



**Radiance Group Limited**

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**RADIANCE GROUP LIMITED**

**FULL YEAR FINANCIAL STATEMENT ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010**

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

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

Consolidated Statement of Comprehensive Income for the year ended 31 December 2010. These figures have not been audited.

	Group		Increase/ (Decrease)
	FY2010 S\$'000	FY2009 S\$'000	%
Revenue	85,218	112,176	(24.0)
Cost of sales	(70,173)	(100,844)	(30.4)
Gross profit	15,045	11,332	32.8
Other income	763	432	76.6
Distribution costs	(119)	(175)	(32.0)
Administrative expenses	(7,159)	(8,221)	(12.9)
Other operating expenses	(75)	(645)	(88.4)
Finance income	139	39	256.4
Finance costs	(93)	(256)	(63.7)
<b>Profit before income tax<sup>(i)</sup></b>	<b>8,501</b>	<b>2,506</b>	<b>239.2</b>
Income tax	(2,722)	(1,422)	91.4
<b>Profit after income tax</b>	<b>5,779</b>	<b>1,084</b>	<b>433.1</b>
Exchange differences on translation of net assets of foreign subsidiaries	(3,642)	(905)	302.4
<b>Total comprehensive income for the year</b>	<b>2,137</b>	<b>179</b>	<b>N.M.</b>

N.M.: Not Meaningful

**Note:**

- (i) Profit before income tax was determined after (charging)/crediting the following:

	<b>Group</b>		
	<b>FY2010</b>	<b>FY2009</b>	<b>Increase/ (Decrease)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Other income including interest income	902	471	91.5
Gain on de-registration of subsidiary	-	2	N.M.
Interest on borrowings	(93)	(256)	(63.7)
Depreciation of plant and equipment	(1,238)	(1,740)	(28.9)
Loss on disposal of plant and equipment	(70)	(443)	(84.2)
Impairment of plant and equipment	-	(94)	N.M.
Operating lease	(1,390)	(1,853)	(25.0)
Write-back of/(Provision for) obsolescence of inventories	800	(178)	N.M.
Write-back of overprovision of staff related costs	1,502	-	N.M.
Gain/(Loss) on foreign exchange	74	(183)	N.M.

**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.**

	Group		Company	
	31 Dec 2010 S\$'000	31 Dec 2009 S\$'000	31 Dec 2010 S\$'000	31 Dec 2009 S\$'000
<b>ASSETS</b>				
<b>Non-current Assets</b>				
Plant and equipment	3,337	4,636	177	307
Investment in subsidiaries	-	-	24,649	24,649
Club membership	82	82	82	82
	<u>3,419</u>	<u>4,718</u>	<u>24,908</u>	<u>25,038</u>
<b>Current Assets</b>				
Due from subsidiaries	-	-	1,409	5,436
Inventories	11,369	7,110	-	-
Trade receivables	23,007	18,828	-	-
Other current assets	761	1,178	120	154
Cash and cash equivalents	29,115	29,188	68	235
	<u>64,252</u>	<u>56,304</u>	<u>1,597</u>	<u>5,825</u>
<b>Total assets</b>	<u>67,671</u>	<u>61,022</u>	<u>26,505</u>	<u>30,863</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Share Capital and Reserves</b>				
Share capital	28,553	28,553	28,553	28,553
Reserves	9,716	7,579	(3,241)	(2,360)
<b>Total equity</b>	<u>38,269</u>	<u>36,132</u>	<u>25,312</u>	<u>26,193</u>
<b>Non-current Liabilities</b>				
Obligations under hire purchase	-	98	-	98
	<u>-</u>	<u>98</u>	<u>-</u>	<u>98</u>
<b>Current Liabilities</b>				
Trade payables	19,317	13,284	-	-
Other payables	5,128	7,189	1,132	704
Borrowings	3,917	3,745	-	3,700
Obligations under hire purchase	53	102	53	102
Provision for income tax	987	472	8	66
	<u>29,402</u>	<u>24,792</u>	<u>1,193</u>	<u>4,572</u>
<b>Total liabilities</b>	<u>29,402</u>	<u>24,890</u>	<u>1,193</u>	<u>4,670</u>
<b>Total equity and liabilities</b>	<u>67,671</u>	<u>61,022</u>	<u>26,505</u>	<u>30,863</u>

**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
S\$'000	S\$'000	S\$'000	S\$'000
3,858	112	3,700	147

**Amount repayable after one year**

As at 31 Dec 2010		As at 31 Dec 2009	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	98

**Details of any collateral**

The secured loan of S\$3.9 million is secured over a subsidiary's bank deposit of US\$3.0 million.

