

**PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

|  | Group           |                |                      | Group          |                |                      |
|--|-----------------|----------------|----------------------|----------------|----------------|----------------------|
|  | 12 months ended |                | Fav/<br>(Unfav)<br>% | 3 months ended |                | Fav/<br>(Unfav)<br>% |
|  | 31/12/11        | 31/12/10       |                      | 31/12/11       | 31/12/10       |                      |
|  | \$'000          | \$'000         |                      | \$'000         | \$'000         |                      |
| <b>Revenue</b>   | <b>97,096</b>   | <b>116,689</b> | (17)                 | <b>19,610</b>  | <b>27,071</b>  | (28)                 |
| Cost of sales  | (84,767)        | (95,564)       | 11                   | (18,470)       | (22,659)       | 18                   |
| <b>Gross profit</b>  | <b>12,329</b>   | <b>21,125</b>  | (42)                 | <b>1,140</b>   | <b>4,412</b>   | (74)                 |
| <i>Gross margin</i>  | <i>12.7%</i>    | <i>18.1%</i>   |                      | <i>5.8%</i>    | <i>16.3%</i>   |                      |
| Other income (including interest income)                       | 1,987           | 805            | 147                  | 726            | 345            | 110                  |
| Administrative expenses  | (10,628)        | (10,719)       | 1                    | (2,743)        | (2,977)        | 8                    |
| Distribution costs   | (4,521)         | (4,508)        | (0)                  | (1,441)        | (1,528)        | 6                    |
| Other expenses   | (1,070)         | (2,142)        | 50                   | (1,014)        | (496)          | (104)                |
| Finance costs  | (1,851)         | (2,170)        | 15                   | (536)          | (625)          | 14                   |
| <b>(Loss) Profit before income tax</b>                         | <b>(3,754)</b>  | <b>2,391</b>   | NM                   | <b>(3,868)</b> | <b>(869)</b>   | (345)                |
| Income tax (expense) credit                                    | (395)           | (1,222)        | 68                   | 298            | (1,014)        | NM                   |
| <b>(Loss) Profit for the year / period</b>                     | <b>(4,149)</b>  | <b>1,169</b>   | NM                   | <b>(3,570)</b> | <b>(1,883)</b> | (90)                 |
| Attributable to:   |                 |                |                      |                |                |                      |
| Equity holders of the parent                                   | (4,177)         | 921            | NM                   | (3,595)        | (1,831)        | (96)                 |
| Non-controlling interest                                       | 28              | 248            | (89)                 | 25             | (52)           | NM                   |
|  | <b>(4,149)</b>  | <b>1,169</b>   |                      | <b>(3,570)</b> | <b>(1,883)</b> |                      |
| <b>Statement of comprehensive income</b>                       |                 |                |                      |                |                |                      |
| (Loss) Profit for the year / period                            | (4,149)         | 1,169          | NM                   | (3,570)        | (1,883)        | (90)                 |
| <b>Other comprehensive income:</b>                             |                 |                |                      |                |                |                      |
| Foreign currency translation                                   | 1,684           | (2,601)        | NM                   | 952            | 386            | 147                  |
| Gain on cash flow hedge  | -               | 456            | (100)                | -              | 186            | (100)                |
| <b>Other comprehensive income (loss) for the year / period</b> | <b>1,684</b>    | <b>(2,145)</b> |                      | <b>952</b>     | <b>572</b>     |                      |
| <b>Total comprehensive loss for the year / period</b>          | <b>(2,465)</b>  | <b>(976)</b>   | (153)                | <b>(2,618)</b> | <b>(1,311)</b> | (100)                |
| Total comprehensive income (loss) attributable to:             |                 |                |                      |                |                |                      |
| Equity holders of the parent                                   | (3,065)         | (681)          | (350)                | (2,633)        | (1,191)        | (121)                |
| Non-controlling interest                                       | 600             | (295)          | NM                   | 15             | (120)          | NM                   |
|  | <b>(2,465)</b>  | <b>(976)</b>   | (153)                | <b>(2,618)</b> | <b>(1,311)</b> | (100)                |

