

Unaudited First Half Financial Statements And Dividend Announcement for the Six Months / Second Quarter Ended 30 June 2011
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 INCOME STATEMENT
For the periods ended 30 June 2011**

| | Note | Three months / second quarter ended 30 June | | | Six months / half year ended 30 June | | |
|---------------------------|------|---|------------------|---------------------------|--------------------------------------|------------------|---------------------------|
| | | 2011 US\$'000 | 2010 US\$'000 | % Increase/ (Decrease) | 2011 US\$'000 | 2010 US\$'000 | % Increase/ (Decrease) |
| Revenue | | 42,933 | 28,192 | 52.3% | 81,670 | 53,569 | 52.5% |
| Cost of sales | | (34,318) | (21,074) | 62.8% | (65,053) | (39,611) | 64.2% |
| Gross profit | | 8,615 | 7,118 | 21.0% | 16,617 | 13,958 | 19.1% |
| Other operating income | | 270 | 125 | 116.0% | 591 | 320 | 84.7% |
| Distribution expenses | | (556) | (534) | 4.1% | (1,076) | (999) | 7.7% |
| Administrative expenses | | (5,941) | (5,311) | 11.9% | (11,724) | (10,557) | 11.1% |
| Finance costs | | (75) | (83) | (9.6%) | (155) | (164) | (5.5%) |
| Profit before income tax | (1) | 2,313 | 1,315 | 75.9% | 4,253 | 2,558 | 66.3% |
| Income tax expense | | (887) | (310) | 186.1% | (1,786) | (751) | 137.8% |
| Profit after income tax | | 1,426 | 1,005 | 41.9% | 2,467 | 1,807 | 36.5% |
| Profit attributable to: | | | | | | | |
| Owners of the Company | | 1,432 | 1,005 | 42.5% | 2,462 | 1,807 | 36.2% |
| Non-controlling interests | | (6) | - | N/A | 5 | - | N/A |
| | | 1,426 | 1,005 | 41.9% | 2,467 | 1,807 | 36.5% |

Note (1)

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

| | Three months / second quarter ended 30 June | | Six months / half year ended 30 June | |
|--|---|------------------|--------------------------------------|------------------|
| | 2011 US\$'000 | 2010 US\$'000 | 2011 US\$'000 | 2010 US\$'000 |
| Depreciation | 851 | 816 | 1,703 | 1,682 |
| Interest income | (107) | (32) | (174) | (69) |
| Net foreign exchange loss/(gain) (Note a) | 32 | 239 | (35) | 317 |
| Allowance for inventories | 58 | 165 | 474 | 334 |
| Change in fair value of derivative financial instruments | (17) | (116) | (11) | (148) |
| Loss on disposal of property, plant and equipment | - | - | 33 | 13 |

Note a: The foreign currency exchange gain for the six months ended 30 June 2011 comprised mainly unrealised gain net of unrealised loss on translating monetary assets less monetary liabilities in foreign currencies, mainly United States dollars and Japanese yen, to functional currency at each Group entity, and realised gain net of realised loss on payments denominated in foreign currencies other than the functional currency in each Group entity.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

