

**Unaudited First Half Financial Statements And Dividend Announcement for the Six months / Second Quarter Ended 30 June 2012**
**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR RESULTS**

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

	Note	Three months / second quarter ended 30 June			Six months / half year ended 30 June		
		2012 US\$'000	2011 US\$'000	% Increase/ (Decrease)	2012 US\$'000	2011 US\$'000	% Increase/ (Decrease)
Revenue		40,034	42,933	(6.8%)	71,379	81,670	(12.6%)
Cost of sales		(28,981)	(34,318)	(15.6%)	(53,915)	(65,053)	(17.1%)
Gross profit		11,053	8,615	28.3%	17,464	16,617	5.1%
Other operating income		467	270	73.0%	764	591	29.3%
Distribution expenses		(615)	(556)	10.6%	(1,118)	(1,076)	3.9%
Administrative expenses		(6,398)	(5,941)	7.7%	(12,332)	(11,724)	5.2%
Finance costs		(61)	(75)	(18.7%)	(129)	(155)	(16.8%)
Profit before income tax	(1)	4,446	2,313	92.2%	4,649	4,253	9.3%
Income tax expense		(757)	(887)	(14.7%)	(1,217)	(1,786)	(31.9%)
Profit after income tax		3,689	1,426	158.7%	3,432	2,467	39.1%
Profit attributable to:							
Owners of the Company		3,685	1,432	157.3%	3,431	2,462	39.4%
Non-controlling interests		4	(6)	(166.7%)	1	5	(80.0%)
		3,689	1,426	158.7%	3,432	2,467	39.1%

**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	
	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
Depreciation of property, plant and equipment	872	851	1,749	1,703
Interest income	(109)	(107)	(230)	(174)
Net foreign exchange loss/(gain) (Note a)	172	32	32	(35)
Allowance for inventories	82	58	196	474
Change in fair value of derivative financial instruments	(86)	(17)	1	(11)
(Gain)/Loss on disposal of property, plant and equipment	(8)	-	(54)	33
Impairment loss on available-for-sale investments	72	-	72	-

Note a: The foreign currency exchange loss for the six months ended 30 June 2012 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.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the period ended 30 June 2012**

	Three months / second quarter ended 30 June			Six months / half year ended 30 June		
	2012 US\$'000	2011 US\$'000	% Increase/ (Decrease)	2012 US\$'000	2011 US\$'000	% Increase/ (Decrease)
Profit after income tax	3,689	1,426	158.7%	3,432	2,467	39.1%
Other comprehensive income:						
Reversal of deferred tax liability/(Deferred tax liability arising) on revaluation of available-for-sale investments	16	7	128.6%	(21)	4	(625.0%)
Exchange difference on translation of foreign operations	156	951	(83.6%)	(480)	1,149	(141.8%)
Available-for-sale investments Fair value (loss)/gain arising during the periods	(36)	(38)	(5.3%)	52	(10)	(620.0%)
Other comprehensive income/(expense) for the periods, net of tax	136	920	(85.2%)	(449)	1,143	(139.3%)
Total comprehensive income for the periods, net of tax	3,825	2,346	63.0%	2,983	3,610	(17.4%)
Total comprehensive income attributable to:						
Owners of the Company	3,821	2,352	62.5%	2,982	3,605	(17.3%)
Non-controlling interests	4	(6)	(166.7%)	1	5	(80.0%)
	3,825	2,346	63.0%	2,983	3,610	(17.4%)