NM: Not meaningful

Profit for the year / period as a percentage of revenue -4.3% 1.0% -18.2% -7.0%

**(Loss) Profit for the year / period is arrived at after charging (crediting) the following:**

|  |        |        |       |       |
|--|--------|--------|-------|-------|
| Depreciation of property, plant and equipment  | 15,120 | 17,664 | 4,402 | 4,388 |
| Allowance for bad debts  | 855    | 334    | 855   | 334   |
| (Reversal) Allowance for inventory obsolescences   | (216)  | 169    | (216) | 169   |
| Amortisation of land use rights  | 87     | 87     | -     | -     |
| Reclassification of fair value (gain) loss on derivative financial instruments from equity to profit or loss | -      | (456)  | -     | (456) |
| Loss on fair value of financial assets at fair value through profit or loss                                  | -      | 31     | 23    | 31    |
| Loss on disposal of financial assets at fair value through profit or loss                                    | 3      | -      | 3     | -     |
| Fixed assets written off   | 4      | 65     | -     | 1     |
| Foreign exchange (gain) loss   | 439    | 919    | 899   | 387   |
| Loss (gain) on disposal of property, plant and equipment   | 52     | (76)   | 94    | (161) |
| Interest income  | (103)  | (38)   | (54)  | (10)  |
| Interest expense   | 1,851  | 2,170  | 536   | 625   |

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.

**Statement of Financial Position**

|  | Group                         |                               | Company                       |                               |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|  | As at<br>31/12/2011<br>\$'000 | As at<br>31/12/2010<br>\$'000 | As at<br>31/12/2011<br>\$'000 | As at<br>31/12/2010<br>\$'000 |
| <b>Current assets</b>                                  |                               |                               |                               |                               |
| Cash and bank balances                                 | 17,872                        | 14,579                        | 201                           | 1,062                         |
| Pledged bank deposits                                  | 559                           | 628                           | -                             | -                             |
| Trade receivables                                      | 28,626                        | 39,740                        | -                             | -                             |
| Other receivables and prepayments                      | 2,420                         | 1,477                         | 10,293                        | 11,978                        |
| Financial assets at fair value through profit & loss   | -                             | 752                           | -                             | -                             |
| Land use rights  | 94                            | 90                            | -                             | -                             |
| Inventories  | 7,829                         | 7,688                         | -                             | -                             |
| <b>Total current assets</b>                            | <b>57,400</b>                 | <b>64,954</b>                 | <b>10,494</b>                 | <b>13,040</b>                 |
| <b>Non-current assets</b>                              |                               |                               |                               |                               |
| Investment in subsidiaries                             | -                             | -                             | 70,814                        | 67,308                        |
| Land use rights  | 4,160                         | 4,044                         | -                             | -                             |
| Property, plant and equipment                          | 75,898                        | 85,021                        | 758                           | 731                           |
| Other receivables                                      | 1,615                         | 1,697                         | -                             | -                             |
| Goodwill   | 2,226                         | 2,226                         | -                             | -                             |
| Deferred tax asset                                     | 1,406                         | 1,469                         | -                             | -                             |
| <b>Total non-current assets</b>                        | <b>85,305</b>                 | <b>94,457</b>                 | <b>71,572</b>                 | <b>68,039</b>                 |
| <b>Total assets</b>                                    | <b>142,705</b>                | <b>159,411</b>                | <b>82,066</b>                 | <b>81,079</b>                 |
| <b>Current liabilities</b>                             |                               |                               |                               |                               |
| Trade payables   | 20,182                        | 27,292                        | -                             | -                             |
| Other payables   | 8,134                         | 10,535                        | 10,979                        | 9,429                         |
| Short-term bank loans                                  | 14,898                        | 17,287                        | -                             | -                             |
| Current portion of long-term bank loans                | 8,043                         | 1,336                         | 59                            | 59                            |
| Current portion of finance leases                      | 1,610                         | 1,473                         | -                             | -                             |
| Current portion of notes payable                       | -                             | 3,439                         | -                             | 3,439                         |
| Due to shareholders                                    | 12,297                        | 12,284                        | 12,297                        | 12,284                        |
| <b>Total current liabilities</b>                       | <b>65,164</b>                 | <b>73,646</b>                 | <b>23,335</b>                 | <b>25,211</b>                 |
| <b>Non-current liabilities</b>                         |                               |                               |                               |                               |
| Long-term bank loans                                   | 2,781                         | 8,552                         | 100                           | 164                           |
| Finance leases   | 1,444                         | 1,432                         | -                             | -                             |
| <b>Total non-current liabilities</b>                   | <b>4,225</b>                  | <b>9,984</b>                  | <b>100</b>                    | <b>164</b>                    |
| <b>Capital, reserves and non-controlling interests</b> |                               |                               |                               |                               |
| Share capital  | 56,127                        | 56,127                        | 56,127                        | 56,127                        |
| Reserves   | 8,130                         | 11,195                        | 2,504                         | (423)                         |
| Equity attributable to equity holders of the company   | 64,257                        | 67,322                        | 58,631                        | 55,704                        |
| Non-controlling interest                               | 9,059                         | 8,459                         | -                             | -                             |
| <b>Total equity</b>                                    | <b>73,316</b>                 | <b>75,781</b>                 | <b>58,631</b>                 | <b>55,704</b>                 |
| <b>Total liabilities and equity</b>                    | <b>142,705</b>                | <b>159,411</b>                | <b>82,066</b>                 | <b>81,079</b>                 |