| | The Group | | The Company | |
|--|--------------------------------------|--|--------------------------------------|--|
| | As at 30 June 2011 US\$'000 | As at 31 December 2010 US\$'000 | As at 30 June 2011 US\$'000 | As at 31 December 2010 US\$'000 |
| <u>ASSETS</u> | | | | |
| Current Assets: | | | | |
| Cash and bank balances | 44,405 | 37,716 | 251 | 79 |
| Trade receivables | 21,787 | 23,594 | - | - |
| Other receivables and prepayments | 1,895 | 1,809 | 9 | 27 |
| Prepaid lease payments | 9 | 9 | - | - |
| Income tax recoverable | 7 | 7 | - | - |
| Inventories | 11,379 | 10,169 | - | - |
| Derivative financial instruments | 13 | 2 | - | - |
| Pledged bank deposits (Note b) | 168 | 764 | - | - |
| Total current assets | 79,663 | 74,070 | 260 | 106 |
| Non-current assets | | | | |
| Goodwill | 1,516 | 1,516 | - | - |
| Available-for-sale investments | 873 | 867 | - | - |
| Held-to-maturity investment | 977 | 980 | - | - |
| Other assets | 621 | 604 | - | - |
| Amount due from a subsidiary | - | - | 18,507 | 18,625 |
| Prepaid lease payments | 462 | 456 | - | - |
| Property, plant and equipment | 22,518 | 22,417 | - | - |
| Subsidiaries | - | - | 10,735 | 10,735 |
| Total non-current assets | 26,967 | 26,840 | 29,242 | 29,360 |
| Total assets | 106,630 | 100,910 | 29,502 | 29,466 |
| <u>LIABILITIES AND EQUITY</u> | | | | |
| Current liabilities | | | | |
| Bank and other borrowings | 9,939 | 8,591 | - | - |
| Trade payables | 25,188 | 23,207 | - | - |
| Other payables and accruals | 5,485 | 4,353 | 298 | 110 |
| Current portion of obligation under finance leases | 205 | 257 | - | - |
| Income tax payable | 1,140 | 383 | - | - |
| Total current liabilities | 41,957 | 36,791 | 298 | 110 |
| Non-current liabilities | | | | |
| Bank and other borrowings | 5,291 | 6,597 | - | - |
| Obligation under finance leases | 333 | 431 | - | - |
| Retirement benefit obligations | 835 | 750 | - | - |
| Deferred tax liabilities | 1,010 | 845 | - | - |
| Total non-current liabilities | 7,469 | 8,623 | - | - |
| Capital, reserves and non-controlling interests | | | | |
| Issued capital | 10,087 | 10,087 | 10,087 | 10,087 |
| Reserves | 47,084 | 45,381 | 19,117 | 19,269 |
| Equity attributable to owners of the Company | 57,171 | 55,468 | 29,204 | 29,356 |
| Non-controlling interests | 33 | 28 | - | - |
| Total equity | 57,204 | 55,496 | 29,204 | 29,356 |
| Total liabilities and equity | 106,630 | 100,910 | 29,502 | 29,466 |

Note b: As at 30 June 2011, the Group's bank deposits of approximately US\$168,000 (31 December 2010: US\$764,000) were pledged to financial institutions to secure banking facilities granted to the Group.

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 2011 | | As at 31 December 2010 | |
|--|-----------------------------|-------------------------------|-------------------------------|-------------------------------|
| | Secured US\$'000 | Unsecured US\$'000 | Secured US\$'000 | Unsecured US\$'000 |
| Bank and other borrowings | - | 9,939 | - | 8,591 |
| Obligation under finance leases | 205 | - | 257 | - |
| Total | 205 | 9,939 | 257 | 8,591 |

Amount repayable after one year

| | As at 30 June 2011 | | As at 31 December 2010 | |
|--|-----------------------------|-------------------------------|-------------------------------|-------------------------------|
| | Secured US\$'000 | Unsecured US\$'000 | Secured US\$'000 | Unsecured US\$'000 |
| Bank and other borrowings | - | 5,291 | - | 6,597 |
| Obligation under finance leases | 333 | - | 431 | - |
| Total | 333 | 5,291 | 431 | 6,597 |

Details of collateral

As at 30 June 2011, the Group's bank deposits of approximately US\$168,000 (31 December 2010: US\$764,000) were pledged to financial institutions to secure banking facilities granted to the Group. The Group did not utilize any such banking facilities as at 30 June 2011 and 31 December 2010. The carrying amount of the Group's property, plant and equipment includes an amount of US\$1,102,000 (31 December 2010: US\$1,240,000) in respect of assets held under finance leases which are secured by the lessor's title to the leased assets.

