



Precision Parts, Precision Partnerships.

INNOVALUES LIMITED

(Company Registration No. 199702822E)

Financial Statement And Dividend Announcement For The Financial Year Ended 31 December 2010

The Board of Directors of Innovalues Limited is pleased to announce the consolidated results for the financial year ended 31 December 2010. The figures presented below have not been audited or reviewed by the auditors of the Company.

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

Consolidated Statement of Comprehensive Income for:

Note	3 MONTHS ENDED			FULL YEAR ENDED		
	31 Dec 2010	31 Dec 2009	Increase / (decrease)	31 Dec 2010	31 Dec 2009	Increase / (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	22,455	31,438	(28.6)%	100,458	96,153	4.5 %
Cost of sales	(20,159)	(25,554)	(21.1)%	(86,315)	(86,714)	(0.5)%
Gross profit	2,296	5,884	(61.0)%	14,143	9,439	49.8 %
Other items of income						
Interest income	10	25	(60.0)%	45	90	(50.0)%
Other credits	1 357	341	4.7 %	1,376	724	90.1 %
Other items of expenses						
Marketing and distribution costs	(591)	(902)	(34.5)%	(2,865)	(2,557)	12.0 %
Administrative expenses	(2,273)	(2,431)	(6.5)%	(9,213)	(8,851)	4.1 %
Finance costs	2 (335)	(483)	(30.6)%	(1,453)	(2,034)	(28.6)%
Other charges	1 (188)	(70)	168.6 %	(292)	(635)	(54.0)%
Profit / (loss) before taxation	3 (724)	2,364	N.M.	1,741	(3,824)	N.M.
Income tax expense	4 (57)	6	N.M.	(424)	(442)	(4.1)%
Net profit / (loss)	(781)	2,370	N.M.	1,317	(4,266)	N.M.

	3 MONTHS ENDED			FULL YEAR ENDED		
	31 Dec 2010	31 Dec 2009	Increase / (decrease)	31 Dec 2010	31 Dec 2009	Increase / (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Other comprehensive income / (loss) :						
Exchange differences on translating foreign operations	(968)	(112)	764.3 %	(605)	(370)	63.5 %
Other comprehensive income loss for the period / year, net of tax	(968)	(112)	764.3 %	(605)	(370)	63.5 %
Total comprehensive income / (loss) for the period / year	(1,749)	2,258	N.M.	712	(4,636)	N.M.
Net profit / (loss) attributable to :						
Owners of the parent, net of tax	(781)	2,370	N.M.	1,317	(4,266)	N.M.
Non-controlling interests, net of tax	-	-	-	-	-	-
	(781)	2,370	N.M.	1,317	(4,266)	N.M.
Total comprehensive income / (loss) attributable to :						
Owners of the parent, net of tax	(1,749)	2,258	N.M.	712	(4,636)	N.M.
Non-controlling interests, net of tax	-	-	-	-	-	-
	(1,749)	2,258	N.M.	712	(4,636)	N.M.

Note: N.M. – Not meaningful

1(a)(ii) Breakdown and explanatory notes to the consolidated statement of comprehensive income

Note 1 Other credits / (charges) comprise the following:

	3 MONTHS ENDED			FULL YEAR ENDED		
	31 Dec 2010	31 Dec 2009	Increase / (decrease)	31 Dec 2010	31 Dec 2009	Increase / (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Other credits :-						
Sale of waste materials	332	328	1.2 %	1,314	597	120.1 %
Gain on disposal of plant and equipment	13	-	N.M.	18	-	N.M.
Other income	12	13	(7.7)%	44	127	(65.4)%
	357	341	4.7 %	1,376	724	90.1 %
Other charges :-						
Foreign exchange transaction losses, net	(162)	(19)	752.6 %	(269)	(415)	(35.2)%
Allowance for impairment on trade and other receivables	(10)	-	N.M.	(10)	(191)	(94.8)%
Loss on disposal of plant and equipment	-	(26)	N.M.	-	(4)	N.M.
Fair value loss on financial instruments	(3)	-	N.M.	-	-	-
Plant and equipment written off	(13)	(25)	(48.0)%	(13)	(25)	(48.0)%
	(188)	(70)	168.6 %	(292)	(635)	(54.0)%

