

# **Unaudited Third Quarter Financial Statements And Dividend Announcement for the Nine Months / Third Quarter Ended 30 September 2008**

## **PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), 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**

### **CONSOLIDATED PROFIT & LOSS STATEMENT** **For the periods ended 30 September 2008**

	Note	Three months / third quarter ended 30 September			Nine months ended 30 September		
		2008 US\$'000	2007 US\$'000	% Increase/ (Decrease)	2008 US\$'000	2007 US\$'000	% Increase/ (Decrease)
Revenue		40,648	44,042	(7.7%)	111,365	130,147	(14.4%)
Cost of sales		(32,433)	(36,673)	(11.6%)	(89,111)	(107,742)	(17.3%)
Gross profit		8,215	7,369	11.5%	22,254	22,405	(0.67%)
Other operating income		439	254	72.8%	820	648	26.5%
Distribution expenses		(1,019)	(1,541)	(33.9%)	(2,944)	(3,749)	(21.5%)
Administrative expenses		(6,439)	(6,053)	6.4%	(19,565)	(17,394)	12.5%
Finance costs		(111)	(189)	(41.3%)	(388)	(589)	(34.1%)
Profit/(Loss) before income tax	(1)	1,085	(160)	(778.1%)	177	1,321	(86.6%)
Income tax (expense)		(590)	(256)	130.5%	(969)	(913)	6.1%
Profit/(Loss) after income tax		495	(416)	(219.0%)	(792)	408	(294.1%)
Attributable to:							
Equity holders of the Company		495	(416)	(219.0%)	(792)	74	(1,170.3%)
Minority interests		-	-	N/A	-	334	N/A
		495	(416)	(219.0%)	(792)	408	(294.1%)

#### **Note (1)**

(Loss)/Profit before income tax has been arrived at after charging / (crediting):

	Three months / third quarter ended 30 September		Nine months ended 30 September	
	2008	2007	2008	2007
	US\$'000	US\$'000	US\$'000	US\$'000
Depreciation	968	928	2,876	2,756
Interest income	(46)	(63)	(170)	(226)
Net foreign exchange loss (Note a)	208	373	769	623
Allowance for inventories	447	18	869	587
Change in fair value of derivative financial instruments	(77)	(211)	135	(45)

Note a: The foreign currency exchange loss for the nine months ended 30 September 2008 comprised mainly unrealized net loss on translating monetary assets less monetary liabilities in foreign currency, mainly United States dollars and Japanese Yen, to functional currency at each Group entity and realized net loss on payments denominated in foreign currencies other than the functional currency in each Group entity.

- 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.

**BALANCE SHEETS**  
**As at 30 September 2008**

	The Group		The Company	
	As at 30 September 2008 US\$'000	As at 31 December 2007 US\$'000	As at 30 September 2008 US\$'000	As at 31 December 2007 US\$'000
<b><u>ASSETS</u></b>				
<b>Current Assets:</b>				
Cash and bank balances	24,710	29,509	92	92
Trade receivables	26,882	27,426	-	-
Other receivables and prepayments	2,394	1,204	7	30
Prepaid lease payments	9	9	-	-
Income tax recoverable	166	152	-	-
Inventories	12,919	13,617	-	-
Pledged bank deposits (Note b)	1,887	1,622	-	-
<b>Total current assets</b>	<b>68,967</b>	<b>73,539</b>	<b>99</b>	<b>122</b>
<b>Non-current assets</b>				
Goodwill	1,516	1,516	-	-
Available-for-sale investments	2,454	2,549	1,507	1,511
Held-to-maturity investment	968	988	-	-
Other assets	731	675	-	-
Amount due from a subsidiary	-	-	17,843	18,303
Prepaid lease payments	466	442	-	-
Property, plant and equipment	25,661	24,653	-	-
Subsidiaries	-	-	10,558	10,397
<b>Total non-current assets</b>	<b>31,796</b>	<b>30,823</b>	<b>29,908</b>	<b>30,211</b>
<b>Total assets</b>	<b>100,763</b>	<b>104,362</b>	<b>30,007</b>	<b>30,333</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Bank and other borrowings	13,142	16,320	-	-
Trade payables	24,099	24,958	-	-
Other payables and accruals	5,094	3,685	205	182
Derivative financial instruments	135	-	-	-
Current portion of obligation under finance leases	387	397	-	-
Income tax payable	633	531	-	-
<b>Total current liabilities</b>	<b>43,490</b>	<b>45,891</b>	<b>205</b>	<b>182</b>
<b>Non-current liabilities</b>				
Bank and other borrowings	2,729	3,950	-	-
Obligation under finance leases	526	324	-	-
Retirement benefit obligations	571	636	-	-
Deferred tax liabilities	698	626	-	-
<b>Total non-current liabilities</b>	<b>4,524</b>	<b>5,536</b>	<b>-</b>	<b>-</b>
<b>Capital and reserves</b>				
Issued capital	10,128	10,128	10,128	10,128
Reserves	42,621	42,807	19,674	20,023
<b>Equity attributable to equity holders of the Company</b>	<b>52,749</b>	<b>52,935</b>	<b>29,802</b>	<b>30,151</b>
<b>Minority interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>52,749</b>	<b>52,935</b>	<b>29,802</b>	<b>30,151</b>
<b>Total liabilities and equity</b>	<b>100,763</b>	<b>104,362</b>	<b>30,007</b>	<b>30,333</b>