- 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 period ended 30 June 2011 | | | | |
| | The Group | | | |
| | Three months / second quarter ended 30 June | | Six months / half year ended 30 June | |
| | 2011 | 2010 | 2011 | 2010 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| OPERATING ACTIVITIES | | | | |
| Profit before income tax | 2,313 | 1,315 | 4,253 | 2,558 |
| Adjustments for | | | | |
| Allowance for inventories | 58 | 165 | 474 | 334 |
| Depreciation | 851 | 816 | 1,703 | 1,682 |
| Amortization of prepaid lease payments | 3 | 3 | 6 | 6 |
| Interest income | (107) | (32) | (174) | (69) |
| Interest expenses | 75 | 83 | 155 | 164 |
| Impairment loss on available-for-sale investment | - | 22 | - | - |
| Loss on disposal of property, plant and equipment | - | - | 33 | 13 |
| Retirement benefit obligations | 38 | 36 | 76 | 93 |
| Change in fair value of derivative financial instruments | (17) | (116) | (11) | (148) |
| Operating cash flows before movements in working capital | 3,214 | 2,292 | 6,515 | 4,633 |
| Trade receivables, other receivables and prepayments | 2,549 | (2,563) | 1,724 | (978) |
| Inventories | 619 | (645) | (1,684) | (805) |
| Trade payables, other payables and accruals | 1,514 | 3,955 | 3,112 | (1,888) |
| Cash from operations | 7,896 | 3,039 | 9,667 | 962 |
| Income tax paid | (873) | (358) | (882) | (655) |
| Interest paid | (75) | (83) | (155) | (164) |
| Net cash from operating activities | 6,948 | 2,598 | 8,630 | 143 |
| INVESTING ACTIVITIES | | | | |
| Proceeds from repayment of a loan receivable | - | - | - | 129 |
| Proceeds from disposal of property, plant and equipment | 34 | 36 | 128 | 60 |
| Increase in other assets | (29) | (9) | (11) | (8) |
| Additional investment in available-for-sale investments | (4) | (4) | (8) | (7) |
| Purchase of property, plant and equipment (Note c) | (786) | (231) | (1,558) | (472) |
| Amount paid for investment purpose (unauthorised) (Note d) | - | (8,310) | - | (21,981) |
| Repayment of amount paid for investment purpose (unauthorised) (Note d) | - | 8,310 | - | 21,981 |
| Interest income received | 107 | 32 | 174 | 69 |
| Net cash used in investing activities | (678) | (176) | (1,275) | (229) |
| FINANCING ACTIVITIES | | | | |
| Decrease/(Increase) in pledged bank deposits | 596 | (39) | 596 | (65) |
| Proceeds from bank and other borrowings | 27,200 | 15,520 | 47,847 | 28,532 |
| Repayment of obligation under finance leases | (67) | (56) | (153) | (121) |
| Repayment of bank and other borrowings | (25,623) | (14,929) | (47,847) | (29,407) |
| Dividend paid | (1,511) | (1,511) | (1,511) | (1,511) |
| Payment of share buyback | (391) | - | (391) | - |
| Net cash from/(used in) financing activities | 204 | (1,015) | (1,459) | (2,572) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 6,474 | 1,407 | 5,896 | (2,658) |
| NET EFFECT OF CURRENCY TRANSLATION DIFFERENCES | 758 | 707 | 793 | 690 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 37,173 | 31,746 | 37,716 | 35,828 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 44,405 | 33,860 | 44,405 | 33,860 |

Note c: During 1H2011, the Group acquired property, plant and equipment with aggregate cost of approximately US\$1,558,000 (1H2010: US\$472,000). Cash payment of approximately US\$1,558,000 (1H2010: US\$472,000) was made to purchase property, plant and equipment.

d: The investing activities in the cash flow statement for the period ended 30 June 2010 was restated to include the cash flows related to certain unauthorised bank transfers for investment purposes and repayment of such transfers.

1(d) A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediate preceding financial year.

| | Three months / second quarter ended 30 June | | | Six months / half year ended 30 June | | |
|---|--|------------------|---------------------------|---|------------------|---------------------------|
| | 2011 US\$'000 | 2010 US\$'000 | % Increase/ (Decrease) | 2011 US\$'000 | 2010 US\$'000 | % Increase/ (Decrease) |
| Profit after income tax | 1,426 | 1,005 | 41.9% | 2,467 | 1,807 | 36.5% |
| Other comprehensive income: | | | | | | |
| Reversal of deferred tax liability on revaluation of available-for-sale investments | 7 | 19 | (63.2%) | 4 | 19 | (78.9%) |
| Exchange difference on translation of foreign operations | 951 | 788 | 20.7% | 1,149 | 761 | 51.0% |
| Available-for-sale investment Loss arising during the periods | (38) | (43) | (11.6%) | (10) | (43) | (76.7%) |
| Other comprehensive income for the period, net of tax | 920 | 764 | 20.4% | 1,143 | 737 | 55.1% |
| Total comprehensive income for the period, net of tax | 2,346 | 1,769 | 32.6% | 3,610 | 2,544 | 41.9% |
| Total comprehensive income attributable to: | | | | | | |
| Owners of the Company | 2,352 | 1,769 | 33.0% | 3,605 | 2,544 | 41.7% |
| Non-controlling interests | (6) | - | N/A | 5 | - | N/A |
| | 2,346 | 1,769 | 32.6% | 3,610 | 2,544 | 41.9% |