Note 2 Finance costs comprise the following:

	3 MONTHS ENDED			FULL YEAR ENDED		
	31 Dec 2010	31 Dec 2009	Increase / (decrease)	31 Dec 2010	31 Dec 2009	Increase / (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest paid and payable to banks for:						
- overdrafts	-	-	-	-	2	N.M.
- term loans	305	454	(32.8)%	1,327	1,989	(33.3)%
- bills payable	25	24	4.2 %	106	25	324.0 %
Hire-purchase interest	5	5	-	20	18	11.1 %
Total	335	483	(30.6)%	1,453	2,034	(28.6)%

Note 3 Profit / (loss) before taxation is stated after charging the following:

	3 MONTHS ENDED			FULL YEAR ENDED		
	31 Dec 2010	31 Dec 2009	Increase / (decrease)	31 Dec 2010	31 Dec 2009	Increase / (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation expense	2,509	2,586	(3.0)%	10,133	10,613	(4.5)%

Note 4 Income tax comprises the following:

	3 MONTHS ENDED			FULL YEAR ENDED		
	31 Dec 2010	31 Dec 2009	Increase / (decrease)	31 Dec 2010	31 Dec 2009	Increase / (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Income tax expense	(69)	48	N.M.	(436)	(220)	98.2 %
Deferred tax expense / (income)	12	(42)	N.M.	12	(222)	N.M.
	(57)	6	N.M.	(424)	(442)	(4.1)%

Note: N.M. – Not meaningful

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**

	Note	Group		Company	
		31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
		S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets					
Property, plant and equipment		51,670	59,275	213	284
Investments in subsidiaries		-	-	31,385	30,656
		<u>51,670</u>	<u>59,275</u>	<u>31,598</u>	<u>30,940</u>
Current assets					
Inventories	A	17,969	14,534	321	233
Trade and other receivables		19,992	26,503	16,007	34,306
Cash and cash equivalents		12,054	18,567	3,783	12,130
		<u>50,015</u>	<u>59,604</u>	<u>20,111</u>	<u>46,669</u>
Total assets		<u>101,685</u>	<u>118,879</u>	<u>51,709</u>	<u>77,609</u>
Equity attributable to owners of the parent					
Share capital		11,357	11,357	11,357	11,357
Retained earnings		43,311	42,051	1,432	3,784
Other reserves		1,606	1,983	1,515	1,344
Total equity		<u>56,274</u>	<u>55,391</u>	<u>14,304</u>	<u>16,485</u>
Non-current liabilities					
Deferred tax liabilities		69	79	-	18
Interest-bearing borrowings	B	7,517	14,618	6,311	11,904
Obligations under finance leases		259	359	232	359
		<u>7,845</u>	<u>15,056</u>	<u>6,543</u>	<u>12,281</u>
Current liabilities					
Income tax payable		14	-	-	-
Trade and other payables		11,488	20,714	12,054	29,162
Interest-bearing borrowings	B	25,914	27,580	18,667	19,543
Obligations under finance leases		150	138	141	138
		<u>37,566</u>	<u>48,432</u>	<u>30,862</u>	<u>48,843</u>
Total liabilities		<u>45,411</u>	<u>63,488</u>	<u>37,405</u>	<u>61,124</u>
Total equity and liabilities		<u>101,685</u>	<u>118,879</u>	<u>51,709</u>	<u>77,609</u>

Note to the consolidated statement of financial position

Note A. Inventories comprise the following:

