledged to the bank of RMB 26.0 million as well as changes in amount due to related parties (non-trade) of RMB 0.05 million. The additional short terms bank loans of RMB 30 million was used as working capital of the Group.
- c) The net cash outflow arising from investing activities which amounted to RMB 33.1 million and which was due to acquisition of property, plant and equipment

Cash and cash equivalent as at 30 June 2008 stood at RMB 43.5 million (of which RMB 26.0 million was pledged for notes payables).

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

Not Applicable.



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**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 believes that the overall demand for stamping machines will remain strong as the PRC will continue to be the world's factory and production base for all forms of manufacturing. This is advantageous to the Company as the stamping industry forms the backbone of many manufacturing industries including automobile, hardware, electrical appliances and electronics, IT and computer peripherals and so on.

Barring unforeseen circumstances, the Group is confident that its business will continue to be driven by strong growth across the key manufacturing hubs of the PRC, namely Jiangsu, Zhejiang, Shanghai, Guangdong and Fujian provinces. In addition, the northern and central provinces of the PRC will continue to witness higher growth. In terms of product mix, the Group expects to see further increases in demand by customers for more stamping machines with higher stamping tonnage, precision, reliability and safety.

Since the February 2008, the Group had commenced full scale production of high tonnage and high performance stamping machines in its 20,000 sqm factory site, which is adjacent to the main production facilities in Danyang City, Jiangsu Province, under its subsidiary, Bright World Heavy Machine Tools (China) Co., Ltd .

During this financial period under review, another one of the Group's factories which is adjacent to the main production facilities in Danyang City, Jiangsu Province, under its subsidiary, Bright World Heavy Machine Tools (China) Co., Ltd ., with gross production floor area of approximately 35,000 sqm, expects completion of its installation of plant and equipment in the coming period, Trial production of high tonnage and high performance stamping machines will commence thereafter. With this additional facility, it will continue to increase the capacity of the Group in production of high tonnage and high performance stamping machines.

Prices of raw materials such as iron which has been on the increase in the middle of the second quarter of 2008, is expected to continue to increase. Barring unforeseen circumstances, the Group anticipates to be able to continue to – as the Group has done in response to increasing material prices in the second quarter of 2008 – adjust the selling prices of its product to reflect these increase in raw materials cost.

Beside adjusting selling price, the Group has also seek for effective solutions to minimise the effect of increase in raw material cost on the gross profit margin. As part of the Group effort to reduce the increase in raw material cost, the Group has monitor the cost closely by: -

- a) using the bulk purchases to obtain discounts from suppliers,
- b) making advance payments to suppliers to lock in the raw material cost to minimise the effect of future cost increment,
- c) improving its workflow processes through innovation of its production technology and reduce wastage at production floor, and
- d) exploring alternative raw materials which may provide a more beneficial cost without compromising quality and reliability.

Notwithstanding the challenges ahead, the Group will continue to intensify its marketing efforts and pursue further opportunity in the precision machinery segments.

In order to constantly stay ahead of the market, the Group will continue to emphasis its research and development of new varieties of stamping machines as well as cutting and bending machines.



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During the financial period, the Group has developed 5 new models of stamping machines, of which 4 out of 5 new models are high tonnage and high performance stamping machine namely JH36-200T, J31-630T, J21G-45T and J25-315T and others stamping machinery namely Y27-630T. The Group has already make sales for the models namely JH36-200T, J31-630T, Y27-630T and J25-315T.

## 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?

None.

### (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 current financial period reported on.

BY ORDER OF THE BOARD

**Shao Jian Jun**  
Chief Executive Officer  
8 August 2008



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**Statement By Directors Pursuant to Clause 705(4) of the Listing Manual of SGX-ST**

We confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of Bright World Precision Machinery Limited which may render the interim financial results of the Group for the quarter ended 30 June 2008, to be false or misleading in any material aspect.

For and on behalf of the  
Board of Directors of  
BRIGHT WORLD PRECISION MACHINERY LIMITED

Wang Wei Yao  
Chairman & Non-Executive Director

Shao Jian Jun  
CEO and Executive Director  
8 August 2008