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

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

| As at 31/12/2011  |                     | As at 31/12/2010  |                     |
|-------------------|---------------------|-------------------|---------------------|
| Secured<br>\$'000 | Unsecured<br>\$'000 | Secured<br>\$'000 | Unsecured<br>\$'000 |
| 24,551            | 12,297              | 20,096            | 15,723              |

**The amount repayable after one year**

| As at 31/12/2011  |                     | As at 31/12/2010  |                     |
|-------------------|---------------------|-------------------|---------------------|
| Secured<br>\$'000 | Unsecured<br>\$'000 | Secured<br>\$'000 | Unsecured<br>\$'000 |
| 4,225             | -                   | 9,984             | -                   |

**Details of any collaterals**

The group's borrowings are primarily secured by personal guarantees from directors, pledged bank deposits, property, plant and equipment, land use rights and trade receivables.

1 (c) **Statement of Cash Flows for financial year ended 31 December**

|   | <b>Group</b>           |                 | <b>Group</b>          |                 |
|---|------------------------|-----------------|-----------------------|-----------------|
|   | <b>12 months ended</b> |                 | <b>3 months ended</b> |                 |
|   | <b>31/12/11</b>        | <b>31/12/10</b> | <b>31/12/11</b>       | <b>31/12/10</b> |
|   | <b>\$'000</b>          | <b>\$'000</b>   | <b>\$'000</b>         | <b>\$'000</b>   |
| <b>Operating Activities:</b>  |                        |                 |                       |                 |
| (Loss) Profit before income tax:  | (3,754)                | 2,391           | (3,868)               | (869)           |
| Adjustments for:-   |                        |                 |                       |                 |
| Depreciation of property, plant and equipment   | 15,120                 | 17,664          | 4,402                 | 4,388           |
| Allowance for doubtful receivables  | 855                    | 334             | 855                   | 334             |
| (Reversal) Allowance for inventory obsolescences  | (216)                  | 169             | (216)                 | 169             |
| Amortisation of land use rights   | 87                     | 87              | -                     | -               |
| Reclassification of fair value gain on derivative financial instruments from equity to profit or loss | -                      | (456)           | -                     | (456)           |
| Loss on fair value of financial assets at fair value through profit or loss                           | -                      | 31              | 23                    | 31              |
| Loss on disposal of financial assets at fair value through profit or loss                             | 3                      | -               | 3                     | -               |
| Fixed assets written off  | 4                      | 65              | -                     | 1               |
| Interest income   | (103)                  | (38)            | (54)                  | (10)            |
| Interest expense  | 1,851                  | 2,170           | 536                   | 625             |
| Net foreign exchange (gain) loss  | 439                    | 2,045           | 899                   | 1,513           |
| Loss (gain) on disposal of property, plant and equipment  | 52                     | (76)            | 94                    | (161)           |
| Operating profit before working capital changes   | 14,338                 | 24,386          | 2,674                 | 5,565           |
| Changes in working capital:-  |                        |                 |                       |                 |
| Trade receivables   | 10,259                 | (5,659)         | 8,932                 | 6,467           |
| Other receivables and prepayments   | (861)                  | (657)           | 159                   | (289)           |
| Inventories   | 75                     | (114)           | (546)                 | 908             |
| Trade payables  | (7,110)                | 1,870           | (3,831)               | (3,322)         |
| Other payables  | (2,401)                | (1,013)         | 45                    | 866             |
| Cash generated from operations  | 14,300                 | 18,813          | 7,433                 | 10,195          |
| Net interest paid   | (1,748)                | (2,132)         | (482)                 | (615)           |
| Income tax paid   | (332)                  | (1,203)         | (232)                 | (1,055)         |
| <b>Cash flows from operating activities</b>   | <b>12,220</b>          | <b>15,478</b>   | <b>6,719</b>          | <b>8,525</b>    |
| <b>Investing Activities:</b>  |                        |                 |                       |                 |
| Purchase of plant and equipment   | (4,686)                | (2,258)         | (1,719)               | (2,258)         |
| Purchase of financial assets at fair value through profit or loss                                     | -                      | (783)           | -                     | (783)           |
| Proceeds from disposal of financial assets at fair value through profit or loss                       | 749                    | -               | 749                   | -               |
| Proceeds from disposal of subsidiary  | -                      | 2               | -                     | 2               |
| Proceeds on disposal of plant and equipment   | 474                    | 187             | 64                    | 187             |
| <b>Cash flows used in investing activities</b>  | <b>(3,463)</b>         | <b>(2,852)</b>  | <b>(906)</b>          | <b>(2,852)</b>  |
| <b>Financing Activities:</b>  |                        |                 |                       |                 |
| Increase (Decrease) in cash subjected to restriction  | 69                     | (168)           | (11)                  | 562             |
| Settlement of foreign exchange forward contract   | -                      | (71)            | -                     | (71)            |
| New bank loans raised   | 19,159                 | 47,348          | 1,933                 | 11,895          |
| Repayment of bank loans   | (20,612)               | (49,393)        | (3,933)               | (13,732)        |
| Repayment of notes payable  | (3,439)                | (3,413)         | (1,334)               | (1,192)         |
| Amount due to shareholders  | 327                    | 315             | 91                    | 79              |
| Amount paid to shareholders   | (1,084)                | (1,689)         | (177)                 | (983)           |
| New finance lease obligations raised  | 2,168                  | -               | 948                   | -               |
| Repayment of finance lease obligations  | (2,019)                | (153)           | (427)                 | 2,303           |
| <b>Cash flows used in financing activities</b>  | <b>(5,431)</b>         | <b>(7,224)</b>  | <b>(2,911)</b>        | <b>(1,140)</b>  |
| <b>Net increase in cash and bank balances</b>   | <b>3,326</b>           | <b>5,402</b>    | <b>2,903</b>          | <b>4,534</b>    |
| Cash and bank balances at beginning of period   | 14,579                 | 8,748           | 14,998                | 9,617           |
| Effect of exchange rate changes on the balances of cash held in foreign currencies                    | (33)                   | 429             | (29)                  | 429             |
| <b>Cash and bank balances at end of period</b>  | <b>17,872</b>          | <b>14,579</b>   | <b>17,872</b>         | <b>14,579</b>   |