	Group		
	31 Dec 2010	31 Dec 2009	Increase / (decrease)
	S\$'000	S\$'000	%
Finished goods	6,826	3,657	86.7 %
Work in progress	5,185	4,416	17.4 %
Raw materials and consumables	5,958	6,461	(7.8)%
	17,969	14,534	23.6 %

Note B. Interest-bearing borrowings comprise the following:

	Group		
	31 Dec 2010	31 Dec 2009	Increase / (decrease)
	\$'000	\$'000	%
Non-current:			
Bank loans	7,517	14,618	(48.6)%
Non-current, total	7,517	14,618	(48.6)%
Current:			
Bank loans	19,285	22,999	(16.1)%
Bills payable to banks	6,629	4,581	44.7 %
Current, total	25,914	27,580	(6.0)%
Total	33,431	42,198	(20.8)%

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

Amount repayable in one year or less, or on demand

As at 31 Dec 2010		As at 31 Dec 2009	
Secured	Unsecured	Secured	Unsecured
<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
150	25,914	138	27,580

Amount repayable after one year

As at 31 Dec 2010		As at 31 Dec 2009	
Secured	Unsecured	Secured	Unsecured
<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
259	7,517	359	14,618

Details of any collateral

Secured borrowings at 31 December 2010 and 31 December 2009 refer to obligations under finance leases that are secured by plant and equipment purchased under finance leases.

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**

Note	Group	
	31 Dec 2010	31 Dec 2009
	S\$'000	S\$'000
Operating activities		
Profit / (Loss) before taxation	1,741	(3,824)
Adjustments for:		
Interest expense	1,453	2,034
Interest income	(45)	(90)
Depreciation of property, plant and equipment	10,133	10,613
(Gain) / Loss on disposal of property, plant and equipment	(18)	4
Plant and equipment written off	13	25
Share option expense	171	267
Net effect of exchange rate changes in consolidating subsidiaries	(1,562)	29
Operating cash flows before changes in working capital	11,886	9,058
Changes in working capital:		
Inventories	(3,435)	19,477
Trade and other receivables	6,511	(1,580)
Trade and other payables	(9,226)	(5,872)
Cash flows from operations before interest and tax	5,736	21,083
Income tax paid	(422)	(318)
Net cash flows from operating activities	5,314	20,765
Investing activities		
Proceeds from sale of property, plant and equipment	88	27
Purchase of property, plant and equipment	B (2,396)	(678)
Interest received	45	90
Net cash flows used in investing activities	(2,263)	(561)
Financing activities		
Interest paid	(1,453)	(2,034)
Decrease in interest-bearing loans & borrowings, net	(7,983)	(12,092)
Finance leases repayment, net	(128)	(187)
Decrease / (Increase) in cash restricted in use	158	(201)
Net cash flows used in financing activities	(9,406)	(14,514)
Net (decrease) / increase in cash and cash equivalents	(6,355)	5,690
Cash and cash equivalents at beginning of the year	18,233	12,543
Cash and cash equivalents at end of the year	A 11,878	18,233

Note to the consolidated statement of cash flows

Note A. Cash and cash equivalents comprise the following:

	Group	
	31 Dec 2010	31 Dec 2009
	S\$'000	S\$'000
Cash and cash equivalents as per statement of cash flows	11,878	18,233
Cash restricted in use	176	334
Cash and cash equivalents as per statement of financial position	12,054	18,567

Cash restricted in use refers to bank balances of subsidiaries held by banks to cover for bank guarantees issued.