Note b: As at 30 September 2008, the Group's fixed deposits of approximately US\$1.9 million (31 December 2007: US\$1.6 million) were pledged to financial institutions to secure borrowings of the Group.

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

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

	<b>As at 30 September 2008</b>		<b>As at 31 December 2007</b>	
	<b>Secured US\$'000</b>	<b>Unsecured US\$'000</b>	<b>Secured US\$'000</b>	<b>Unsecured US\$'000</b>
<b>Bank and other borrowings</b>	1,612	11,530	4,750	11,570
<b>Obligation under finance leases</b>	387	-	397	-
<b>Total</b>	1,999	11,530	5,147	11,570

**Amount repayable after one year**

	<b>As at 30 September 2008</b>		<b>As at 31 December 2007</b>	
	<b>Secured US\$'000</b>	<b>Unsecured US\$'000</b>	<b>Secured US\$'000</b>	<b>Unsecured US\$'000</b>
<b>Bank and other borrowings</b>	-	2,729	44	3,906
<b>Obligation under finance leases</b>	526	-	324	-
<b>Total</b>	526	2,729	368	3,906

**Details of collateral**

As at 30 September 2008, the Group's fixed deposit of approximately US\$1.9 million (31 December 2007: US\$1.6 million) and property, plant and machinery with net book value of approximately US\$2.5 million (31 December 2007: US\$2.0 million) were pledged to financial institutions to secure borrowings and other unutilized banking facilities of the Group.

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

**CONSOLIDATED CASH FLOW STATEMENT**  
**For the periods ended 30 September 2008**

	Three months / third quarter ended 30 September		Nine months ended 30 September	
	2008	2007	2008	2007
	US\$'000	US\$'000	US\$'000	US\$'000
<b>CASH FROM OPERATING ACTIVITIES</b>				
<b>Profit/(Loss) before income tax</b>	1,085	(160)	177	1,321
Adjustments for				
Share-based payment expenses	67	71	161	142
Allowance for Inventories	447	18	869	587
Change in fair value of derivative financial instruments	(77)	(211)	135	(45)
Depreciation	968	928	2,876	2,756
Amortization of prepaid lease payments	3	-	8	-
Interest income	(46)	(63)	(170)	(226)
Interest expenses	111	189	388	589
Loss on disposal of property, plant and equipment	7	40	40	374
Retirement benefit obligations	51	59	(112)	79
<b>Operating cash flows before movements in working capital</b>	2,616	871	4,372	5,577
Trade receivables, other receivables and prepayments	(2,293)	(337)	478	611
Inventories	1,837	(128)	678	(3,772)
Trade payables, other payables and accruals	651	(1,093)	(1,143)	(960)
<b>Cash from/(used in) operations</b>	2,811	(687)	4,385	1,456
<b>Income tax paid</b>	(104)	(8)	(871)	(847)
<b>Income tax refunded</b>	16	-	23	49
<b>Interest paid</b>	(111)	(189)	(388)	(589)
<b>Net cash from/(used in) operating activities</b>	2,612	(884)	3,149	69
<b>INVESTING ACTIVITIES</b>				
Proceeds from disposal of property, plant and equipment	16	-	243	41
Increase in other assets	(40)	(137)	(6)	(286)
Purchase of available-for-sale investments	(4)	(1,455)	(10)	(1,460)
Purchase of property, plant and equipment (Note c)	(350)	(523)	(1,901)	(6,013)
Interest income received	46	63	170	226
<b>Net cash used in investing activities</b>	(332)	(2,052)	(1,504)	(7,492)
<b>FINANCING ACTIVITIES</b>				
Proceeds from bank and other borrowings	72,321	15,914	149,491	59,567
Repayment of obligation under finance leases	(131)	(104)	(430)	(319)
Repayment of bank and other borrowings	(72,223)	(15,163)	(153,672)	(57,936)
Increase/(decrease) in pledged bank deposits	17	(595)	(241)	(603)
Dividend paid	(2,026)	-	(2,532)	(976)
<b>Net cash (used in)/from financing activities</b>	(2,042)	52	(7,384)	(267)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	238	(2,884)	(5,739)	(7,690)
<b>EFFECT OF CURRENCY TRANSLATION</b>	(525)	587	940	1,105
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	24,997	22,548	29,509	26,836
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	24,710	20,251	24,710	20,251