1(e)(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 | Treasury shares 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 | Attributable to non-controlling interests US\$'000 | Total US\$'000 |
|--|---------------------------|---|-----------------------------|-------------------------------------|----------------------------|--------------------------|--|---------------------------|------------------------------------|--|----------------------------------|---|---|-------------------|
| Balance as at 1 January 2011 | 10,087 | 18,994 | (33) | 266 | (7,020) | 4,858 | 313 | 1,173 | 21 | 11,760 | 15,049 | 55,468 | 28 | 55,496 |
| Total comprehensive income for the period | - | - | - | - | - | - | - | - | 25 | 198 | 1,030 | 1,253 | 11 | 1,264 |
| Balance as at 31 March 2011 | 10,087 | 18,994 | (33) | 266 | (7,020) | 4,858 | 313 | 1,173 | 46 | 11,958 | 16,079 | 56,721 | 39 | 56,760 |
| Total comprehensive income for the period | - | - | - | - | - | - | - | - | (31) | 951 | 1,432 | 2,352 | (6) | 2,346 |
| Shares purchased under Shares Purchase Mandate and held as treasury shares | - | - | (391) | - | - | - | - | - | - | - | - | (391) | - | (391) |
| Dividend paid | - | - | - | - | - | - | - | - | - | - | (1,511) | (1,511) | - | (1,511) |
| Balance as at 30 June 2011 | 10,087 | 18,994 | (424) | 266 | (7,020) | 4,858 | 313 | 1,173 | 15 | 12,909 | 16,000 | 57,171 | 33 | 57,204 |

| | Share capital US\$'000 | Share premium of the Company US\$'000 | Treasury shares 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 | Attributable to non-controlling interests US\$'000 | Total US\$'000 |
|---|---------------------------|---|-----------------------------|-------------------------------------|----------------------------|--------------------------|--|---------------------------|------------------------------------|--|----------------------------------|---|---|-------------------|
| Balance as at 1 January 2010 | 10,087 | 18,994 | (33) | 286 | (7,020) | 4,692 | 310 | 1,170 | 56 | 9,052 | 14,775 | 52,369 | - | 52,369 |
| Total comprehensive income for the period | - | - | - | - | - | - | - | - | - | (27) | 802 | 775 | - | 775 |
| Balance as at 31 March 2010 | 10,087 | 18,994 | (33) | 286 | (7,020) | 4,692 | 310 | 1,170 | 56 | 9,025 | 15,577 | 53,144 | - | 53,144 |
| Total comprehensive income for the period | - | - | - | - | - | - | - | - | (24) | 788 | 1,005 | 1,769 | - | 1,769 |
| Dividend paid | - | - | - | - | - | - | - | - | - | - | (1,511) | (1,511) | - | (1,511) |
| Balance as at 30 June 2010 | 10,087 | 18,994 | (33) | 286 | (7,020) | 4,692 | 310 | 1,170 | 32 | 9,813 | 15,071 | 53,402 | - | 53,402 |

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 | Treasury shares US\$'000 | Share option reserve US\$'000 | Retained earnings US\$'000 | Total US\$'000 |
|---|-----------------------------------|--|---|--|---|---------------------------|
| Balance as at 1 January 2011 | 10,087 | 18,994 | (33) | 266 | 42 | 29,356 |
| Total comprehensive income for the period | - | - | - | - | 50 | 50 |
| Balance as at 31 March 2011 | 10,087 | 18,994 | (33) | 266 | 92 | 29,406 |
| Total comprehensive income for the period | - | - | - | - | 1,700 | 1,700 |
| Shares purchased under Share Purchase Mandate and held as treasury shares | - | - | (391) | - | - | (391) |
| Dividend paid | - | - | - | - | (1,511) | (1,511) |
| Balance as at 30 June 2011 | 10,087 | 18,994 | (424) | 266 | 281 | 29,204 |

| | Share capital US\$'000 | Share premium of the Company US\$'000 | Treasury shares US\$'000 | Share option reserve US\$'000 | Retained earnings US\$'000 | Total US\$'000 |
|---|-----------------------------------|--|---|--|---|---------------------------|
| Balance as at 1 January 2010 | 10,087 | 18,994 | (33) | 286 | 161 | 29,495 |
| Total comprehensive income for the period | - | - | - | - | (124) | (124) |
| Balance as at 31 March 2010 | 10,087 | 18,994 | (33) | 286 | 37 | 29,371 |
| Total comprehensive income for the period | - | - | - | - | 1,537 | 1,537 |
| Dividend Paid | - | - | - | - | (1,511) | (1,511) |
| Balance as at 30 June 2010 | 10,087 | 18,994 | (33) | 286 | 63 | 29,397 |

1(e)(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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

Share Capital

As at 31 December 2010, the Company's issued and fully paid up share capital was US\$10,087,084 represented by 503,534,221 ordinary shares (excluding treasury shares) and 820,000 treasury shares.