Note B. Purchase of property, plant and equipment:

	Group	
	31 Dec 2010	31 Dec 2009
	S\$'000	S\$'000
Purchase of plant and equipment	2,437	1,183
Less: Financed by finance leases	(41)	(505)
Net cash outflow from the purchase of plant and equipment	2,396	678

1(d)(i) **A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

	Share capital	Capital reserve	Share option reserve	Statutory reserve	Translation reserve	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group							
Balance at 1 January 2009	11,357	1,212	1,077	999	(1,428)	46,543	59,760
Share option expense	-	-	267	-	-	-	267
Total comprehensive loss for the year	-	-	-	-	(370)	(4,266)	(4,636)
Statutory reserve	-	-	-	226	-	(226)	-
Balance at 31 December 2009	11,357	1,212	1,344	1,225	(1,798)	42,051	55,391
Balance at 1 January 2010	11,357	1,212	1,344	1,225	(1,798)	42,051	55,391
Share option expense	-	-	171	-	-	-	171
Total comprehensive income / (loss) for the year	-	-	-	-	(605)	1,317	712
Statutory reserve	-	-	-	57	-	(57)	-
Balance at 31 December 2010	11,357	1,212	1,515	1,282	(2,403)	43,311	56,274

	Share capital	Share option reserve	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000
Company				
Balance at 1 January 2009	11,357	1,077	4,106	16,540
Share option expense	-	267	-	267
Total comprehensive loss for the year	-	-	(322)	(322)
Balance at 31 December 2009	11,357	1,344	3,784	16,485
Balance at 1 January 2010	11,357	1,344	3,784	16,485
Share option expense	-	171	-	171
Total comprehensive loss for the year	-	-	(2,352)	(2,352)
Balance at 31 December 2010	11,357	1,515	1,432	14,304

- 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.**

(A) Share Capital

During the three months ended 31 December 2010 since the end of the previous period reported on, there was no movement in the Company's share capital.

(B) Convertibles

Share Options

The Company has an employee share option scheme known as the "Innovalues Group Share Option Scheme 2001" which forms an integral component of the compensation plan designed to reward and retain eligible participants whose services are vital to its well being and success.

During the three months ended 31 December 2010 since the end of the previous period reported on, 480,000 share options granted lapsed on expiry date and 60,000 share options granted to employees that had not yet vested were cancelled. Other than these, there was no movement in the outstanding share options issued.

As at 31 December 2010, there were 10,020,000 outstanding share options which would entitle the holders to subscribe for a total of 10,020,000 ordinary shares of the Company (31 December 2009: 8,320,000).

Save as disclosed above, the Company has no other outstanding convertibles and treasury shares as at 31 December 2010 and 31 December 2009.

- 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 has no treasury shares as at 31 December 2010 and 31 December 2009.

The total number of issued shares excluding treasury shares as at 31 December 2010 was 318,194,000 (31 December 2009: 318,194,000).

- 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 by the auditors of the Company.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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 Group and the Company have adopted the same accounting policies and methods of computation in the financial statements for the current year compared with the audited financial statements for the year ended 31 December 2009 except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 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 the effect of, the change

The adoption of the new and revised FRSs (including its consequential amendments) and interpretations is assessed to have no material impact to the results of the Group and of the Company for the financial year ended 31 December 2010.

6 Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

Earnings / (loss) per ordinary share of the Group, after deducting any provision for preference dividends (in cents):	3 MONTHS ENDED		FULL YEAR ENDED	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
(a) Based on the weighted average number of ordinary shares on issue	(0.25)	0.75	0.41	(1.34)
(b) On a fully diluted basis	(0.25)	0.75	0.41	(1.34)

Earnings per share (rounded to 2 decimal places) for the financial year ended 31 December 2010 is computed based on the weighted average number of ordinary shares in issue during the year of 318,194,000.

Diluted earnings per share (rounded to 2 decimal places) for the financial year ended 31 December 2010 is computed based on the adjusted weighted average number of ordinary shares in issue during the year of 319,154,000.

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

	Group		Company	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Net asset value per ordinary share based on issued share capital at the end of the financial year (in cents)	17.69	17.40	4.50	5.18

Net asset value per ordinary share as at 31 December 2010 is calculated based on the existing issued share capital of 318,194,000 ordinary shares outstanding as at 31 December 2010 (31 December 2009: 318,194,000).