1(d)(i) A statement for the issuer and the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity for the financial period ended 31 December

|  | Share capital<br>\$'000 | Currency translation reserves<br>\$'000 | Hedging reserves<br>\$'000 | Statutory reserves<br>\$'000 | Other reserves<br>\$'000 | Accumulated profits (losses)<br>\$'000 | Total attributable to equity holders of the company<br>\$'000 | Non-controlling interest<br>\$'000 | Total<br>\$'000 |
|--|-------------------------|---|----------------------------|------------------------------|--------------------------|--|---|------------------------------------|-----------------|
| <b>Group</b>   |                         |   |                            |                              |                          |  |   |                                    |                 |
| <b>At 1 January 2010</b>   | 56,127                  | (5,602)                                 | (456)                      | 5,735                        | -                        | 15,192                                 | 70,996  | 5,761                              | 76,757          |
| Total comprehensive loss for the year                                  | -                       | (2,058)                                 | 456                        | 1,759                        | -                        | (838)                                  | (681)   | (295)                              | (976)           |
| Effects of disposing part of non-controlling interests in a subsidiary | -                       | -                                       | -                          | -                            | (2,993)                  | -                                      | (2,993)   | 2,993                              | -               |
| <b>At 31 December 2010</b>   | <b>56,127</b>           | <b>(7,660)</b>                          | <b>-</b>                   | <b>7,494</b>                 | <b>(2,993)</b>           | <b>14,354</b>                          | <b>67,322</b>   | <b>8,459</b>                       | <b>75,781</b>   |
| Total comprehensive loss for the year                                  | -                       | 1,282                                   | -                          | (162)                        | -                        | (4,185)                                | (3,065)   | 600                                | (2,465)         |
| Transfer to statutory reserves   | -                       | -                                       | -                          | 340                          | -                        | (340)                                  | -   | -                                  | -               |
| <b>At 31 December 2011</b>   | <b>56,127</b>           | <b>(6,378)</b>                          | <b>-</b>                   | <b>7,672</b>                 | <b>(2,993)</b>           | <b>9,829</b>                           | <b>64,257</b>   | <b>9,059</b>                       | <b>73,316</b>   |
| <b>Company</b>   |                         |   |                            |                              |                          |  |   |                                    |                 |
| <b>At 1 January 2010</b>   | 56,127                  | 1,549                                   | (456)                      | -                            | -                        | 6,103                                  | <b>63,323</b>   | -                                  | <b>63,323</b>   |
| Total comprehensive loss for the year                                  | -                       | (3,038)                                 | 456                        | -                            | -                        | (5,037)                                | (7,619)   | -                                  | (7,619)         |
| <b>At 31 December 2010</b>   | <b>56,127</b>           | <b>(1,489)</b>                          | <b>-</b>                   | <b>-</b>                     | <b>-</b>                 | <b>1,066</b>                           | <b>55,704</b>   | <b>-</b>                           | <b>55,704</b>   |
| Total comprehensive income for the year                                | -                       | 2,903                                   | -                          | -                            | -                        | 24                                     | 2,927   | -                                  | 2,927           |
| <b>At 31 December 2011</b>   | <b>56,127</b>           | <b>1,414</b>                            | <b>-</b>                   | <b>-</b>                     | <b>-</b>                 | <b>1,090</b>                           | <b>58,631</b>   | <b>-</b>                           | <b>58,631</b>   |