During the first quarter ended 31 March 2011, the Company did not purchase any shares under the Shares Purchase Mandate.

During the second quarter ended 30 June 2011, the company purchases 6,530,000 ordinary shares of US\$0.02 each under the Share Purchase Mandate and held them as treasury shares. As at 30 June 2011, the Company's issued and fully paid up share capital was US\$10,087,084 represented by 497,004,221 ordinary shares (excluding treasury shares) and 7,350,000 treasury shares.

Treasury shares

| | The Company | | | |
|---|--------------------------|------------|--------------------------|-----------|
| | 2011 Number of shares | US\$'000 | 2010 Number of shares | US\$'000 |
| Balance as at 1 January | 820,000 | 33 | 820,000 | 33 |
| Purchased during the first quarter ended 31 March | - | - | - | - |
| Purchased during the second quarter ended 30 June | 6,530,000 | 391 | - | - |
| Balance as at 30 June | <u>7,350,000</u> | <u>424</u> | <u>820,000</u> | <u>33</u> |

Share Options

On 9 March 2007, the Chief Executive Officer of the Company proposed to grant options to three executive directors and ten senior executives (the "2007 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 Remuneration Committee and options granted were accepted by the 2007 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 8 March 2012 (both days inclusive).

On 23 May 2008, the Remuneration Committee which was duly authorised 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 majority of 2007 Participants and 19,032,000 share options granted were cancelled prior to 30 June 2008. The remaining unexercised 1,464,000 share options were lapsed in 2010.

On 11 June 2008, the Chief Executive Officer of the Company proposed to grant options to four executive directors and eight senior executives (the "2008 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 Remuneration Committee and options granted were accepted by the 2008 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 10 June 2013 (both days inclusive).

The number of outstanding share options as at 30 June 2011 was 19,032,000 (31 December 2010: 19,032,000).

1(e)(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.

| | The Company | |
|---|-----------------------|---------------------------|
| | As at 30 June 2011 | As at 31 December 2010 |
| Issued shares | 504,354,221 | 504,354,221 |
| Less: Treasury shares | (7,350,000) | (820,000) |
| Total number of issued shares excluding treasury shares | <u>497,004,221</u> | <u>503,534,221</u> |

1(e)(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 shares during the current financial period reported on.

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

The figures have not been audited or reviewed by any 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 2010 except for the adoption of the new and revised Financial Reporting Standards which came into effect this financial year from 1 January 2011. The adoption of these new accounting policies did not give rise to any significant change to the financial statements.

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.

Profit per ordinary share for the periods based on profit attributable to owners of the company on 1(a) above

| | Three months / second quarter ended 30 June | | Six months / half year ended 30 June | |
|--|--|--------------------|---|--------------------|
| | 2011 | 2010 | 2011 | 2010 |
| Based on weighted average number of ordinary shares in issue (US cents) | | | | |
| - Basic | 0.28 | 0.20 | 0.49 | 0.36 |
| - Fully diluted | 0.28 | 0.20 | 0.49 | 0.36 |
| Weighted average number of ordinary shares for the purpose of basic earnings per ordinary share (Note e) | 502,623,342 | 503,534,221 | 503,073,721 | 503,534,221 |
| Effect of dilutive share options | 798,252 | 2,312,653 | 1,651,910 | 2,635,200 |
| Weighted average number of ordinary shares for the purpose of diluted earnings per ordinary share | <u>503,421,594</u> | <u>505,846,874</u> | <u>504,725,631</u> | <u>506,169,421</u> |

Note e: The weighted average number of ordinary shares was computed after adjusting for the effect of treasury shares held by the Company.

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

| | 30 June 2011 | 31 December 2010 |
|--|--------------|------------------|
| Net asset value per ordinary share, excluding treasury shares (US cents) | | |
| - The Group | 11.51 | 11.02 |
| - The Company | 5.88 | 5.83 |

The calculation of the net asset value per ordinary share was based on total number of 497,004,221 (31 December 2010: 503,534,221) ordinary shares (excluding treasury shares).

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.**

Income Statement

During the first half of the current year under review, the Group achieved an increase of US\$28.1 million in revenue to US\$81.7 million as compared to the revenue of US\$53.6 million in the corresponding period of the previous year. This was mainly due to robust sales in the Group's largest segment which is LCD Backlight Units.

The Group's gross profits grew by US\$2.7 million over the corresponding period of the previous year from US\$14.0 million to US\$16.6 million in the first half of the current year under review. Distribution and administrative expenses increased by 10.8% or about US\$1.2 million to US\$12.8 million while other operating income rose by US\$0.3 million from US\$0.3 million to US\$0.6 million with additional sales of moulds and scrap materials. Included in the administrative expenses were US\$0.7 million directly attributable to the investigation on some unusual bank transfers as previously announced.