**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.**

	Group	
	FY2010	FY2009
	S\$'000	S\$'000
<b>Cash Flows from Operating Activities</b>		
Profit before income tax	8,501	2,506
Adjustments for:		
Depreciation of plant and equipment	1,238	1,740
Loss on disposal of plant and equipment	70	443
Impairment of plant and equipment	-	94
Gain on de-registration of subsidiary	-	(2)
Interest expense	93	256
Interest income	(139)	(39)
(Write-back of)/Provision for obsolescence of inventories	(800)	178
	<b>8,963</b>	<b>5,176</b>
Operating cash flow before working capital changes		
Changes in working capital:		
Inventories	(6,430)	4,703
Trade receivables	(4,377)	9,665
Other current assets	417	1,895
Trade and other payables	6,330	(7,382)
	<b>4,903</b>	<b>14,057</b>
<b>Cash generated from operating activities</b>		
Interest paid	(93)	(256)
Income tax paid	(2,235)	(1,446)
Prior year tax rebate received	31	68
<b>Net cash generated from operating activities</b>	<b>2,606</b>	<b>12,423</b>
<b>Cash Flows from Investing Activities</b>		
Interest received	139	39
Purchase of plant and equipment	(495)	(344)
Proceeds from disposal of plant and equipment	174	3
<b>Net cash used in investing activities</b>	<b>(182)</b>	<b>(302)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from borrowings	3,917	45
Repayment of borrowings	(3,745)	(3,165)
Repayment to hire purchase creditors	(147)	(98)
Decrease in restricted cash	497	106
<b>Net cash generated from/(used in) financing activities</b>	<b>522</b>	<b>(3,112)</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,946</b>	<b>9,009</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>24,833</b>	<b>16,525</b>
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(2,522)	(701)
<b>Cash and cash equivalents at the end of the year<sup>(i)</sup></b>	<b>25,257</b>	<b>24,833</b>

**Note:**

- (i) For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	<b>FY2010</b>	<b>FY2009</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Cash and bank balances	20,109	23,380
Fixed deposits	9,006	5,808
	<hr/>	<hr/>
	29,115	29,188
Less: Restricted cash*	(3,858)	(4,355)
	<hr/>	<hr/>
<b>Cash and cash equivalents per the consolidated statement of cash flows</b>	<b>25,257</b>	<b>24,833</b>

\* Restricted cash relates to fixed deposits of a subsidiary pledged with the banks for loans granted to the Group.

- 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.

Group	Share capital S\$'000	Capital reserve S\$'000	Foreign currency translation reserve S\$'000	(Accumulated losses)/ Retained profits S\$'000	Total S\$'000
<b>Balance as at 1 Jan 2010</b>	<b>28,553</b>	<b>4,172</b>	<b>(2,752)</b>	<b>6,159</b>	<b>36,132</b>
Total comprehensive income for the year	-	-	(3,642)	5,779	2,137
Transfer to capital reserve in accordance with statutory requirements	-	449	-	(449)	-
<b>Balance as at 31 Dec 2010</b>	<b>28,553</b>	<b>4,621</b>	<b>(6,394)</b>	<b>11,489</b>	<b>38,269</b>
<b>Balance as at 1 Jan 2009</b>	<b>35,501</b>	<b>3,942</b>	<b>(1,847)</b>	<b>(1,643)</b>	<b>35,953</b>
Total comprehensive income for the year	-	-	(905)	1,084	179
Capital reduction <sup>(i)</sup>	(6,948)	-	-	6,948	-
Transfer to capital reserve in accordance with statutory requirements	-	230	-	(230)	-
<b>Balance as at 31 Dec 2009</b>	<b>28,553</b>	<b>4,172</b>	<b>(2,752)</b>	<b>6,159</b>	<b>36,132</b>

Company	Share capital S\$'000	Accumulated losses S\$'000	Total S\$'000
<b>Balance as at 1 Jan 2010</b>	<b>28,553</b>	<b>(2,360)</b>	<b>26,193</b>
Total comprehensive loss for the year	-	(881)	(881)
<b>Balance as at 31 Dec 2010</b>	<b>28,553</b>	<b>(3,241)</b>	<b>25,312</b>
<b>Balance as at 1 Jan 2009</b>	<b>35,501</b>	<b>(6,948)</b>	<b>28,553</b>
Total comprehensive loss for the year	-	(2,360)	(2,360)
Capital reduction <sup>(i)</sup>	(6,948)	6,948	-
<b>Balance as at 31 Dec 2009</b>	<b>28,553</b>	<b>(2,360)</b>	<b>26,193</b>

**Note:**

- (i) On 8 June 2009, the Company completed the reduction of issued and paid-up share capital of the Company pursuant to Sections 78A(1)(b) and 78C of the Companies Act, Chapter 50. The Company's issued and paid-up share capital after the capital reduction is S\$28,553,000 comprising 263,771,400 ordinary shares.