- 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 2012

	The Group		The Company	
	As at 30 June 2012 US\$'000	As at 31 December 2011 US\$'000	As at 30 June 2012 US\$'000	As at 31 December 2011 US\$'000
<b><u>ASSETS</u></b>				
<b>Current assets:</b>				
Cash and bank balances	40,421	45,506	229	362
Trade receivables	22,898	24,228	-	-
Other receivables and prepayments	1,363	1,911	12	29
Prepaid lease payments	9	9	-	-
Income tax recoverable	7	7	-	-
Inventories	16,268	12,259	-	-
Derivative financial instruments	-	1	-	-
Pledged bank deposits (Note b)	143	143	-	-
<b>Total current assets</b>	<b>81,109</b>	<b>84,064</b>	<b>241</b>	<b>391</b>
<b>Non-current assets</b>				
Available-for-sale investments	633	660	-	-
Held-to-maturity investment	982	978	-	-
Other assets	844	796	-	-
Amount due from a subsidiary	-	-	16,971	17,632
Prepaid lease payments	462	469	-	-
Property, plant and equipment	21,970	22,710	-	-
Subsidiaries	-	-	10,735	10,735
<b>Total non-current assets</b>	<b>24,891</b>	<b>25,613</b>	<b>27,706</b>	<b>28,367</b>
<b>Total assets</b>	<b>106,000</b>	<b>109,677</b>	<b>27,947</b>	<b>28,758</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Bank and other borrowings	9,044	10,438	-	-
Trade payables	26,367	27,566	-	-
Other payables and accruals	5,312	5,102	184	166
Current portion of obligation under finance leases	471	349	-	-
Income tax payable	989	2,203	-	-
<b>Total current liabilities</b>	<b>42,183</b>	<b>45,658</b>	<b>184</b>	<b>166</b>
<b>Non-current liabilities</b>				
Bank and other borrowings	2,375	3,500	-	-
Obligation under finance leases	652	380	-	-
Retirement benefit obligations	1,310	947	-	-
Deferred tax liabilities	556	616	-	-
<b>Total non-current liabilities</b>	<b>4,893</b>	<b>5,443</b>	<b>-</b>	<b>-</b>
<b>Capital, reserves and non-controlling interests</b>				
Issued capital	10,087	10,087	10,087	10,087
Reserves	48,817	48,470	17,676	18,505
<b>Equity attributable to owners of the Company</b>	<b>58,904</b>	<b>58,557</b>	<b>27,763</b>	<b>28,592</b>
<b>Non-controlling interests</b>	<b>20</b>	<b>19</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>58,924</b>	<b>58,576</b>	<b>27,763</b>	<b>28,592</b>
<b>Total liabilities and equity</b>	<b>106,000</b>	<b>109,677</b>	<b>27,947</b>	<b>28,758</b>

Note b: As at 30 June 2012, the Group's bank deposits of approximately US\$143,000 (31 December 2011: US\$143,000) 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 2012		As at 31 December 2011	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
<b>Bank and other borrowings</b>	-	9,044	-	10,438
<b>Obligation under finance leases</b>	471	-	349	-
<b>Total</b>	471	9,044	349	10,438

**Amount repayable after one year**

	As at 30 June 2012		As at 31 December 2011	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
<b>Bank and other borrowings</b>	-	2,375	-	3,500
<b>Obligation under finance leases</b>	652	-	380	-
<b>Total</b>	652	2,375	380	3,500

**Details of collateral**

As at 30 June 2012, the Group's bank deposits of approximately US\$143,000 (31 December 2011: US\$143,000) were pledged to financial institutions to secure banking facilities granted to the Group. The carrying amount of the Group's property, plant and equipment includes an amount of US\$1,561,000 (31 December 2011: US\$1,160,000) in respect of assets held under finance leases which are secured by the lessor's title to the leased assets.