Note c: During 3Q08, the Group acquired property, plant and equipment with aggregate cost of approximately US\$2,472,000 (3Q07: US\$6,339,000) of which US\$571,000 (3Q07: US\$326,000) was acquired by means of finance leases. Cash payment of approximately US\$1,901,000 (3Q07: US\$6,013,000) were made to purchase 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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

**The group's statement of changes in equity with a comparative statement for the corresponding period of immediately preceding financial year is as follows:**

	Share Capital US\$'000	Share premium of the Company US\$'000	Share option reserve US\$'000	Merger reserve US\$'000	Reserve Fund US\$'000	Enterprise Expansion Fund US\$'000	Other Reserve US\$'000	Revaluation reserve US\$000	Currency translation reserve US\$'000	Retained earnings US\$'000	Attributable to equity holders of the Company US\$'000	Minority interests US\$'000	Total US\$'000
Balance as at 1 January 2008	10,128	19,022	213	(7,020)	4,108	303	1,163	18	4,717	20,283	52,935	-	52,935
Loss on fair-value changes for available-for-sale investments	-	-	-	-	-	-	-	(206)	-	-	(206)	-	(206)
Currency translation differences	-	-	-	-	-	-	-	-	2,603	-	2,603	-	2,603
Net income recognized directly in equity	-	-	-	-	-	-	-	(206)	2,603	-	2,397	-	2,397
Loss for the three-month period	-	-	-	-	-	-	-	-	-	(635)	(635)	-	(635)
Total recognized income and expenses for the period	-	-	-	-	-	-	-	(206)	2,603	(635)	1,762	-	1,762
Share-based payment expense	-	-	71	-	-	-	-	-	-	-	71	-	71
Balance as at 31 March 2008	10,128	19,022	284	(7,020)	4,108	303	1,163	(188)	7,320	19,648	54,768	-	54,768
Gains on fair-value changes for available-for-sale investments	-	-	-	-	-	-	-	100	-	-	100	-	100
Currency translation differences	-	-	-	-	-	-	-	-	279	-	279	-	279
Net income recognized directly in Equity	-	-	-	-	-	-	-	100	279	-	379	-	379
Loss for the three-month period	-	-	-	-	-	-	-	-	-	(652)	(652)	-	(652)
Total recognized income and expenses for the period	-	-	-	-	-	-	-	100	279	(652)	(273)	-	(273)
Transfer on cancellation of share option	-	-	(265)	-	-	-	-	-	-	265	-	-	-
Share-based payment expense	-	-	23	-	-	-	-	-	-	-	23	-	23
Dividends paid	-	-	-	-	-	-	-	-	-	(506)	(506)	-	(506)
Balance as at 30 June 2008	10,128	19,022	42	(7,020)	4,108	303	1,163	(88)	7,599	18,755	54,012	-	54,012
Loss on fair-value changes for available-for-sale investments	-	-	-	-	-	-	-	(25)	-	-	(25)	-	(25)
Currency translation differences	-	-	-	-	-	-	-	-	226	-	226	-	226
Net income recognized directly in Equity	-	-	-	-	-	-	-	(25)	226	-	201	-	201
Profit for the three-month period	-	-	-	-	-	-	-	-	-	495	495	-	495
Total recognized income and expenses for the period	-	-	-	-	-	-	-	(25)	226	495	696	-	696
Share-based payment expense	-	-	67	-	-	-	-	-	-	-	67	-	67
Dividends paid	-	-	-	-	-	-	-	-	-	(2,026)	(2,026)	-	(2,026)
Appropriations	-	-	-	-	405	4	4	-	-	(413)	-	-	-
Balance as at 30 September 2008	10,128	19,022	109	(7,020)	4,513	307	1,167	(113)	7,825	16,811	52,749	-	52,749