**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.**

**The changes in the share capital during the year were as follows:**

<b>FY2010</b>	<b>No. of shares</b>	<b>S\$'000</b>
<b>Balance as at 1 Jan 2010 and 31 Dec 2010</b>	<b>263,771,400</b>	<b>28,553</b>
<b>FY2009</b>	<b>No. of shares</b>	<b>S\$'000</b>
Balance as at 1 Jan 2009	263,771,400	35,501
Capital reduction	-	(6,948)
<b>Balance as at 31 Dec 2009</b>	<b>263,771,400</b>	<b>28,553</b>

**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.**

	<b>31 Dec 2010</b>	<b>31 Dec 2009</b>
Total number of issued shares	263,771,400	263,771,400

**(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.**

These 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 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 accounting policies and methods of computation have been applied consistently for the current financial year ended 31 December 2010 as those used in the audited financial statements for the year ended 31 December 2009, except for the adoption of the new or revised Financial Reporting Standards ("FRS") 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 or revised FRS does not have any financial impact on the Group's financial position or results.

**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 per ordinary share of the Group, after deducting any provision for preference dividends	Group	
	FY2010	FY2009
(a) Based on weighted average number of ordinary shares on issue; and	2.19 cents	0.41 cent
(b) On a fully diluted basis	2.19 cents	0.41 cent

**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	14.51 cents	13.70 cents	9.60 cents	9.93 cents

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.**

#### **Consolidated Statement of Comprehensive Income**

The Group's revenue decreased by 24.0% to S\$85.2 million in FY2010 compared to S\$112.2 million in FY2009. This was mainly attributable to a decline in the Satellite Communications segment coupled with the completion of the high volume set-top box production in the previous financial year. Nevertheless, the Group reported an 18.5% increase in revenue in the second half of FY2010 compared to first half of FY2010.

Gross profit increased from S\$11.3 million in FY2009 to S\$15.0 million in FY2010 and gross profit margin increased from 10.1% in FY2009 to 17.7% in FY2010, attributable to stringent cost management, including the write-back of overprovision of staff related costs, write-back of obsolescence of inventories and a higher margin product mix from the low volume/high mix category of the Electronics Manufacturing Services ("EMS") business.

Other income increased by 76.6% to S\$0.8 million in FY2010 due to a sum awarded to and subsequently collected by a subsidiary by the court in China on a pricing dispute over some materials purchased from a China based supplier. An outstanding amount payable to the same supplier was also written back to other income as a result of the court judgment. Distribution costs decreased as lesser commission was paid to marketing agents. Administrative expenses decreased mainly with the reduction in salary related expenses. Professional fees relating to the corporate restructuring exercise were also included in the administrative expenses. Other operating expenses decreased, attributable to a reduction in the loss on disposal of plant and equipment. Finance income increased due to a higher fixed deposit balances and finance costs decreased with the repayment of the earlier term loan and a lower interest rate secured on the additional loan.

Income tax increased significantly to S\$2.7 million in FY2010 compared to S\$1.4 million in FY2009 due to higher profitability of the Chinese subsidiaries, an increase in the applicable tax rate in China in FY2010 and the withholding taxes imposed in China on dividends declared.

Overall, the Group recorded net profit of S\$5.8 million for FY2010 compared to S\$1.1 million in FY2009.

#### **Consolidated Statement of Financial Position**

The Group's total equity was S\$38.3 million as at 31 December 2010 compared to S\$36.1 million as at 31 December 2009, an increase of S\$2.2 million.

Non-current assets decreased from S\$4.7 million as at 31 December 2009 to S\$3.4 million as at 31 December 2010, due to depreciation and disposal of plant and equipment.

Net current assets increased from S\$31.5 million as at 31 December 2009 to S\$34.9 million as at 31 December 2010. Inventories increased to S\$11.4 million, in readiness for orders on hand for the next reporting period. Trade receivables increased to S\$23.0 million, attributable to the increase in sales activities in the second half of FY2010. Trade payables increased to S\$19.3 million, in line with the increase in inventories and borrowings increased to S\$3.9 million as additional loan was secured for working capital requirements after a repayment of an earlier term loan in second half of FY2010. As at 31 December 2010, cash and cash equivalents amounted to S\$29.1 million.

**Consolidated Statement of Cash Flows**

The Group generated a positive operating cash flow of S\$2.6 million and reported a net increase in cash and cash equivalents of S\$2.9 million in FY2010 to S\$25.3 million per the consolidated statement of cash flows.

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

In the last results announcement made by the Company on 13 August 2010, the Group expected the EMS business and operations to remain a core business in this reporting period. Notwithstanding the on-going corporate restructuring exercise, the Group's EMS performance in FY2010 remained profitable.