- 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.

During 1 January 2011 to 31 December 2011, the Company did not issue any shares.

- 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 total number of issued shares excluding treasury shares

| As at<br>31/12/2011 | As at<br>31/12/2010 |
|---------------------|---------------------|
| 570,000             | 570,000             |

- 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.

Not applicable.

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.

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 recently audited annual financial statements have been applied.

The Company has adopted the same accounting policies and methods of computation as compared to the most recent audited financial statements as at 31 December 2010.

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 effect, of the change.

Not applicable.

6. Earnings per ordinary share of the group for the current 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 year  
(i) Based on the weighted average number of ordinary shares in issue (cts); and

(ii) On a fully diluted basis (cts)

| Group           |             | Group          |             |
|-----------------|-------------|----------------|-------------|
| 12 months ended |             | 3 months ended |             |
| 31/12/11        | 31/12/10    | 31/12/11       | 31/12/10    |
| (0.73)          | 0.16        | (0.63)         | (0.32)      |
| 570,000,000     | 570,000,000 | 570,000,000    | 570,000,000 |
| (0.73)          | 0.16        | (0.63)         | (0.32)      |
| 570,000,000     | 570,000,000 | 570,000,000    | 570,000,000 |

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

Net asset value per ordinary share (cts)  
Number of shares

| Group               |                     | Company             |                     |
|---------------------|---------------------|---------------------|---------------------|
| As at<br>31/12/2011 | As at<br>31/12/2010 | As at<br>31/12/2011 | As at<br>31/12/2010 |
| 10.88               | 11.42               | 10.29               | 9.77                |
| 570,000,000         | 570,000,000         | 570,000,000         | 570,000,000         |

## 8. Review of the Group's performance

### **Revenue**

For the financial year ended 2011 ("FY11"), the Group reported revenue of \$97.1 million, a drop of 17% from \$116.7 million from the corresponding financial year ended 2010 ("FY10"). This is an across the board decrease for all segments. The more significant decrease in revenue resulted from mechanical drilling segment and laser drilling segment. Unlike PCB segment where production turnover time spans across several months, mechanical drilling and laser drilling sales are sub-contracted sales where turnover time can be as short as a day, explaining its volatility.

For the fourth quarter of 2011 ("4Q11"), the Group reported revenue of \$19.6 million, a decrease of 28% from \$27.1 million from the corresponding period in 2010 ("4Q10"). Similar to the year-on-year comparison, this decrease is across the board and the more significant decrease resulted from mechanical drilling segment and laser drilling segment.

### **PCB Operations**

PCB operations continue to be the major contributor accounting for 79% of our Group's revenue for FY11. With lesser orders received from original equipment manufacturers, PCB revenue dropped by 6% from \$81.6 million for FY10 to \$76.7 million for FY11.