**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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (continued)**

	Share Capital US\$'000	Share premium of the Company US\$'000	Share option reserve US\$'000	Merger reserve US\$'000	Reserve Fund US\$'000	Enterprise Expansion Fund US\$'000	Other Reserve US\$'000	Revaluation reserve US\$'000	Currency translation reserve US\$'000	Retained earnings US\$'000	Attributable to equity holders of the Company US\$'000	Minority interests US\$'000	Total US\$'000
Balance as at 1 January 2007	9,760	17,654	542	(7,020)	2,435	302	1,157	12	1,629	23,162	49,633	3,455	53,088
Gains on fair-value changes for available-for-sale investments	-	-	-	-	-	-	-	26	-	-	26	-	26
Currency translation differences	-	-	-	-	-	-	-	-	451	-	451	-	451
Net income recognized directly in equity	-	-	-	-	-	-	-	26	451	-	477	-	477
Profit for the three-month period	-	-	-	-	-	-	-	-	-	1,259	1,259	286	1,545
Total recognized income and expenses for the period	-	-	-	-	-	-	-	26	451	1,259	1,736	286	2,022
Transfer on cancellation of share options	-	-	(542)	-	-	-	-	-	-	542	-	-	-
Balance as at 31 March 2007	9,760	17,654	-	(7,020)	2,435	302	1,157	38	2,080	24,963	51,369	3,741	55,110
Loss on fair-value changes for available-for-sale investments	-	-	-	-	-	-	-	(2)	-	-	(2)	-	(2)
Currency translation differences	-	-	-	-	-	-	-	-	415	-	415	-	415
Net income recognized directly in Equity	-	-	-	-	-	-	-	(2)	415	-	413	-	413
Loss for the three-month period	-	-	-	-	-	-	-	-	-	(769)	(769)	48	(721)
Total recognized income and expenses for the period	-	-	-	-	-	-	-	(2)	415	(769)	(356)	48	(308)
Share-based payment expense	-	-	71	-	-	-	-	-	-	-	71	-	71
Dividends paid	-	-	-	-	-	-	-	-	-	(976)	(976)	-	(976)
Appropriations	-	-	-	-	168	-	1	-	-	(169)	-	-	-
Balance as at 30 June 2007	9,760	17,654	71	(7,020)	2,603	302	1,158	36	2,495	23,049	50,108	3,789	53,897
Loss on fair-value changes for available-for-sale investments	-	-	-	-	-	-	-	(18)	-	-	(18)	-	(18)
Currency translation differences	-	-	-	-	-	-	-	-	1,084	-	1,084	-	1,084
Net income recognized directly in Equity	-	-	-	-	-	-	-	(18)	1,084	-	1,066	-	1,066
Loss for the three-month period	-	-	-	-	-	-	-	-	-	(416)	(416)	-	(416)
Total recognized income and expenses for the period	-	-	-	-	-	-	-	(18)	1,084	(416)	650	-	650
Issue of share capital as consideration for acquisition of a subsidiary	368	1,368	-	-	-	-	-	-	-	-	1,736	-	1,736
Minority interests in relation to the acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(3,789)	(3,789)
Share-based payment expense	-	-	71	-	-	-	-	-	-	-	71	-	71
Appropriations	-	-	-	-	683	1	1	-	-	(685)	-	-	-
Balance as at 30 September 2007	10,128	19,022	142	(7,020)	3,286	303	1,159	18	3,579	21,948	52,565	-	52,565

**The issuer's statement of changes in equity with a comparative statement for the corresponding period of immediately preceding financial year is as follows:**