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

<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>				
<b>For the period ended 30 June 2012</b>				
	<b>The Group</b>			
	<b>Three months / second quarter ended 30 June</b>		<b>Six months / half year ended 30 June</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>OPERATING ACTIVITIES</b>				
<b>Profit before income tax</b>	4,446	2,313	4,649	4,253
Adjustments for				
Allowance for inventories	82	58	196	474
Depreciation of property, plant and equipment	872	851	1,749	1,703
Amortization of prepaid lease payments	3	3	6	6
Interest income	(109)	(107)	(230)	(174)
Interest expenses	61	75	129	155
Impairment loss on available-for-sale investments	72	-	72	-
(Gain)/Loss on disposal of property, plant and equipment	(8)	-	(54)	33
Retirement benefit obligations	344	38	383	76
Change in fair value of derivative financial instruments	(86)	(17)	1	(11)
<b>Operating cash flows before movements in working capital</b>	<b>5,677</b>	<b>3,214</b>	<b>6,901</b>	<b>6,515</b>
Trade receivables, other receivables and prepayments	(5,960)	2,549	1,877	1,724
Inventories	(4,782)	619	(4,205)	(1,684)
Trade payables, other payables and accruals	8,044	1,514	(988)	3,112
<b>Cash generated from operations</b>	<b>2,979</b>	<b>7,896</b>	<b>3,585</b>	<b>9,667</b>
<b>Net income tax paid</b>	<b>(1,587)</b>	<b>(873)</b>	<b>(2,493)</b>	<b>(882)</b>
<b>Interest paid</b>	<b>(61)</b>	<b>(75)</b>	<b>(129)</b>	<b>(155)</b>
<b>Net cash from operating activities</b>	<b>1,331</b>	<b>6,948</b>	<b>963</b>	<b>8,630</b>
<b>INVESTING ACTIVITIES</b>				
Proceeds on disposal of property, plant and equipment	37	34	253	128
Increase in other assets	(106)	(29)	(62)	(11)
Additional investment in available-for-sale investments	(4)	(4)	(8)	(8)
Purchase of property, plant and equipment (Note c)	(358)	(786)	(776)	(1,558)
Interest income received	109	107	230	174
<b>Net cash used in investing activities</b>	<b>(322)</b>	<b>(678)</b>	<b>(363)</b>	<b>(1,275)</b>
<b>FINANCING ACTIVITIES</b>				
Payment of share buy back	(437)	(391)	(725)	(391)
Decrease in pledged bank deposits	-	596	-	596
Proceeds from bank and other borrowings	19,693	27,200	35,142	47,847
Repayment of obligation under finance leases	(122)	(67)	(174)	(153)
Repayment of bank and other borrowings	(18,736)	(25,623)	(37,576)	(47,847)
Dividend paid	(1,910)	(1,511)	(1,910)	(1,511)
<b>Net cash (used in)/from financing activities</b>	<b>(1,512)</b>	<b>204</b>	<b>(5,243)</b>	<b>(1,459)</b>
<b>NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(503)</b>	<b>6,474</b>	<b>(4,643)</b>	<b>5,896</b>
<b>NET EFFECT OF CURRENCY TRANSLATION DIFFERENCES</b>	<b>189</b>	<b>758</b>	<b>(442)</b>	<b>793</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>40,735</b>	<b>37,173</b>	<b>45,506</b>	<b>37,716</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>40,421</b>	<b>44,405</b>	<b>40,421</b>	<b>44,405</b>

Note c: During 1H2012, the Group acquired property, plant and equipment with aggregate cost of approximately US\$1,350,000 (1H2011: US\$1,558,000) of which US\$574,000 (1H2011: Nil) was acquired by means of finance lease. Cash payment of approximately US\$776,000 (1H2011: US\$1,558,000) was 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 capitalisation 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 Reserves 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 2012	10,087	18,994	(1,347)	266	(7,020)	5,446	321	1,181	(3)	14,476	16,156	58,557	19	58,576
Total comprehensive income for the period	-	-	-	-	-	-	-	-	51	(636)	(254)	(839)	(3)	(842)
Shares purchased under Share Purchase Mandate and held as treasury shares	-	-	(288)	-	-	-	-	-	-	-	-	(288)	-	(288)
Transfer on share options lapsed	-	-	-	(20)	-	-	-	-	-	-	20	-	-	-
Balance as at 31 March 2012	10,087	18,994	(1,635)	246	(7,020)	5,446	321	1,181	48	13,840	15,922	57,430	16	57,446
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(20)	156	3,685	3,821	4	3,825
Transfer on share options lapsed	-	-	-	-	-	172	2	2	-	-	(176)	-	-	-
Shares purchased under Share Purchase Mandate and held as treasury shares	-	-	(437)	-	-	-	-	-	-	-	-	(437)	-	(437)
Dividend paid	-	-	-	-	-	-	-	-	-	-	(1,910)	(1,910)	-	(1,910)
Balance as at 30 June 2012	10,087	18,994	(2,072)	246	(7,020)	5,618	323	1,183	28	13,996	17,521	58,904	20	58,924

