CDW HOLDING LTD

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CDW POSTS NET PROFIT OF US$8.9 MILLION ON THE BACK OF A 7.8% RISE IN REVENUE TO US$106.2 MILLION

SINGAPORE – 1 March 2006 - CDW Holding Limited ("CDW" or the "Group"), a Japanese-managed precision components manufacturer, reported a net profit of US$8.9 million on the back of a 7.8% increase in revenue to US$106.2 million for the year ended 31 December 2005.

The 41.1% decline in net profit for the year was primarily due to the continuous pricing pressures from our customers and the start-up costs at the Dongguan plant. The Dongguan plant, which started trial run in November and commenced actual operations in December 2005, incurred an operating loss of approximately US$0.8 million attributable mainly to pre-operation expenses and the high percentage of defective products in this kick-off stage.

The Group recorded revenues of US$30.8 million in 4Q2005, minor change from US$30.7 million in 3Q2005. 4Q2005 gross profit was US$5.7 million and gross margin was 18.4%, a slight decline from the 19.1% registered in 3Q2005. However, 4Q2005 net profit was affected by administrative expenses of US$3.7 million, which included the pre-operation expenses for the Dongguan plant and the write-off of the IPO expenses incurred during the year.

Revenue & Profit : Quarterly basis

US$'000	1Q2005	2Q2005	3Q2005	4Q2005
Revenue	24,416	20,256	30,674	30,827
Gross Profit	5,703	4,584	5,848	5,668
Net Profit	3,012	2,100	2,443	1,387

Segmentally, for the full year 2005, LCD backlight units ("BLU") revenue rose 11.3% to US$51.9 million, remaining the largest contributor to the Group with a 48.9% share of total revenue. Sales of LCD BLU were initially affected by a delay in the launch of new handset models. However, sales picked up in the latter part of the year as existing customers resume their usual ordering pattern and the Group secured more new end customers for handsets and gamebox entertainment equipment. EBIT for the LCD BLU segment declined 47.3% to US$4.8 million due to constant pricing pressure. The operating losses incurred by Dongguan plant had also adversely affected the performance of the division in the fourth quarter.

Revenue from LCD frame products rose 70.9% to US$17.5 million. Supported by demand from manufacturers of products such as notebook computer monitors, gamebox entertainment equipment, GPS navigators and other IT equipment, this segment accounted for 16.5% of Group revenue in 2005. EBIT grew 23.1% to US$3.2 million.

Revenue from precision accessories rose 26.6% to US$16.4 million supported by demand from office equipment and white goods manufacturers. The Group assembled accessories such as shock absorbers, labels and insulators. The Group enjoyed relatively-high EBIT margin of 22.6% for this segment due to its high end product strategy. Sales from parts trading dropped by 29.0% to US$20.3 million. The parts trading division, which enabled the Group to provide a one-stop solution to the customers, recorded a small operating loss for the year.

Said Mr Yoshimi, Chairman and CEO of CDW, “2005 has been a very challenging year for us. Although there was a decline in revenue in the second quarter, we were able to increase our revenue from US$98.5 million to US$106.2 million for the whole year.”

Looking ahead, orders for LCD BLU has picked up significantly. This improvement is due to: (a) new model rollouts of handsets and gamebox entertainment equipment from existing customers, (b) new end customers, and (c) the strategic advantage of having a new Dongguan plant to serve the demand of customers in southern China. As at the end of 2005, CDW’s LCD BLU components end users include five out of the top seven global mobile phone makers. Revenue for frame products and precision accessories would continue to improve.

Pricing pressure remains but is not expected to be as severe as before and, the Group is re-engineering its processes and evaluating alternative sources of raw materials to contain costs. The strong orderbook has also enabled the Group to focus on higher margin products. And, stepped-up efforts will also be made to increase its customer portfolio and product offerings.

We will continue to experience deficit in our Dongguan operations in 1Q2006 during this start-up phase due to the usual high start up costs and our shortage of skilled workers who could undertake the assembly of our new products requiring skill sets that could meet the high quality control specifications. However, improvement is expected when the scale production of LCD BLU is ramped up and greater stability in the workforce is achieved. This is envisaged to take place in 2Q2006. In addition, the plant is undergoing inspections by other potential customers ahead of them placing their orders.

"Notwithstanding our initial start-up difficulties, we will continue with our focused expansion plans, spearheaded by our Dongguan plant. Our Dongguan operations is of great strategic importance as it serves handset and gamebox entertainment equipment manufacturers in southern China, a frontier yet to be explored by the Group. We will also commence the construction of our new plant at Suzhou for frame and other related products later this year," Mr Yoshimi added.

The Group will also explore other opportunities to expand its business. These will include strategic alliances and acquisitions to complement its existing businesses and augment its capabilities.

The long-term objective of CDW is to be the partner-supplier of choice for its customers. To do so, the Group will continuously strive to be at the forefront of technology changes and deliver quality all-round service.

Group EPS for FY2005 on fully diluted basis was 1.83 US cents compared to 3.8 US cents the year before.

A final dividend of 0.4 US cent per share is proposed and will be payable to the shareholders on 24 May 2006. This, together with the interim dividend of 0.4 US cent per share, represents a payout ratio of 43.7% of net profit.

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