On a quarterly basis, PCB revenue decreased by 5% from \$18.0 million in 4Q10 to \$17.0 million in 4Q11.

### **Mechanical Drilling and Routing**

Similarly, with lesser orders received, revenue from mechanical drilling and routing services decreased by 47% from \$15.0 million for FY10 to \$7.9 million for FY11.

On a quarterly basis, mechanical drilling and routing services dropped by 68% from \$2.7 million in 4Q10 to \$0.7 million in 4Q11.

### **Laser Drilling**

Revenue from laser drilling services dropped by 38% from \$20.1 million for FY10 to \$12.5 million for FY11. This is due to lesser subcontracting work received from customers in FY11.

On a quarterly basis, laser drilling services dropped by 73% from \$6.3 million in 4Q10 to \$1.7 million in 4Q11.

### **Geographical Markets**

China operations remained as the key contributor to Group's revenue in 2011. Proportion of revenue from China operations increased by 3% from 88% in 3Q11 to 91% in 4Q11. Taiwan operations focus on laser drilling services. Although laser drilling business commands a higher margin, the market demand in this area is inherently more volatile as compared to our PCB business. In 2H11, the drop in revenue generated from laser drilling segment is significantly higher than other segments.

### **Profitability**

#### **Gross Profit**

Gross Profit showed a decline from \$21.1 million for FY10 to \$12.3 million for FY11, with a drop in profit margin from 18.1% to 12.7%. This drop is mainly due to:

- a shift in revenue mix where a significant drop is noted in our highest profit margin generating segment - laser drilling, and
- gross loss incurred under mechanical drilling segment as a result of high fixed costs. Fixed costs comprises mainly of depreciation for machineries and equipment.

In addition, our China subsidiaries were also under pressure from increasing costs such as electricity rationing, increasing labour costs and increasing cost of raw materials.

On a quarterly basis, gross profit dropped from \$4.4 million in 4Q10 to \$1.1 million in 4Q11.

### **Expenses**

#### **Other Income**

The increase in other income was mainly due to foreign exchange gain resulting from stronger United States dollars against Singapore dollars in 4Q11.

#### **Administrative Expenses**

Administrative expenses remained rather constant with a 1% difference from \$10.7 million for FY10 to \$10.6 million for FY11.

At a quarterly basis, administrative expenses decreased by 8% from \$3.0 million in 4Q10 to \$2.7 million in 4Q11.

#### **Distribution Costs**

Distribution costs comprise mainly sales commission payable to sales representatives in processing sales for PCB manufacturing and related delivery costs.

Distribution costs remained relatively unchanged at \$4.5 million for both FY10 and FY11. This was due to increase in percentage of sales commission payable to sales representatives. On a quarterly basis, distribution costs dropped as there are lower sales.

### **Other Expenses**

Other expenses for FY10 included foreign exchange loss of \$2 million and \$0.4 million for FY10 and 4Q10 respectively. There was foreign exchange gain incurred for FY11 and 4Q11, which was reclassified under other income accordingly.

### **Finance Costs**

Finance costs decreased by 15% from \$2.2 million for FY10 to \$1.9 million for FY11. This was due mainly to the repayment of bank borrowings and lower interest rates.

### **Balance Sheet**

The Group's cash and bank balances improved from \$14.6 million at FY10 to \$17.9 million at FY11.

A slight drop was also observed for pledged bank deposits as bank borrowings requiring pledged bank deposits were being repaid.

The decrease in trade receivables was mainly due to drop in 4Q11 sales.

Other receivables and prepayments increased by \$0.8 million from \$3.2 million at FY10 to \$4.0 million at FY11. Other receivables and prepayments mainly comprise of prepaid operating expenses, such as rental, utilities, insurance, maintenance expense, etc. The increase is due to additional prepayments arising from the new business diversification into LED market.

Inventory management is constantly reviewed and inventory will be kept at the minimum required level. Inventory increased slightly by \$0.1 million from \$7.7 million at 4Q10 to \$7.8 million at 4Q11.

Trade payables decreased by \$7.1 million from \$27.3 million at FY10 to \$20.2 million at FY11. This was in line with the decrease in purchases.

Other payables decreased by \$2.4 million were mainly due to refund of sales deposit placed by customer.

Total gross borrowings had also been reduced by \$4.7 million from \$45.8 million at FY10 to \$41.1 million at FY11. This was due to repayments of bank loans, finance leases and notes payable.