	Share Capital US\$'000	Share premium of the Company US\$'000	Share option reserve US\$'000	Retained earnings US\$'000	Total US\$'000
Balance as at 1 January 2008	10,128	19,022	213	788	30,151
Loss for the three-month period	-	-	-	(159)	(159)
Share-based payment expense	-	-	71	-	71
Balance as at 31 March 2008	10,128	19,022	284	629	30,063
Profit for the three-month period	-	-	-	321	321
Share-based payment expense	-	-	23	-	23
Transfer on cancellation of share options	-	-	(265)	265	-
Dividend paid	-	-	-	(506)	(506)
Balance as at 30 June 2008	10,128	19,022	42	709	29,901
Profit for the three-month period	-	-	-	1,860	1,860
Share-based payment expense	-	-	67	-	67
Dividend paid	-	-	-	(2,026)	(2,026)
Balance as at 30 September 2008	10,128	19,022	109	543	29,802

	Share Capital US\$'000	Share premium of the Company US\$'000	Share option reserve US\$'000	Retained earnings US\$'000	Total US\$'000
Balance as at 1 January 2007	9,760	17,654	542	241	28,197
Loss for the three-month period	-	-	-	(128)	(128)
Transfer on cancellation of share options	-	-	(542)	542	-
Balance as at 31 March 2007	9,760	17,654	-	655	28,069
Profit for the three-month period	-	-	-	798	798
Share-based payment expense	-	-	71	-	71
Dividend paid	-	-	-	(976)	(976)
Balance as at 30 June 2007	9,760	17,654	71	477	27,962
Share capital issued	368	1,368	-	-	1,736
Loss for the three-month period	-	-	-	(140)	(140)
Share-based payment expense	-	-	71	-	71
Balance as at 30 September 2007	10,128	19,022	142	337	29,629

- 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 or 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 well as the number of shares held as treasury shares, if any against the total number of issued share excluding treasury share of the issuer 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.**

As at 30 September 2008 and 31 December 2007, the Company's issued and fully paid up share capital was US\$10,128,104 represented by 506,405,221 ordinary shares of US\$0.02 each.

On 9 March 2007, the Chief Executive Officer of the Company proposed to grant options to three executive directors and ten senior executives (the "Participants") to subscribe for a total of 20,496,000 ordinary shares of US\$0.02 each in the capital of the Company. This proposal was adopted by the Committee and options granted were accepted by the Participants in April 2007. The option will be exercisable at S\$0.13 per share with an exercise period commencing from 9 March 2008 to 10 March 2012 (both days inclusive).

On 23 May 2008, the Remuneration Committee duly authorized and appointed by the Company's board of directors to administer the CDW Holding Share Option Scheme (the "Scheme") resolved that the unexercised share options shall lapse and be cancelled on the ground that the objectives of the Scheme have not been met. The resolution was subsequently accepted by the Participants and 19,032,000 share options granted were cancelled prior to 30 June 2008.

On 11 June 2008, the Chief Executive Officer of the Company proposed to grant options to four executive directors and eight senior executives (the "Participants") to subscribe for a total 19,032,000 ordinary share of US\$0.02 each in the capital of the Company. This proposal was adopted by the Committee and options granted were accepted by the Participants in June 2008. The option will be exercisable at S\$0.07 per share with an exercise period commencing from 11 June 2009 to 11 June 2013 (both days inclusive).

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

As at period ended 30 September 2008 and 31 December 2007, the total number of issued shares was 506,405,221. There was no treasury share at both period end and year end.

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

There were no sales, transfers, disposal, cancellation and/or use of treasury share during the current financial period reported on.

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

The figures have not been audited or reviewed by the independent auditors.

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

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recent 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 most recently audited annual financial statements for the year ended 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**

Earnings per ordinary share for  
the period based on profit  
attributable to shareholders  
on 1(a) above

	Three months / third quarter ended 30 September		Nine months ended 30 September	
	2008	2007	2008	2007
Based on weighted average number of ordinary shares in issue (US cents)				
- Basic	0.10	(0.09)	(0.16)	0.02
- Fully diluted (Note d)	-	(0.08)	-	0.02
Weighted average number of ordinary shares for the purpose of basic earnings per ordinary share	506,405,221	488,000,000	506,405,221	488,000,000
Effect of dilutive share options	-	2,370,000	-	1,786,000
Weighted average number of ordinary shares for the purposes of diluted earnings per ordinary share	<u>506,405,221</u>	<u>490,370,000</u>	<u>506,405,221</u>	<u>489,786,000</u>

Note d: There is no diluted earnings per share as the average market price of ordinary shares during the period from the issue of the share options to the balance sheet date was below the exercise price for the granted options.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued share capital excluding treasury share of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year**

30 September 2008    31 December 2007

Net assets value per ordinary share  
(US cents)