8 **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss 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. It must also discuss 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

Overview

For the 3 months ended 31 December 2010 ("**4Q10**"), the Group recorded a net loss attributable to shareholders of S\$781,000 as compared to the net profit of S\$2.37 million in the corresponding period ("**4Q09**"). The loss was primarily due to the decrease in revenue from the Office Automation segment ("**OA**") as a result of weak orders from our customers in 4Q10.

Notwithstanding the net loss incurred in 4Q10, the Group recorded net profit attributable to shareholders of S\$1.3 million for the 12 months ended 31 December 2010 ("**FY10**") as compared to a net loss of S\$4.3 million in the corresponding year ("**FY09**"). The turnaround of financial performance was mainly attributable to the overall increased revenue and better gross margin.

Revenue

Business Activity	3 MONTHS ENDED				FULL YEAR ENDED			
	31 Dec 10 S\$'000	31 Dec 09 S\$'000	+ / (-) S\$'000	+ / (-) %	31 Dec 10 S\$'000	31 Dec 09 S\$'000	+ / (-) S\$'000	+ / (-) %
Office Automation (" OA ")	10,686	20,270	(9,584)	(47.3)%	54,478	68,524	(14,046)	(20.5)%
Automotive (" AU ")	10,879	10,154	725	7.1%	41,958	24,491	17,467	71.3%
Hard Disk Drive (" HDD ")	97	327	(230)	(70.3)%	1,004	655	349	53.3%
Others	793	687	106	15.4%	3,018	2,483	535	21.5%
	22,455	31,438	(8,983)	(28.6)%	100,458	96,153	4,305	4.5%

The lower revenue for the Group by approximately S\$9.0 million or 28.6% in 4Q10 as compared to its corresponding period was mainly attributable to the weak orders from our customers of the OA segment.

Notwithstanding the lower revenue in Q410, revenue for the Group was higher by approximately S\$4.3 million or 4.5% for the 12 months ended 31 December 2010 as compared to its corresponding year. This was mainly due to higher orders from our AU customers following the recovery of global economy.

Despite decrease in revenue from our OA segment for FY10 as compared to FY09, it continues to be the largest source of revenue contributing approximately S\$54.5 million (FY09: S\$68.5 million) of total revenue in FY10. Decrease in revenue of this segment was mainly attributable to customers from Malaysia and United States of America ("**USA**") markets.

Revenue from our AU segment grew strongly by approximately S\$17.5 million or 71.3% from S\$24.5 million in FY09 to S\$42.0 million in FY10 was mainly attributed to strong orders from customers in the PRC and USA markets.

As for revenue from our HDD segment, it grew by approximately S\$349,000 or 53.3% in FY10 as compared to its corresponding year.

Gross profit margin

In 4Q10, gross profit margin fell to 10.2% compared to 18.7% in 4Q09 caused mainly by the weakening of the US dollar against all local currencies in countries which the Group operates in.

However, the Group managed to record a higher gross profit margin of 14.1% in FY10 than FY09 of 9.8%. This was mainly due to higher average monthly factory orders and higher utilization of manufacturing capacity in FY10.

Marketing and distribution costs

Marketing and distribution costs decreased by approximately S\$311,000 or 34.5% in 4Q10 over its corresponding period mainly due to lower delivery costs in tandem with lower sales activities in 4Q10.

However, for the 12 months ended 31 December 2010, marketing and distribution costs increased by approximately S\$308,000 or 12.0% over its corresponding year mainly due to increased shipments to customers and business travel in tandem with higher sales activities in the first 9 months in 2010.

Administrative expenses

Administrative expenses decreased by approximately S\$158,000 or 6.5% in 4Q10 over its corresponding period mainly due to decrease in consultancy fees.

However, administrative expenses increased by approximately S\$362,000 or 4.1% in FY10 over its corresponding period mainly due to increase in manpower costs and operating expenses as a result of higher business activities in FY10.