Against this backdrop of increased revenue, there was an increase of US\$0.7 million in resultant net profits to US\$2.5 million in the first half of the current year under review from US\$1.8 million in the corresponding period of the previous year. Net margins slightly reduced from 3.4% in the first half of the previous period to 3.0% in the current period on account of higher administrative expenses.

LCD Backlight Units

Comprising about half of the Group's total revenue, LCD Backlight Units sales surged by 109.9% or about US\$27.3 million over the first half of the current year under review on the back of launching a new gameset model and smart phone models. Revenue for this segment was US\$52.1 million.

With increasing economies of scale in the Group's largest segment, the Group was able to realise cost efficiencies and the segment's operating margin improved by about 4.5 percentage points to 7.6% as a result.

During the first half of the current year under review, we manufactured a total of 4.3 million LCD backlight units for handsets (including smart phone) and 19.0 million LCD backlight units for gamesets (including camera and global positioning system). In the corresponding period in the previous year, the quantity of LCD backlight units we manufactured for handsets and gamesets were 1.4 million and 10.9 million respectively.

Office Automation

Sales in this segment remained stable at US\$13.1 million in the first half of the current year under review as compared to US\$13.2 million in the corresponding period in the previous year. The weak demand in the operation in Japan generated lower revenue, which was compensated by the growth in demand in the PRC. Such weak demand in Japan also caused the operating margin to drop from 17.7% in the corresponding period in the previous year to 4.8% in the first half of the current year under review. Nevertheless, the order flow in this segment during the period under review was stable.

LCD Parts and Accessories

There was a marginal growth in revenue of this segment to US\$16.5 million in the first half of the current year under review from US\$15.6 million in the corresponding period in the previous year. Operating margins improved to 9.4% in the first half of the current year under review.

Statement of Financial Position

As of 30 June 2011, total assets and liabilities stood at US\$106.6 million and US\$49.4 million respectively.

Total current assets were up by US\$5.6 million over the first half of the current year under review to about US\$79.7 million as at 30 June 2011. The global launch of a new gameset model early this year has increased the sales of backlight unit for this model for the current period under review. Likewise, the inventory was also lifted by the sales orders of LCD backlight unit for this model in the coming months.

For trade receivables, the Group debtor turnover days improved to 49 days as a result of increased sales to customers with shorter credit term. In general, there is no material change in the credit term to customers.

Other receivables were mainly utility deposits, prepaid expenses and VAT recoverable.

Non-current assets totaled US\$27.0 million and remained stable over the six months. Included in property, plant and equipment was the newly purchased production equipment during the current quarter amounting to US\$1.6 million which was net off by the depreciation charge for the same period.

Total liabilities increased by US\$4.0 million to US\$49.4 million as of 30 June 2011. During the first half of the current year under review, the Group maintained the same level of bank loans in these six months.

For trade payables, the increase in balance was consistent to the rise in the revenue. There was no change in the credit terms from our suppliers.

Other payables and accruals comprised accruals for expenses and wage payable. The increase in other payables and accruals was attributable partly to the increase in wages and partly to the cost provided for the investigation on unusual bank transfers.

The income tax on profit for the current quarter was provided and adjusted under tax rules of different jurisdictions which led to an increase in income tax payable.

Cash Flow Statement

The Group had enjoyed significant improvement in net cash from operating activities amounting to US\$8.6 million for the first half of the current year under review as compared to US\$0.1 million net cash from operating activities in the corresponding period in the previous year. The increase in operating cash flow was due to the increase in profit before tax and the increase in non-cash adjustment such as allowance for inventories for discontinued models and improvement on shortening working capital cycle.

For investing activities, the Group purchased property, plant and equipment as stated above in the first half of the current year under review for replacement of machinery.

For financial activities, during the first half of the current year under review, the Group paid dividend and exercised share buyback amounting to US\$1.5 million and US\$0.4 million respectively.

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 remains cautiously optimistic about prospects despite the Group is operating in a highly competitive environment. Going forward, the Group continues to focus on higher margin and more popular gameset and smart phone products in our LCD Backlight Units segment which have bolstered sales and strengthened the Group's order book in the first half of this year under review. However, the Group's business and profitability are contingent upon pricing and consumer demand for the end products as well as the uncertainty over the timing of launching mass production of new models.