- The Group	10.42	10.45
- The Company	5.89	5.95

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**

### **Profit and Loss**

The Group's revenue for the nine months ended 30 September 2008 ("9M08") decreased by 14.4% from US\$130.1 million in 9M07 to US\$111.4 million in 9M08. Revenue for 3Q08 also fell by 7.7% to US\$40.7 million as compared to US\$44.0 million in 3Q07. It was mainly attributable to the reduction of BLU for handsets over the periods as the Group secures more orders of BLU for gamesets. However, revenue in 3Q08 increased 12.8% from US\$36.0 million in 2Q08 to US\$40.7 million as the Group is able to achieve a better stability across all business segments, in particular for the Group's LCD BLU segment as explained below.

Gross profit fell marginally by 0.7% from US\$22.4 million in 9M07 to US\$22.3 million in 9M08 in tandem with higher margin orders received for the LCD BLU segment. In 3Q08, gross profit increased 11.5% to US\$8.2 million from US\$7.4 million in the previous corresponding period due to a lower defective rate in the Group's products.

As a result of the below stated reasons, net profit after income tax in 9M08 decreased to a net loss of US\$0.8 million as compared to a net profit of US\$0.4 million in the previous corresponding period. However, net profit after income tax in 3Q08 rebounded from a loss of US\$0.4 million in 3Q07 to a net profit after tax of US\$0.5 million. The Group also made gradual recovery in its bottom line with net profit in 3Q08 improving from a net loss of US\$0.7 million in 2Q08.

### **LCD BLU**

Total revenue from the LCD BLU segment in 9M08 registered US\$62.9 million, a 16.9% decrease from US\$75.7 million in 9M07. The decrease is mainly due to the continuing effect of the change in procurement strategy by one of the Group's key customers' client in 2Q07.

In 9M08, the Group manufactured a total of 22.8 million BLU units for gamesets and 14.6 million BLU units for handsets, as compared to 20.5 million units and 24.9 million units respectively in 9M07.

BLU for handsets are subject to keen competition and order instability, which leads to uncertainty for the Group's production planning. Therefore, the Group will continue to manage this uncertainty by focusing on the production of BLU for gamesets to secure a greater amount of order stability. The Group negotiated successfully with one of the major customers to secure more gameset orders, including handheld devices like digital cameras.

Operating profit for this segment increased from US\$1.7 million in 9M07 to US\$1.8 million in 9M08.

### **LCD Frames**

Revenue from the Group's LCD frames segment increased by 54.5% to US\$13.6 million in 9M08, as compared to US\$8.8 million in 9M07. Having commenced production in the new facility since July 2007, the Group has seen an increase in the orders for new models with higher utilisation. Operating loss for this segment was reduced to US\$0.3 million in 9M08 from US\$1.3 million in 9M07.

### **Precision Accessories**

Revenue for this segment decreased marginally by US\$0.7 million to US\$18.1 million in 9M08 as compared to US\$18.8 million in 9M07. Operating profit also declined from US\$2.7 million in 9M07 to US\$1.2 million due to keen competition and the start up cost of a new factory established in Dongguan in September this year.

### **Trading**

Revenue for the Group's trading segment dropped by 31.4% to US\$20.8 million in 9M08. This segment is operating at a slight operating loss. The Group will continue to maintain a reasonable level of trading operations to support our customers.

Other income increased by 26.5% from US\$0.6 million in 9M07 to US\$0.8 million in 9M08 mainly due to increased sales of scrap materials.

Distribution expenses in 9M08 decreased 21.5% to US\$2.9 million as compared to US\$3.7 million in 9M07. This was because the Group did not incur any additional transportation cost in 9M08 such as that in 9M07 when the Group incurred additional costs from the relocation of the production centre.

Administration expenses in 9M08 increased by 12.5% from US\$17.4 million to US\$19.6 million as a result of increased salary expenses and headcount to retain talents and to assist in the growth of the Group.

Finance costs decreased by 34.1% to US\$0.4 million in 9M08 due to lower interest paid as a result of lower interest rates incurred for bank borrowings and also because the Group began making borrowings in Japanese Yen since 4Q07, which comes with lower interest rate.

Income tax expenses increased by 6.1% from US\$0.9 million to US\$1.0 million in 9M08 as a result of higher tax rates in the PRC, as well as, taxes incurred by Japan Tomoike.