Finance costs

Finance costs decreased by approximately S\$148,000 or 30.6% and S\$581,000 or 28.6% in 4Q10 and FY10 respectively over their corresponding periods mainly due to lower interest rates and reduction of term loans. The de-leveraging process which started in January 2009 continues to be supported by our banks.

Other charges

Other charges in 4Q10 were higher by approximately S\$118,000 than its corresponding period mainly due to higher net foreign exchange losses. However, total net foreign exchange losses for FY10 were approximately S\$146,000 lower than FY09.

Other charges in FY10 decreased by approximately S\$343,000 or 54.0% than its corresponding year mainly due to lower net foreign exchange losses and allowance for impairment on receivables.

Other credits

Other credits increased by approximately S\$16,000 or 4.7% and S\$652,000 or 90.1% in 4Q10 and FY10 respectively over their corresponding periods mainly due to income from sale of waste materials.

Income tax expense

Income tax expense decreased by approximately S\$18,000 or 4.1% in FY10 over its corresponding year mainly due to the absence of deferred tax expense in FY10 as compared to S\$222,000 recorded in FY09 as a result of utilization of deferred tax assets recognized in prior year. This is partly offset by the increase of S\$216,000 in current tax expense mainly due to increase in net profit of the Group.

Financial Position

Property, plant and equipment (“PPE”)

Property, plant and equipment decreased by approximately S\$7.6 million from S\$59.3 million as at 31 December 2009 to S\$51.7 million as at 31 December 2010 mainly due to depreciation charges during the year. This was offset by net additions of PPE during the year mainly for our manufacturing facilities in Thailand and China.

Inventories

Inventories increased by approximately S\$3.5 million from S\$14.5 million as at 31 December 2009 to S\$18.0 million as at 31 December 2010 mainly due to increase in work in progress and finished goods to fulfill customers' orders.

Trade and other receivables

Trade and other receivables decreased by approximately S\$6.5 million from S\$26.5 million as at 31 December 2009 to S\$20.0 million as at 31 December 2010 mainly due to effective debt collections.

Cash and cash equivalents

The Group ended FY10 with cash and cash equivalents amounting to S\$11.9 million as compared to S\$18.2 million in FY09.

Net cash flows from operating activities in FY10, though lower than FY09, continued to be positive. The unusually high net cash flows from operating activities in FY09 was mainly due to consumption of the high level of inventories during the global financial crisis in 2009 at a time when the Group also withheld replenishing depleted inventories to conserve cashflow.

Net cash flows used in investing activities was mainly related to capital expenditure incurred for the enhanced production capacity to meet the growing demand in China and for the replacement of certain existing plant and machinery that had worn out through usage over the years.

Net cash flows used in financing activities in the two financial periods refer mainly to the net decrease in interest-bearing loans and borrowings as the Group continued its de-leveraging strategy.

Trade and other payables

Trade and other payables decreased by approximately S\$9.2 million from S\$20.7 million as at 31 December 2009 to S\$11.5 million as at 31 December 2010. The decrease was mainly due to cautious procurement efforts with financial prudence in working capital management.

Interest-bearing borrowings

Net interest-bearing borrowings decreased by approximately S\$8.8 million from S\$42.2 million as at 31 December 2009 to S\$33.4 million as at 31 December 2010. The decrease was mainly due to planned repayments made to term loans during the year but offset by increase in bills payable to banks mainly due to more usage of trade facilities to finance the growing AU business.

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

At the date of this announcement, the Group, to its best knowledge, is not aware of any known factors or events that may affect the Group in the next reporting period and the next 12 months.

Given the uncertainties surrounding the currency markets, the Group expects business environment to be tough in FY11.

We expect OA business segment to be challenging as our customers restructure their supply chains. However, our AU segment has achieved commendable growth and we expect this trend to continue in FY11.

Management will continue to work closely with customers and suppliers to stay competitive. The Group will continue to place emphasis on financial prudence. In line with this, the Group expects no significant capital expenditure, except replacement of machinery.

