



**CDW Holding Limited**

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**PRESS RELEASE**

**CDW achieves full year 2009 net profits of US\$0.26 million amidst recovering global markets**

- Strengthened revenue in second half FY2009 boosts bottom-line recovery
- Strategic shift to higher value –added products and active cost and inventory management improves gross profit margin
- Proposes dividends of 0.3 US cents per share

SINGAPORE, 26 February 2010—Precision components specialist CDW Holding Limited (“CDW” or the “Group”) , was pleased to report today net profits of US\$0.26 million for the full financial year 2009 amidst recovering global markets and active cost containment. In the preceding year, net profits amounted to US\$0.12 million.

With its precision components used in the manufacture of consumer electronics such as gamesets, digital camera, global positioning system equipment, mobile phones, photocopying machines and printers, group sales for CDW in the second half of the year saw continued improvement as consumer and business sentiment gradually returned. Strengthened second half FY09 revenue amounted to US\$62.04 million, compared with US\$45.27 million in the first half FY09. This amounted to a total of US\$107.31 million for FY09. Revenue for FY08 was US\$154.59 million.

“With improving economic conditions globally, we expect our recovering sales momentum, as seen in our financial performance over the year, to continue into 2010,” predicts Yoshimi Kunikazu, Chairman and CEO of CDW.

On a per share basis, earnings amounted to 0.29 US cents per share for 4Q09 while Net Asset Value as of 31 December 2009 was 10.4 US cents per share. In recognition of the loyal support of shareholders, the Group intends to propose dividends of 0.3 US cents per share. If approved, inclusive of interim dividends of 0.2 US cents per share for 2Q09, total dividend payout for FY09 will be 0.5 US cents per share.

### **Financial Highlights**

	<b>4Q09</b>	<b>3Q09</b>	<b>Change</b>	<b>FY09</b>	<b>FY08</b>	<b>Change</b>
	<b>US\$'m</b>	<b>US\$'m</b>	<b>%</b>	<b>US\$'m</b>	<b>US\$'m</b>	<b>%</b>
<b>Revenue</b>	30.11	31.93	-5.7%	107.31	154.59	-30.6%
<b>Gross Profit</b>	7.93	7.47	6.2%	25.34	32.19	-21.4%
<b>Profit Before Tax</b>	2.17	1.53	41.8%	1.56	1.46	6.8%
<b>Net profit</b>	1.49	1.35	10.4%	0.26	0.12	116.7%

Gross Profit margins have also been improving over the year with the focus on producing higher value-added products such as gamesets and hand-held devices like digital cameras and hand-held GPS systems.

### **Business Segment Sales**

During the year in review, the LCD Backlight Units segment booked revenues of US\$52.63 million while the Office Automation segment had US\$25.08 million in revenue. Revenue for the LCD Parts and Accessories business was US\$29.60 million.

### **Effective Cost Management**

While focusing on higher value-added products, the Group has also undertaken effective cost containment. This has contributed to lower operating costs and healthier margins. Chairman Yoshimi adds: "Over the past year, stringent cost management reduced operating expenses by approximately US\$2 million. We also actively managed inventory levels, synchronizing as best we can, our orders for supplies with projected sales orders."

To better manage costs, the workforce in Japan was downsized during the year while the factory in Mie, Japan was shut down, reducing operating costs by JPY200 million. Meanwhile, with the current short-term order flow scenario and low capacity utilisation, CDW has introduced job rotation arrangements to maintain productivity levels.

The management continues to refine the strategy to monitor Dollar Yen currency exposure. Foreign exchange losses were significantly minimized to US\$0.1 million in 2009. This compares with foreign exchange losses of US\$2 million in the preceding year.

### **Financial Position**

The Group's financial position is solid, with cash and cash equivalents at year-end of US\$37 million, compared with US\$31 million at the end of FY08.

To capitalise on the current low interest rate environment while hedging against the recent volatility in global currency markets, CDW has entered into fixed rate loans over longer term tenors to build up the cash reserve. This has resulted in an increase in outstanding debt over the year from US\$12.4 million in FY08 to US\$15.7 million in FY09.

### **Outlook**

Despite a recovery in revenue over the course of the year, on a year-on-year basis, revenue nonetheless was reduced across all business segments, resulting in an average capacity utilisation rate of below 50%, which is on average lower than for the previous two years of 2007 and 2008, noted Chairman Yoshimi.

As such, the Group is cautiously optimistic about the outlook for its business. While improving global markets should indirectly benefit its precision components business, order visibility, especially for its LCD Backlight Units segment, is low as customers have been ordering just sufficiently for the near term. As of January 2010, the group's order book was US\$12.8 million in which the LCD Backlight Units segment accounted for US\$6 million.

We envisage a tight labour market in our operating locations in China. As a result, it is likely to have an adverse impact on our operating costs in the current financial year. Other risks the Group is concerned with are price erosion under keen competition, high raw material costs due to an appreciating Japanese Yen, and foreign currency exposure.

Going forward, CDW will continue to grow prudently, focusing on higher value-added products while managing costs and inventory. “With a sound financial position, we will also look for investment opportunities within our market space. This will boost our capabilities as a group, while enabling a diversification of risk,” commented Chairman Yoshimi.

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**About CDW Holding Limited:**

CDW Holding Limited is a Japanese-managed precision components specialist serving the global market and focusing on the production and supply of niche precision components and mobile communication equipment, gamebox entertainment equipment, consumer and information technology equipment, office equipment and electrical appliances.

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