In the other business segments, LCD Parts and Accessories and Office Automation, the Group has experienced the pricing pressure and increasing production costs. The Group has invested in new production equipment to boost our efficiency and to lower unit labour costs as moving ahead.

To the management comfort, the supply of crucial Japanese-made raw materials and parts for the Group's production has been remaining stable over the past few months and was not adversely affected by the tragedy of the earthquake, tsunami and nuclear radiation fall-outs happened in Japan this March.

However, the Group purchased these crucial Japanese-made raw materials and parts for the Group's production in Japanese yen while sales are denominated in United States dollars. The continuous weakening

USD dollars would adversely affect the Group's profitability due to this foreign currency exposure. The Group has been actively mitigating currency risk through currency forward and option contracts.

In addition to the requirements of minimum wages and tight labour supply which drive up labour costs in the PRC, appreciating RMB and rising inflation will likely lead to increased operating costs in the Group's manufacturing operation in the PRC.

Nevertheless, as mentioned in the past, the Group continues to actively exercise tight cost control on administrative expenses, production unit cost and inventory holding cost. The Group will also be open to opportunities for vertical integration, which would secure the supply of key components and parts to enjoy cost advantage for the Group's operation.

The recent bearish market sentiment triggered by sovereign debt crisis of large economies may lead to a possible slowdown in the global economic recovery. Such slowdown may affect the global demand for high-end electronic products, which would in turn have an impact on the Group's business and profitability.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

| | |
|---------------------------|---------------------------------|
| Name of Dividend | Interim |
| Dividend Type | Cash |
| Dividend Amount per Share | 0.3 US cents per ordinary share |
| Tax Rate | Tax not applicable |

(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 | Interim |
| Dividend Type | Cash |
| Dividend Amount per Share | 0.3 US cents per ordinary share |
| Tax Rate | Tax not applicable |

(c) Date payable

To be determined later.

(d) Books closure date

To be determined later.

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

To be determined later.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3, Q4 or Half Year and Full 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.**

CDW Holding Limited

Business segment for the six months / half year ended 30 June 2011

The Group is organized into three reportable operating segments as follows:

- i) LCD backlight units – Manufacturing of LCD backlight units for LCD module
- ii) Office automation – Manufacturing and trading of parts and precision accessories for office equipment and electrical appliances
- iii) LCD parts and accessories – Manufacturing and trading of parts and precision accessories for LCD module

| | LCD backlight units | Office automation | LCD parts and accessories | Eliminations | Consolidated |
|---|---------------------------|----------------------|---------------------------------|--------------|--------------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| <u>Revenue</u> | | | | | |
| External sales | 52,106 | 13,074 | 16,490 | - | 81,670 |
| Inter-segment sales | - | 2,405 | 1,469 | (3,874) | - |
| Total revenue | 52,106 | 15,479 | 17,959 | (3,874) | 81,670 |
| <u>Results</u> | | | | | |
| Segment result | 3,952 | 632 | 1,558 | | 6,142 |
| Unallocated corporate expense | | | | | (1,908) |
| Operating profit | | | | | 4,234 |
| Interest income | | | | | 174 |
| Interest expenses | | | | | (155) |
| Profit before income tax | | | | | 4,253 |
| Income tax expense | | | | | (1,786) |
| Profit after income tax | | | | | 2,467 |
| <u>Assets</u> | | | | | |
| Segment assets | 41,691 | 19,399 | 43,055 | (1,770) | 102,375 |
| Unallocated assets | | | | | 4,255 |
| Consolidated total assets | | | | | 106,630 |
| <u>Liabilities</u> | | | | | |
| Segment liabilities | 11,864 | 5,958 | 13,677 | (1,770) | 29,729 |
| Bank and other borrowings and obligation under finance leases | | | | | 15,768 |
| Unallocated liabilities | | | | | 3,929 |
| Consolidated total liabilities | | | | | 49,426 |
| <u>Other information</u> | | | | | |
| Capital expenditure | 110 | 687 | 761 | | 1,558 |
| Depreciation of property, plant and equipment | 373 | 242 | 1,088 | | 1,703 |