**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.**

Subsequent to the mandatory unconditional cash offer ("Offer") by Global Invacom Limited ("GIL"), on 3 November 2010, the Company has entered into a Memorandum of Understanding with the shareholders of Global Invacom Holdings Limited ("GIHL") in relation to the proposed acquisition of the entire share capital of GIHL, which if undertaken and completed will result in a very substantial acquisition ("VSA") of GIHL as defined under Chapter 10 of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual. Further announcements on the above will be made as and when appropriate.

On 12 November 2010, the Company has also announced that following the close of the Offer, GIL transferred all the shares held by it to Vistra Corporate Services Limited, the trustee of The Pacific Trust ("The Pacific Trust") and consequently, GIL ceased to be a shareholder. Following discussions with the SGX-ST, it was deemed that GIL and The Pacific Trust are not wholly-independent of each other and accordingly, GIL is deemed to be an "associate" of a controlling shareholder under Chapter 9 of the Listing Manual and is also treated as an interested person for the purpose of Chapter 9 of the Listing Manual.

The Company has therefore convened an extraordinary general meeting ("EGM") on 25 January 2011 for the shareholders' ratification, confirmation and approval of the transactions entered into between the Group and GIL from 1 August 2010 and the date of the EGM and the proposed interested person transactions mandate for future interested person transactions. All resolutions relating to the above were duly passed.

The Group expects the current EMS business and operations to remain a core business and barring any unforeseen circumstances, the Group is cautiously optimistic that it will remain profitable in the next reporting period.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

None.

**(c) Date payable**

Not Applicable.

**(d) Books closure date**

Not Applicable.

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

No dividend has been declared or recommended for the year ended 31 December 2010.



<b>FY2009</b>	<b>SC S\$'000</b>	<b>CP S\$'000</b>	<b>OP S\$'000</b>	<b>M &amp; I S\$'000</b>	<b>Elimination S\$'000</b>	<b>Group S\$'000</b>
External revenue	67,184	337	44,655	-	-	112,176
Inter-segment revenue	281	-	11,108	2,875	(14,264)	-
<b>Total revenue</b>	<b>67,465</b>	<b>337</b>	<b>55,763</b>	<b>2,875</b>	<b>(14,264)</b>	<b>112,176</b>
Segment results	4,448	30	2,244	(3,929)	(70)	2,723
Finance income						39
Finance costs						(256)
Income tax						(1,422)
<b>Profit for the year</b>						<b>1,084</b>
Depreciation of plant and equipment						1,740
Addition to plant and equipment						344
<b>Assets and liabilities</b>						
<u>Unallocated assets</u>						
- Non-current assets						4,718
- Inventories						7,110
- Trade receivables						18,828
- Other current assets						1,178
- Cash and cash equivalents						29,188
<b>Total assets</b>						<b>61,022</b>
<u>Unallocated liabilities</u>						
- Trade and other payables						20,473
- Borrowings						3,945
- Provision for income tax						472
<b>Total liabilities</b>						<b>24,890</b>

### 13(b) Geographical Information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

<b>FY2010</b>	<b>Asean S\$'000</b>	<b>North America S\$'000</b>	<b>Europe S\$'000</b>	<b>Others (principally Hong Kong and China) S\$'000</b>	<b>Group S\$'000</b>
Total revenue from external customers	16	16,134	62,027	7,041	85,218
Non-current assets	289	-	-	3,130	3,419

<b>FY2009</b>	<b>Asean S\$'000</b>	<b>North America S\$'000</b>	<b>Europe S\$'000</b>	<b>Others (principally Hong Kong and China) S\$'000</b>	<b>Group S\$'000</b>
Total revenue from external customers	-	9,534	80,900	21,742	112,176
Non-current assets	425	-	-	4,293	4,718

**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 Note 8.

**15. A breakdown of sales.**

		<b>FY2010 S\$'000</b>	<b>FY2009 S\$'000</b>	<b>% increase/ (decrease)</b>
(a)	Sales reported for first half year	38,995	75,382	(48.3)
(b)	Operating profit after income tax before deducting minority interests reported for first half year	2,198	568	287.0
(c)	Sales reported for second half year	46,223	36,794	25.6
(d)	Operating profit after income tax before deducting minority interests reported for second half year	3,581	516	594.0

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

Not applicable.

**17. Interested Person Transactions ("IPTs")**

<b>Name of interested person</b>	<b>Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)</b>	<b>Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S\$100,000)</b>
Global Invacom Limited	22,230,034*	-

\* Relates to transactions entered into between the Group and GIL from 1 August 2010 to 31 December 2010 ("Pre-mandate Transactions") and the transactions were ratified, confirmed and approved by the shareholders at the EGM held on 25 January 2011.

BY ORDER OF THE BOARD  
Anthony Brian Taylor  
Chairman

28 February 2011