	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

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

	<b>Share capital US\$'000</b>	<b>Share premium of the Company US\$'000</b>	<b>Treasury shares US\$'000</b>	<b>Share option reserve US\$'000</b>	<b>Retained earnings US\$'000</b>	<b>Total US\$'000</b>
Balance as at 1 January 2012	10,087	18,994	(1,347)	266	592	28,592
Total comprehensive income for the period	-	-	-	-	(12)	(12)
Shares purchased under Share Purchase Mandate and held as treasury shares	-	-	(288)	-	-	(288)
Transfer on share options lapsed	-	-	-	(20)	20	-
Balance as at 31 March 2012	10,087	18,994	(1,635)	246	600	28,292
Total comprehensive income for the period	-	-	-	-	1,818	1,818
Shares purchased under Share Purchase Mandate and held as treasury shares	-	-	(437)	-	-	(437)
Dividend paid	-	-	-	-	(1,910)	(1,910)
Balance as at 30 June 2012	10,087	18,994	(2,072)	246	508	27,763

	<b>Share capital US\$'000</b>	<b>Share premium of the Company US\$'000</b>	<b>Treasury shares US\$'000</b>	<b>Share option reserve US\$'000</b>	<b>Retained earnings US\$'000</b>	<b>Total US\$'000</b>
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

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as 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 2011, the Company's issued and fully paid up share capital was US\$10,087,084 represented by 483,048,221 ordinary shares (excluding treasury shares) and 21,306,000 treasury shares.

During the first quarter ended 31 March 2012, the Company purchased 3,798,000 ordinary shares of US\$0.02 each under the share purchase mandate and held them as treasury shares. As at 31 March 2012, the Company's issued and fully paid up share capital was US\$10,087,084 represented by 479,250,221 ordinary shares (excluding treasury shares), and 25,104,000 treasury shares.

During the second quarter ended 30 June 2012, the Company purchased 6,013,000 ordinary shares of US\$0.02 each under the share purchase mandate and held them as treasury shares. As at 30 June 2012, the Company's issued and fully paid up share capital was US\$10,087,084 represented by 473,237,221 ordinary shares (excluding treasury shares), and 31,117,000 treasury shares.

### Treasury shares

	The Company			
	2012 Number of shares	US\$'000	2011 Number of shares	US\$'000
Balance as at 1 January	21,306,000	1,347	820,000	33
Purchased during the first quarter ended 31 March	3,798,000	288	-	-
Purchased during the second quarter ended 30 June	6,013,000	437	6,530,000	391
Balance as at 30 June	<u>31,117,000</u>	<u>2,072</u>	<u>7,350,000</u>	<u>424</u>

### Share Options

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 Remuneration 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 10 June 2013 (both days inclusive). During the first quarter ended 31 March 2012, total unexercised 1,464,000 share options were lapsed on the ground that the employee left the Group.

The number of outstanding share options as at 30 June 2012 was 17,568,000 (31 December 2011: 19,032,000).

**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.**

	The Company	
	As at 30 June 2012	As at 31 December 2011
Issued shares	504,354,221	504,354,221
Less: Treasury shares	(31,117,000)	(21,306,000)
Total number of issued shares excluding treasury shares	<u>473,237,221</u>	<u>483,048,221</u>



**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 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 2011 except for the adoption of the new and revised International Financial Reporting Standards which came into effect this financial year from 1 January 2012. 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	
	2012	2011	2012	2011
Based on weighted average number of ordinary shares in issue (US cents)				
- Basic	0.77	0.28	0.72	0.49
- Fully diluted	0.77	0.28	0.71	0.49
Weighted average number of ordinary shares for the purpose of basic earnings per ordinary share (Note d)	476,671,221	502,623,342	479,560,078	503,073,721
Effect of dilutive share options	4,212,564	798,252	4,450,839	1,651,910
Weighted average number of ordinary shares for the purpose of diluted earnings per ordinary share	<u>480,883,785</u>	<u>503,421,594</u>	<u>484,010,917</u>	<u>504,725,631</u>