The Group's net current liabilities position improved from \$8.7 million at FY10 to \$7.8 million in FY11. This was mainly due to generation of \$11.5 million cashflow from operating activities for FY11.

The Group's current ratio (current assets/current liabilities) and debt/equity ratio are 0.9 and 1.1 respectively. The Group's equity (net assets) stands at \$64.3 million as at FY11.

### **Cash Flow**

A decrease of \$3.3 million in cash flow generated from operating activities was noted for FY11 as compared to FY10. This decrease was mainly due to drop in revenue in FY11.

Cash flow used in investing activities for FY11 was mainly used for purchase of machineries by our Taiwan subsidiary, LGANG Optronics Technology Co., Ltd.

Cash flow used in financing activities of \$5.4 million for FY11 was mainly due to repayment of loan borrowings, notes payables and finance leases. In 4Q11, all notes payables had been fully repaid.

Cash and bank balances stood at \$17.9 million as at FY11 as compared to \$14.6 million as at FY10.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast or prospect statement was disclosed to shareholders previously.

**10. A commentary at the date of announcement of the 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 renewed uncertainties in the global financial markets and signs of instabilities in many parts of the world, business sentiments are generally weaker. In view of uncertainties such as increasing labour and materials costs faced by our China subsidiaries, management will continue to remain cautious and conservative in its outlook.

11. Dividend

11(a) Any dividend declared for the current financial period reported on?

None

11(b) Any dividend declared for the corresponding period of the immediately preceding financial year?

None

11(c) Date payable

Not applicable

11(d) Books closure date

Not applicable

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

No dividend has been declared for the financial year ended 31 December 2011.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
(This part is not applicable to Q1, Q2, Q3 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.

| Revenue and Expenses<br>(by business segments) | Laser Drilling Services |        | Mechanical Drilling and Routing Services |        | PCB operations |        | Total   |         |
|--|-------------------------|--------|--|--------|----------------|--------|---------|---------|
|  | 2011                    | 2010   | 2011                                     | 2010   | 2011           | 2010   | 2011    | 2010    |
| Segment revenue                                | 12,470                  | 20,141 | 7,935                                    | 14,972 | 76,691         | 81,576 | 97,096  | 116,689 |
| Segment results                                | 1,167                   | 6,297  | (4,032)                                  | 1,613  | 860            | (790)  | (2,005) | 7,120   |
| Other income                                   |                         |        |  |        |                |        | 1,987   | 805     |
| Unallocated corporate expenses                 |                         |        |  |        |                |        | (1,885) | (3,364) |
| Finance costs                                  |                         |        |  |        |                |        | (1,851) | (2,170) |
| (Loss) Profit before Income tax                |                         |        |  |        |                |        | (3,754) | 2,391   |
| Income tax credit (expense)                    |                         |        |  |        |                |        | (395)   | (1,222) |
| Net (loss) profit attributable to the Group    |                         |        |  |        |                |        | (4,149) | 1,169   |



|   |        |        |        |        |        |        |         |         |  |
|---|--------|--------|--------|--------|--------|--------|---------|---------|--|
| <b>Assets and Liabilities</b>               |        |        |        |        |        |        |         |         |  |
| Segment assets                              | 27,645 | 26,514 | 31,625 | 37,253 | 79,169 | 91,034 | 138,439 | 154,801 |  |
| Unallocated corporate assets                |        |        |        |        |        |        | 4,266   | 4,610   |  |
| Consolidated total assets                   |        |        |        |        |        |        | 142,705 | 159,411 |  |
| Segment liabilities                         | 14,528 | 14,852 | 2,641  | 3,992  | 36,211 | 43,673 | 53,380  | 62,517  |  |
| Unallocated corporate liabilities           |        |        |        |        |        |        | 16,009  | 21,113  |  |
| Consolidated total liabilities              |        |        |        |        |        |        | 69,389  | 83,630  |  |
| <u>Capital expenditure:</u>                 |        |        |        |        |        |        |         |         |  |
| - Property, plant and equipment             | 3,690  | 1,451  | 55     | 316    | 938    | 690    | 4,683   | 2,457   |  |
| Depreciation                                | 3,843  | 5,750  | 5,379  | 5,095  | 5,885  | 6,805  | 15,107  | 17,650  |  |
| Amortisation of land use rights             | -      | -      | 9      | 9      | 78     | 78     | 87      | 87      |  |
| (Reversal) Allowance for stock obsolescence | -      | -      | -      | -      | (216)  | 169    | (216)   | 169     |  |
| Allowance for doubtful receivables          | -      | -      | -      | 5      | 855    | 329    | 855     | 334     |  |
| <u>Unallocated corporate expenditure:</u>   |        |        |        |        |        |        |         |         |  |
| Capital expenditure                         |        |        |        |        |        |        | 3       | -       |  |
| Depreciation                                |        |        |        |        |        |        | 13      | 14      |  |