Barring unforeseen circumstances, the Group expects the results for the financial year ending 31 December 2011 to be profitable.

11 Dividend

(a) Current Financial Period Reported On

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

Name of Dividend	: Not applicable
Dividend Type	: Not applicable
Dividend Amount per Share (in cents)	: Not applicable
Tax Rate	: Not applicable

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No

(c) Date payable

Not applicable

(d) **Books closure date**

Not applicable

12 **If no dividend has been declared or recommended, a statement to that effect**

No dividend has been declared or recommended.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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**

Business Segments

For management purposes, the Group’s overall business is organized into the following four business segments:

- Office automation (“OA”): Shafts and rollers for various types of printer;
- Hard disk drive (“HDD”): Components for hard disk drives;
- Automotive (“AU”): Precision machined parts and components for vehicles;
- Others: Components for other industries.

Revenue and expenses

	OA		HDD		AU		Others		Group Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	S\$’000	S\$’000	S\$’000	S\$’000	S\$’000	S\$’000	S\$’000	S\$’000	S\$’000	S\$’000
Revenue by segment										
External revenue	54,478	68,524	1,004	655	41,958	24,491	3,018	2,483	100,458	96,153
Segment results	8,750	11,369	(644)	(287)	5,869	(1,476)	168	(167)	14,143	9,439
Interest income									45	90
Finance costs									(1,453)	(2,034)
Other credits									1,376	724
Marketing and distribution costs									(2,865)	(2,557)
Administrative expenses									(9,213)	(8,851)
Other charges									(292)	(635)
Profit / (loss) before taxation									1,741	(3,824)
Income tax expense									(424)	(442)
Net profit / (loss) for the year									1,317	(4,266)

Other information

	OA		HDD		AU		Others		Group Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment assets	39,660	45,932	3,573	4,248	37,631	39,231	4,029	4,452	84,893	93,863
Unallocated assets									16,792	25,016
Total assets									101,685	118,879
Unallocated liabilities									45,411	63,488
Total liabilities									45,411	63,488
Segment capital expenditure	952	323	22	-	1,222	333	32	117	2,228	773
Unallocated capital expenditure									209	410
Total capital expenditure									2,437	1,183
Segment depreciation	3,771	4,077	674	522	3,960	4,517	678	693	9,083	9,809
Unallocated depreciation									1,050	804
Total depreciation									10,133	10,613

Geographical Segments

The Group's operations are located in Singapore, Malaysia, Thailand and PRC.

The following table provides an analysis of the revenue by geographical market, irrespective of the origin of the goods.

	Revenue from external customers	
	2010	2009
	S\$'000	S\$'000
Singapore	1,917	2,714
Malaysia	18,904	26,096
Thailand	2,185	2,942
PRC	54,272	45,969
USA	15,955	12,087
Brazil	568	2,731
Mexico	2,343	1,108
Others*	4,314	2,506
	100,458	96,153

Others refer to countries such as Belgium, Germany, India, South Korea and Taiwan.

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 item 8 of this announcement.

15 Breakdown of sales

	Group		
	1 Jan 2010 to 31 Dec 2010	1 Jan 2009 to 31 Dec 2009	Increase / (decrease)
	S\$'000	S\$'000	%
(a) Sales reported for first half year	52,189	37,682	38.5 %
(b) Operating profit / (loss) after tax before deducting minority interests reported for the first half year	2,071	(5,859)	N.M.
(c) Sales reported for second half year	48,269	58,471	(17.4)%
(d) Operating (loss) / profit after tax before deducting minority interests reported for the second half year	(754)	1,593	N.M.

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

	1 Jan 2010 to 31 Dec 2010	1 Jan 2009 to 31 Dec 2009
	S\$'000	S\$'000
Ordinary	-	-
Preference	-	-
Total	-	-

BY ORDER OF THE BOARD

Goh Leng Tse
Chairman and Chief Executive Officer

22 February 2011