Note d: 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 2012	31 December 2011
Net asset value per ordinary share, excluding treasury shares (US cents)		
- The Group	12.45	12.13
- The Company	5.87	5.92

The calculation of the net asset value per ordinary share was based on total number of 473,237,221 (31 December 2011: 483,048,221) 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 financial year under review, the Group recorded a decrease of US\$10.3 million in revenue to US\$71.4 million as compared to the revenue of US\$81.7 million in the corresponding period in the previous year. The decrease was mainly due to inventory adjustments, termination of some old products in 1Q12 and delay of mass production of new products from 1Q12 to 2Q12.

The Group's gross profit for the first half of the financial year under review was increased by US\$0.8 million or 5.1% to US\$17.5 million with gross profit margin at 24.5% as compared to 20.3% in the corresponding period in the previous year. The increase in gross profit margin was due to the fact the margin for new models is normally higher at the startup and subsequently adjusted downward through pricing pressure from customers. In addition, the Group reversed some provision for sales discount made in 1Q12. Distribution expenses remained stable at US\$1.1 million for the current period under review. Administrative expenses grew by 5.2% or US\$0.6 million to US\$12.3 million, attributable to the increase in headcount and salary-related expenses. Finance costs remained at a low level during the current period under review as the Group maintained a low gearing policy in a low interest rate environment. Income tax expenses were decreased by US\$0.6 million from US\$1.8 million to US\$1.2 million over the current period under review. Attributed to the startup of the mass production of new products, the Group recorded profit before income tax of US\$4.6 million and profit after income tax of US\$3.4 million for the current period under review, representing a rise of US\$0.4 million and US\$1.0 million from that of the corresponding period in the previous year respectively.

LCD Backlight Units

Comprising more than half of the Group's sales, LCD Backlight Units segment's sales declined by 22.6% to US\$40.4 million in the first half of the financial year under review, as compared to the sales of US\$52.1 million in the corresponding period in the previous year. Orders from customers dropped owing to inventory adjustments and termination of some old products. The mass production of a new model of LCD backlight unit for gameset has started in 2Q12 with more order volume expected in the second half of the financial year. During the current period under review, the Group manufactured 2.1 million units for handsets (mainly smartphones) and 14.1 million units for gamesets (including camera) as compared to 4.3 million units for handsets and 19.0 million units for gamesets in the corresponding period in the previous year. The Group recorded an improvement in the segment's operating margin points of 2.3% from 7.6% to 9.9% during the current period under review.

Office Automation

Sales in the Office Automation segment were affected by weak demand in Japan and termination of some old products in the PRC, which collectively led to a decrease in sales by 25.1% or US\$3.3 million to US\$9.8 million. The Group recorded a negative operating margin of 14.0% as compared to a positive operating margin of 4.8% in the corresponding period in the previous year.

### LCD Parts and Accessories

The revenue of this segment increased by US\$4.7 million to US\$21.2 million in the current period under review from US\$16.5 million in the corresponding period in the previous year. The increase in revenue was attributable to the mass production of LCD parts for new products of handheld device, of which the mass production was delayed from 1Q12 to 2Q12. Operating margin was improved from 9.4% to 16.1% as the margin of new products is normally higher during startup stage and subsequently adjusted downward through pricing pressure from customers. This segment recorded an operating profit of US\$3.4 million as compared to US\$1.6 million in the corresponding period in the previous year. The segment continues to take the leverage of close relationship with manufacturer of optical sheets and to strengthen the business related to Japanese-made optical sheets.

### Statement of Financial Position

As at 30 June 2012, total assets and liabilities stood at US\$106.0 million and US\$47.1 million respectively.

Total current assets fell by US\$3.0 million over the first half of the current financial year under review to US\$81.1 million as at 30 June 2012. Apart from the decrease in cash and bank balances due to the settlement of trade payables and bank loans, trade receivables also dropped owing to the decrease in sales with explanation stated above while the increase in inventory level was due to the mass production of a new model of LCD backlight unit for a new gamset during the current period under review in the following quarter. For the trade receivables, the Group debtor turnover day was 45 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 mainly represented utility deposits, prepaid expenses and value-added tax recoverable.