Business segment for the six months / half year ended 30 June 2010

| | LCD backlight units | Office automation | LCD parts and accessories | Eliminations | Consolidated |
|--|---------------------------|----------------------|---------------------------------|--------------|--------------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Revenue | | | | | |
| External sales | 24,819 | 13,161 | 15,589 | - | 53,569 |
| Inter-segment sales | 16 | 2,806 | 2,060 | (4,882) | - |
| Total revenue | 24,835 | 15,967 | 17,649 | (4,882) | 53,569 |
| Results | | | | | |
| Segment result | 772 | 2,330 | 687 | | 3,789 |
| Unallocated corporate expense | | | | | (1,136) |
| Operating profit | | | | | 2,653 |
| Interest income | | | | | 69 |
| Interest expenses | | | | | (164) |
| Profit before income tax | | | | | 2,558 |
| Income tax expense | | | | | (751) |
| Profit after income tax | | | | | 1,807 |
| Assets | | | | | |
| Segment assets | 28,008 | 19,580 | 41,568 | (1,670) | 87,486 |
| Unallocated assets | | | | | 4,704 |
| Consolidated total assets | | | | | 92,190 |
| Liabilities | | | | | |
| Segment liabilities | 8,860 | 6,401 | 7,019 | (1,670) | 20,610 |
| Bank and other borrowings and obligation under finance leases | | | | | 15,467 |
| Unallocated liabilities | | | | | 2,711 |
| Consolidated total liabilities | | | | | 38,788 |
| Other information | | | | | |
| Capital expenditure | 57 | 71 | 344 | | 472 |
| Depreciation of property, plant and equipment | 471 | 218 | 993 | | 1,682 |

Geographical Segment for the Six months / half year ended 30 June 2011 and 2010

| | Turnover | | Non-Current Assets | | Capital Expenditure | |
|------------------|---|------------------|---|------------------|---|------------------|
| | Six months / half year ended 30 June | | Six months / half year ended 30 June | | Six months / half year ended 30 June | |
| | 2011 US\$'000 | 2010 US\$'000 | 2011 US\$'000 | 2010 US\$'000 | 2011 US\$'000 | 2010 US\$'000 |
| Hong Kong | 25,232 | 19,244 | 1,130 | 1,249 | 2 | 22 |
| PRC | 47,250 | 23,311 | 17,775 | 17,134 | 1,479 | 423 |
| Japan | 9,186 | 10,955 | 6,090 | 6,058 | 77 | 27 |
| Others | 2 | 59 | - | - | - | - |
| Total | 81,670 | 53,569 | 24,995 | 24,441 | 1,558 | 472 |

Non-current assets are mainly comprised of goodwill, prepaid lease payment and property, plant, equipment and deposits.

Information about major customer

Revenue from one key customer which has transactions with all segments accounted for 80% (1H2010: 67%) of total revenue for 1H2011.

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 revenue and earnings by business segments. In terms of geographical segments, the Group was generating revenue in Hong Kong, PRC and Japan. Revenue in Hong Kong, PRC and Japan accounted for 30.9%, 57.9% and 11.2% of the total revenue respectively. Total revenue increased by 52.5% to US\$81.7 million in 1H2011 as compared to the corresponding period in the previous year. It was mainly due to the robust sales of LCD Backlight Units in the PRC and Hong Kong.

As at 30 June 2011, non-current assets located in Hong Kong, PRC and Japan accounted for 4.5%, 71.1% and 24.4% of the total non-current of the Group assets respectively. During 1H2011, the Group invested a total capital expenditure of US\$1.6 million for the purchase of equipment in Hong Kong, PRC and Japan, in which capital expenditure of US\$1.5 million was made in the PRC mainly for replacement of machinery.

15. A breakdown of sales

| | Six months / half year ended 30 June | | |
|--|--------------------------------------|------------------|---------------------------|
| | 2011 US\$'000 | 2010 US\$'000 | % Increase/ (Decrease) |
| Sales reported for the first quarter | 38,737 | 25,377 | 52.6% |
| Sales reported for the second quarter | 42,933 | 28,192 | 52.3% |
| Operating profit after income tax for the first quarter | 1,041 | 802 | 29.8% |
| Operating profit after income tax for the second quarter | 1,426 | 1,005 | 41.9% |

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

| Annual Dividend (in US\$'000) | Year ended 31 December 2010 | Year ended 31 December 2009 |
|-------------------------------|--------------------------------|--------------------------------|
| Ordinary dividend | | |
| - Interim | 1,510 | 1,008 |
| - Final | 1,511 | 1,511 |
| Total | 3,021 | 2,519 |

17. Interested person transactions for the six months / half year ended 30 June 2011

Nil

CONFIRMATION BY THE BOARD

We, Yoshimi Kunikazu 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 knowledge, nothing has come to the attention of the board of the directors of the Company which may render the financial results for the six months / second quarter ended 30 June 2011 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

YOSHIMI Kunikazu
Executive Director
12 August 2011

DY MO Hua Cheung, Philip
Executive Director