#### Geographical Segments

| Revenue<br>(by geographical segments) | Taiwan |        | China   |         | Singapore |       | Total   |         |
|---------------------------------------|--------|--------|---------|---------|-----------|-------|---------|---------|
|                                       | 2011   | 2010   | 2011    | 2010    | 2011      | 2010  | 2011    | 2010    |
| (\$'000)                              |        |        |         |         |           |       |         |         |
| Segment revenue                       | 10,938 | 15,499 | 86,158  | 101,190 | -         | -     | 97,096  | 116,689 |
| Segment assets                        | 27,645 | 26,514 | 110,794 | 128,287 | 4,266     | 4,610 | 142,705 | 159,411 |
| Capital expenditure                   | 3,690  | 1,451  | 993     | 1,006   | 3         | -     | 4,686   | 2,457   |

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

Not applicable

15. A breakdown of sales as follows:

|  | Group           |          |           |
|--|-----------------|----------|-----------|
|  | 12 months ended |          |           |
|  | 31/12/11        | 31/12/10 | Inc/(Dec) |
|  | \$'000          | \$'000   | %         |
| Sales reported for the first half year | 52,854          | 55,760   | (5)       |
| Net profit for first half year         | 265             | 1,592    | (83)      |
| Sales reported for second half year    | 44,242          | 60,929   | (27)      |
| Net loss for second half year          | (4,414)         | (423)    | 943       |

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

Not applicable

17. **Interested party transactions**

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

During the financial year, there were related parties transactions based on terms agreed between the parties as follows:-

| Name of interested person   | Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$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 \$100,000) |
|---|---|---|
| Loan guarantees provided by Mr Wen Yao-Long, Mr Wen Yao-Chou, Ms Chan Hui-Chung to various financial institutions to secure credit facilities for the Group | Total facilities granted as at 31.12.2011:<br>S\$50.1 million<br><br>Amount outstanding as at 31.12.2011:<br>S\$27.6 million  | -   |
| Loan from Sunny Worldwide Int'l Ltd (Amount outstanding as at 31.12.2011 is S\$7.0 million)   | Interest for the 12 months ended 31.12.2011:<br>S\$0.25 million   | -   |
| Loan from Mr Wen Yao-Long (Amount outstanding as at 31.12.2011 is S\$5.3 million)   | Interest-free loan  | -   |

Except for the above, there was no other interested person transaction, as defined in Chapter 9 of the Listing Manual of the SGX-ST, entered into the Group or by the Company during the financial year ended 31 December 2011.

18. **Disclosure of persons occupying managerial positions in the Group, are relatives of the following Director, Chief Executive Officer and Substantial Shareholder of the Company**

| Name           | Age | Family relationship with the CEO, any director and/or substantial shareholder | Current position and duties, and the year the position was first held  | Details of changes in duties and position held, if any, during the year |
|----------------|-----|---|--|---|
| Wen Yao-Chou   | 52  | Brother of Wen Yao-Long, Executive Chairman and Chief Executive Officer       | Executive Director since January 2003. He is the co-founder of the Group.<br><br>His responsibilities in the Group include :-<br>1) business development and strategic planning; and<br>2) sales & marketing functions.<br><br>He also heads the operations of the manufacturing plant in Taiwan, LGANG Optronics Technology Co., Ltd since March 2009, which include sales and marketing, and production functions. | N.A.  |
| Chan Hui Chung | 45  | Wife of Wen Yao-Long, Executive Chairman and Chief Executive Officer          | Vice General Manager of Shanghai Zhuo Kai Electronic Technology Co., Ltd ("Shanghai Zhuo Kai") since January 2004.<br><br>She assists the General Manager in the operations and is responsible for the financial function at Shanghai Zhuo Kai since January 2004.<br><br>She also manages the financial functions for all China subsidiaries since November 2008.   | N.A.  |

**BY ORDER OF THE BOARD**

Wen Yao-Long  
Executive Chairman & CEO  
21 February 2012