Total non-current assets stood at US\$24.9 million, representing a reduction of US\$0.7 million over the first half of the current financial year under review. Included in property, plant and equipment was the newly purchased production equipment amounting to US\$1.4 million which was netted off against the depreciation charge for the first half of the current year.

Total liabilities as at 30 June 2012 dropped to US\$47.1 million, representing a decrease of US\$4.0 million over the first half of the current financial year under review. During the current period under review, the Group settled bank loans and other borrowings amounting to US\$2.4 million with an outstanding balance of US\$11.4 million as at 30 June 2012.

The trade payables were down by US\$1.2 million to US\$26.4 million as at 30 June 2012, which was consistent with the drop in the revenue. There was no material change in the credit terms offered by the Group's suppliers.

The income tax on profit was provided and adjusted under tax rules of different jurisdiction. The income tax payable reduced by US\$1.2 million to US\$1.0 as at 30 June 2012 as a result of income tax arising during the period less the payment of income tax.

### Statement of Cash Flows

The Group had net cash from operating activities amounting to US\$1.0 million for the first half of the financial year 2012 as compared to US\$8.6 million in the corresponding period in the previous year. The decrease in operating cash flow was mainly due to the increase in inventory level at the end of 2Q12 and the payment of income tax during the period.

For the investing activities, the Group purchased property, plant and equipment amounting to US\$0.8 million mainly for LCD Parts and Accessories segment during the first half of the financial year 2012 as compared to US\$1.6 million for Office Automation and LCD Parts and Accessories segments.

Net cash used in financing activities was increased to US\$5.2 million as compared to US\$1.5 million in the corresponding period in the previous year. The net cash out flows included the payment of dividends, share buyback and net repayment of bank loans amounting to US\$ 1.9 million, US\$0.7 million and US\$2.4 million respectively, as compared to the payment of dividends and share buyback amounting to US\$1.5 million, and US\$0.4 million with no net repayment of bank loans in the corresponding period in the previous year.

**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.**

Business Environment:

- Business environment is highly competitive.
- Group's performance depends on:
  - timing of mass production,
  - pricing; and
  - consumer demand of the end products.
- The global economic environment remains uncertain in the light of tepid US recovery, and weak Japanese environment.

Performance Outlook

- Group's operating performance for 2Q12 has improved because, in the LCD Parts and Accessories segment, mass production of certain new products was restored from an unexpected delay in 1Q12.
- However, in 3Q12, there will experience temporary slowdown of such products due to customer's inventory adjustment.
- In the LCD backlight unit segment, mass production of new models of BLU for a new gameset started in 2Q12 and the orders will be on upward trend in the second half of the year.
- For Office Automation segment, situation is and will continue to be difficult because of weak demand and pricing pressure from customers.
- To tackle, Management is actively engaged in exploring new orders at acceptable and reasonable margin.
- Overall, Management remains optimistic towards the Group's operation and performance for 2012.
- The following will have an impact on the Group's operating cost and performance:
  - Appreciating Chinese RMB, increased minimum wages and tightening labour supply in the PRC as most of the Group's manufacturing operations are in PRC
  - Fluctuation in Japanese Yen as the critical Japanese-made raw materials and parts are purchased in Japanese Yen but sales are denominated in USD

Relocation of CD Suzhou

- As disclosed in the announcement made on 1 August 2012, the conditional acquisition agreement entered into by Crystal Display Components (Suzhou) Co., Ltd ('CD Suzhou'), one of the Group's subsidiaries, to disposal of its metal and plastic frame manufacturing facilities and the land use rights to the property at No. 201 Jinchang Road in Mu Du Town of Suzhou, will be subject to the shareholders' approval in the general meeting.

**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	0.5 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.**

Not applicable.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained any general mandate from shareholders for IPTs, and did not have any interested person transactions for the first half year of FY2012.