### **Balance Sheet**

As at 30 September 2008, the total assets and liabilities stood at US\$100.8 million and US\$48.0 million respectively. Non-current assets rose by US\$1.0 million to US\$31.8 million. The increase was mainly because of addition of fixed assets in the new Dongguan factory for the Group's Precision Accessories business segment.

Current assets declined by US\$4.6 million to register US\$69.0 million as at the end of the 30 September 2008. Current assets mainly consisted of cash and bank balances, receivables and inventories. The decrease in current assets is attributed to a drop in cash and bank balances resulting from dividend payments of US\$2.5 million and repayment of bank loans. The decrease in inventories is in line with the decrease in sales in the corresponding period.

Current liabilities decreased by US\$2.4 million to US\$43.5 million, and consisted mainly of bank and other borrowings, trade payables, payables and accruals. Non-current liabilities declined by US\$1.0 million to US\$4.5 million. Decreases in both the current and non-current liabilities are mainly attributed to lower bank and other borrowings as the Group has settled part of the bank loans in 9M08. As a result, total bank and other borrowings decreased to US\$15.9 million as at 30 September 2008.

The Group's net asset value per share decreased to 10.42 US cents as at 30 September 2008 from 10.45 US cents as at 31 December 2007.

### **Cash Flow**

The Group recorded a net cash generated from operating activities amounting to US\$3.1 million in 9M08 as compared to US\$0.07 million in 9M07. The large increase is mainly attributed to the reduction in inventories held.

In 9M08, the Group spent a net cash of US\$1.5 million in investing activities as compared to US\$7.5 million in the previous corresponding period. During the nine months, the Group purchased fixed assets worth of US\$2.5 million in which US\$0.6 million is financed by finance lease.

For financing activities, the Group increased net cash used in this segment by US\$7.1 million from US\$0.3 million in 9M07 to US\$7.4 million in 9M08. Inclusive in the net cash used for financing activities are payment of dividends amounting to US\$2.5 million and partial repayment of bank loans amounting to US\$4.2 million.

## **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**

With the global economic turmoil negatively affecting economies worldwide, the Group's order books for the year-end holiday season will be affected by the expected lower spending by consumers.

Also, the unstable exchange rate for Japanese Yen is expected to have an adverse effect on the Group's cost of sales, as the Group's raw materials necessary for production are purchased in Japanese Yen. The management continues to monitor the situation and take necessary mitigating measures to reduce foreign exchange exposure. In addition, labour costs and other operating expenses in the PRC have been rising steadily over the years alongside an appreciating RMB.

In order to mitigate the effects from rising costs, the Group is in the midst of researching a new technology on processing method with a major customer to sharpen production efficiency, which will in turn reduce labour costs.

The Group is looking into consolidating production facilities, so as to maximise utilisation rates and hence, reduce operating cost. The Group will also continue to source for alternative materials to lower cost of sales and improve profitability.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? No

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? No

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared/recommendeded, 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, Q4 or Half Year Results)

13. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

**Primary reporting format-Business Segments – 2008**

**CDW Holding Limited**

**Business segment for the nine months ended 30 September 2008**

	<b>Parts trading</b>	<b>LCD backlight units</b>	<b>Precision accessories</b>	<b>LCD frames</b>	<b>Eliminations</b>	<b>Consolidated</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b><u>Revenue</u></b>						
External sales	20,750	61,152	16,841	12,622		111,365
Inter-segment sales	-	1,741	1,239	945	(3,925)	-
Total revenue	20,750	62,893	18,080	13,567		111,365
<b><u>Results</u></b>						
Segment result	(68)	1,849	1,242	(344)		2,679
Unallocated corporate expense						(2,284)
Operating profit						395
Interest income						170
Interest expenses						(388)
Profit before income tax						177
Income tax						(969)
(Loss) after income tax						(792)
<b><u>Assets</u></b>						
Segment assets	21,775	37,105	15,300	21,728	(927)	94,981
Unallocated assets						5,782
Total assets						100,763
<b><u>Liabilities</u></b>						
Segment liabilities	10,020	11,965	4,982	3,083	(927)	29,123
Bank borrowings and obligation under finance leases						16,784
Unallocated liabilities						2,107
Total liabilities						48,014
<b><u>Other information</u></b>						
Capital expenditure	663	128	946	735		2,472
Depreciation of property, plant and equipment	294	962	571	1,049		2,876