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

14. **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 2012**

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
<b><u>Revenue</u></b>					
External sales	40,354	9,798	21,227	-	71,379
Inter-segment sales	-	822	1,153	(1,975)	-
Total revenue	40,354	10,620	22,380	(1,975)	71,379
<b><u>Results</u></b>					
Segment result	3,986	(1,369)	3,425		6,042
Unallocated corporate expense					(1,494)
Operating profit					4,548
Interest income					230
Interest expenses					(129)
Profit before income tax					4,649
Income tax expense					(1,217)
Profit after income tax					3,432
<b><u>Assets</u></b>					
Segment assets	39,925	13,982	50,289	(903)	103,293
Unallocated assets					2,707
Consolidated total assets					106,000
<b><u>Liabilities</u></b>					
Segment liabilities	13,092	4,198	15,004	(903)	31,391
Bank and other borrowings and obligation under finance leases					12,542
Unallocated liabilities					3,143
Consolidated total liabilities					47,076
<b><u>Other information</u></b>					
Capital expenditure	45	112	1,193		1,350
Depreciation of property, plant and equipment	342	193	1,214		1,749

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

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

**Geographical Segment for the six months / half year ended 30 June 2012 and 2011**

	<b>Turnover</b>		<b>Non-Current Assets</b>		<b>Capital Expenditure</b>	
	<b>Six months / half year ended 30 June</b>		<b>Six months / half year ended 30 June</b>		<b>Six months / half year ended 30 June</b>	
	<b>2012 US\$'000</b>	<b>2011 US\$'000</b>	<b>2012 US\$'000</b>	<b>2011 US\$'000</b>	<b>2012 US\$'000</b>	<b>2011 US\$'000</b>
<b>Hong Kong</b>	17,387	25,232	1,109	1,130	21	2
<b>PRC</b>	44,511	47,250	17,800	17,775	1,315	1,479
<b>Japan</b>	7,920	9,186	4,203	6,090	14	77
<b>Others</b>	1,561	2	-	-	-	-
<b>Total</b>	<b>71,379</b>	<b>81,670</b>	<b>23,112</b>	<b>24,995</b>	<b>1,350</b>	<b>1,558</b>

Non-current assets mainly comprise prepaid lease payment and property, plant, equipment and deposits. Non-current assets as at 30 June 2011 also included goodwill amounting to US\$1.5 million which was fully impaired in the financial year 2011.

**Information about major customer**

Revenue from one key customer which has transactions with all segments accounted for 73% (1H2011: 80%) of total revenue for 1H2012.

**15. 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, the PRC and Japan. Revenue in Hong Kong, the PRC and Japan accounted for 24.4%, 62.4% and 11.1% of the total revenue respectively. Total revenue decreased by 12.6% to US\$71.4 million in 1H2012 as compared to the corresponding period in the previous year.

As at 30 June 2012, non-current assets located in Hong Kong, the PRC and Japan accounted for 4.8%, 77.0% and 18.2% of the total non-current of the Group assets respectively. During 1H2012, the Group invested a total capital expenditure of US\$1.4 million for the purchase of equipment in Hong Kong, PRC and Japan, in which capital expenditure of US\$1.3 million was made in the PRC mainly for producing new products.

**16. A breakdown of sales**

	Six months / half year ended 30 June		
	2012 US\$'000	2011 US\$'000	% Increase/ (Decrease)
Sales reported for the first quarter	31,345	38,737	(19.1%)
Sales reported for the second quarter	40,034	42,933	(6.8%)
Operating (loss)/profit after income tax for the first quarter	(257)	1,041	(124.7%)
Operating profit after income tax for the second quarter	3,689	1,426	158.7%

**17. 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 2011	Year ended 31 December 2010
Ordinary dividend		
- Interim	1,461	1,510
- Final	1,910	1,511
Total	3,371	3,021

**18. Negative confirmation by the Board pursuant to Rule 705(5)**

We, Urano Koichi 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 our knowledge, nothing has come to the attention of the board of the directors of the Company which may render the financial statements for the six months / second quarter ended 30 June 2012 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

URANO Koichi  
Executive Director  
13 August 2012

DY MO Hua Cheung, Philip  
Executive Director