**Primary reporting format-Business Segments – 2007**

**CDW Holding Limited**

**Business segment for the nine months ended 30 September 2007**

	<b>Parts trading</b>	<b>LCD backlight units</b>	<b>Precision accessories</b>	<b>LCD frames</b>	<b>Eliminations</b>	<b>Consolidated</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b><u>Revenue</u></b>						
External sales	29,367	74,776	17,790	8,214		130,147
Inter-segment sales	892	926	1,003	543	(3,364)	
Total revenue	30,259	75,702	18,793	8,757		130,147
<b><u>Results</u></b>						
Segment result	709	1,737	2,747	(1,319)		3,874
Unallocated corporate expenses						(2,190)
Operating profit						1,684
Interest income						226
Interest expenses						(589)
Profit before income tax						1,321
Income tax						(913)
Profit after income tax						408
<b><u>Assets</u></b>						
Segment assets	21,004	40,217	16,760	19,139	(958)	96,162
Unallocated assets						7,235
Total assets						103,397
<b><u>Liabilities</u></b>						
Segment liabilities	13,665	12,959	5,423	1,920	(958)	33,009
Bank borrowings and obligation under finance leases						15,848
Unallocated liabilities						1,975
Total liabilities						50,832
<b><u>Other information</u></b>						
Capital expenditure	467	566	211	5,095		6,339
Depreciation of property, plant and equipment	263	924	558	1,011		2,756

## GROUP SEGMENTAL REPORTING

### Secondary reporting format – Geographical Segments

	Revenue		Total Assets		Capital Expenditure	
	Nine months ended 30 September		Nine months ended 30 September		Nine months ended 30 September	
	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000
<b>Hong Kong</b>	38,689	52,303	21,695	22,962	23	225
<b>PRC</b>	47,161	39,603	59,077	52,486	1,798	5,785
<b>Japan</b>	24,177	34,713	19,991	27,949	651	329
<b>Others</b>	1,338	3,528	-	-	-	-
<b>Total</b>	111,365	130,147	100,763	103,397	2,472	6,339

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

Please refer to paragraph 8 for the factors leading to any material changes in contribution to turnover and earnings by the business segments. In terms of geographical segments, the Group was generating balanced revenue in Hong Kong, PRC and Japan. Revenue in Hong Kong, PRC and Japan accounted for 34.7%, 42.3 % and 21.7% of the total revenue respectively. Total revenue decreased by 14.4% to US\$111.4million for the first nine months in 2008 compared to the previous corresponding period.

The total assets located in Hong Kong, PRC and Japan accounted for 21.5%, 58.6% and 19.9% of the total assets respectively. During the first nine months in 2008, the Group invested a total capital expenditure of US\$1.8 million in the production facilities in PRC as compared to US\$0.7 million in Hong Kong and Japan.

**15. A breakdown of sales**

	Nine months ended 30 September		
	2008 US\$'000	2007 US\$'000	% Increase / (Decrease)
Sales reported for the first quarter	34,685	46,747	(25.8%)
Sales reported for the second quarter	36,032	39,358	(8.5%)
Sales reported for the third quarter	40,648	44,042	(7.7%)
Operating (Loss)/profit after income tax for the first quarter	(635)	1,545	(141.1%)
Operating (Loss) after income tax for the second quarter	(652)	(721)	(9.6%)
Operating profit/(Loss) after income tax for the third quarter	495	(416)	(219.0%)

**16 A breakdown of the total annual dividend for the issuer's latest full year and its previous full year.**

Annual Dividend (in USD'000)	FY2007	FY2006
Ordinary dividend		
- Interim	488	1,952
- Final	506	976
Total	994	2,928

**17. Interested person transactions for the nine months ended 30 September 2008**

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to rule 920 (excluding transactions less than S\$100,000)
Name of interested person	US\$'000	US\$'000
<b>Mikuni Co., Limited</b>		
Support services and marketing services to Japan Tomoike	82	-
<b>Total</b>	82	-

**CONFIRMATION BY THE BOARD**

We, Kunikazu Yoshimi and Dy Mo Hua Cheung Philip, being two directors of CDW Holding Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of the directors of the Company which may render the financial results for the nine months ended 30 September 2008 to be false or misleading.

**BY ORDER OF THE BOARD**

Kunikazu YOSHIMI  
Executive Director  
10 November 2008

DY MO Hua Cheung, Philip  
Executive Director