Radiance Group Limited
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RADIANCE GROUP LIMITED

HALF-YEAR FINANCIAL STATEMENT ANNOUNCEMENT FOR THE HALF-YEAR ENDED 30 JUNE 2011

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 half-year ended 30 June 2011. These figures have not been audited.

	Group		
	1H FY2011 S$'000	**1H FY2010 S$'000**	**Increase/ (Decrease) %**
Revenue	**57,300**	**38,995**	**46.9**
Cost of sales	(45,552)	(32,752)	39.1
Gross profit	11,748	6,243	88.2
Other income	370	640	(42.2)
Distribution costs	(486)	(116)	319.0
Administrative expenses	(4,829)	(3,271)	47.6
Other operating expenses	(52)	(167)	(68.9)
Finance income	56	59	(5.1)
Finance costs	(33)	(52)	(36.5)
Profit before income tax[i]	**6,774**	**3,336**	**103.1**
Income tax	(2,179)	(1,138)	91.5
Profit after income tax	**4,595**	**2,198**	**109.1**
Other comprehensive income			
- Exchange differences on translation of foreign subsidiaries	(1,930)	(163)	N.M.
Total comprehensive income for the period attributable to equity holders of the Company	**2,665**	**2,035**	**31.0**

N.M.: Not Meaningful

Note:

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

	Group		
	1H FY2011	**1H FY2010**	**Increase/ (Decrease)**
	S$'000	**S$'000**	**%**
Other income including interest income	139	699	(80.1)
Gain/(Loss) on foreign exchange	287	(46)	N.M.
Interest on borrowings	(33)	(52)	(36.5)
Depreciation of plant and equipment	(538)	(628)	(14.3)
Loss on disposal of plant and equipment	(52)	(121)	(57.0)
Operating lease	(629)	(751)	(16.2)
Allowance for inventory obsolescence	(225)	-	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	
	30 Jun 2011	**31 Dec 2010**	**30 Jun 2011**	**31 Dec 2010**
	S$'000	**S$'000**	**S$'000**	**S$'000**
ASSETS				
Non-current Assets				
Plant and equipment	2,578	3,337	5	177
Investment in subsidiaries	-	-	24,649	24,649
Club membership	82	82	82	82
	2,660	3,419	24,736	24,908
Current Assets				
Due from subsidiaries	-	-	6,416	1,409
Inventories	17,070	11,369	-	-
Trade receivables	25,309	23,007	-	-
Other current assets	1,529	761	152	120
Cash and cash equivalents	25,022	29,115	333	68
	68,930	64,252	6,901	1,597
Total assets	**71,590**	**67,671**	**31,637**	**26,505**
EQUITY AND LIABILITIES				
Share Capital and Reserves				
Share capital	28,553	28,553	28,553	28,553
Reserves	12,381	9,716	(1,212)	(3,241)
Total equity	**40,934**	**38,269**	**27,341**	**25,312**
Current Liabilities				
Trade payables	18,896	19,317	-	-
Other payables	5,334	5,128	1,864	1,132
Borrowings	4,111	3,917	2,212	-
Obligations under hire purchase	-	53	-	53
Provision for income tax	2,315	987	220	8
	30,656	29,402	4,296	1,193
Total liabilities	**30,656**	**29,402**	**4,296**	**1,193**
Total equity and liabilities	**71,590**	**67,671**	**31,637**	**26,505**

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

Amount repayable in one year or less, or on demand

As at 30 Jun 2011		As at 31 Dec 2010	
Secured	**Unsecured**	**Secured**	**Unsecured**
S$'000	**S$'000**	**S$'000**	**S$'000**
2,212	1,899	3,858	112

Amount repayable after one year

As at 30 Jun 2011		As at 31 Dec 2010	
Secured	**Unsecured**	**Secured**	**Unsecured**
S$'000	**S$'000**	**S$'000**	**S$'000**
-	-	-	-

Details of any collateral

The secured loan of S$2.2 million is secured over a subsidiary's bank deposit of US$2.0 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	
	1H FY2011	1H FY2010
	S$'000	S$'000
Cash Flows from Operating Activities		
Profit before income tax	6,774	3,336
Adjustments for:		
Depreciation of plant and equipment	538	628
Loss on disposal of plant and equipment	52	121
Allowance for inventory obsolescence	225	-
Interest expense	33	52
Interest income	(56)	(59)
Operating cash flow before working capital changes	**7,566**	**4,078**
Changes in working capital:		
Inventories	(9,172)	(3,995)
Trade receivables	(1,986)	(1,680)
Other current assets	(768)	328
Trade and other payables	1,978	2,656
Cash (used in)/generated from operating activities	**(2,382)**	**1,387**
Interest paid	(33)	(52)
Income tax paid	(841)	(955)
Prior year tax rebate received	-	31
Net cash (used in)/generated from operating activities	**(3,256)**	**411**
Cash Flows from Investing Activities		
Interest received	56	59
Purchase of plant and equipment	(93)	(372)
Proceeds from disposal of plant and equipment	134	121
Net cash generated from/(used in) investing activities	**97**	**(192)**
Cash Flows from Financing Activities		
Proceeds from borrowings	4,111	52
Repayment of borrowings	(3,752)	(899)
Repayment to hire purchase creditors	(53)	(120)
(Increase)/Decrease in restricted cash	(5,132)	842
Net cash used in financing activities	**(4,826)**	**(125)**
Net (decrease)/increase in cash and cash equivalents	(7,985)	94
Cash and cash equivalents at the beginning of the period	20,667	24,833
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(1,240)	180
Cash and cash equivalents at the end of the period[i]	**11,442**	**25,107**

Note:

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

	1H FY2011 S$'000	**1H FY2010 S$'000**
Cash and bank balances	15,927	14,061
Fixed deposits	9,095	14,559
	25,022	28,620
Less: Restricted cash*	(13,580)	(3,513)
Cash and cash equivalents per the consolidated statement of cash flows	**11,442**	**25,107**

* Restricted cash in 1H FY2011 included the following:

a) Fixed deposits amounted to US$7.0 million, equivalent to approximately S$9.1 million, pledged with the banks for facilities and loans granted to the Group. As at 30 June 2011, the Group had utilised US$1.8 million, equivalent to approximately S$2.2 million, of the facilities and loans granted;

b) Bank balances amounted to approximately RMB23.6 million, equivalent to approximately S$4.5 million, as a result of the asset preservation order (the "Preservation Order") made against the Company's indirect wholly-owned subsidiary, Radiance Energy Technology Co., Ltd ("RET"), by the Beijing Chaoyang District People's Court (the "Beijing District Court").

   In May 2010, RET received a Statement of Claim from Thumb Mining Investments Co., Ltd ("Thumb Mining"), a company incorporated in Beijing, People's Republic of China, filed with the Beijing No. 2 Intermediate People's Court (the "Beijing Intermediate Court"), claiming RMB28.0 million in compensation for economic loss suffered as a result of an alleged breach of a lease agreement and for affecting the normal operations of Thumb Mining. The Beijing Intermediate Court dismissed the claimed filed by Thumb Mining in August 2010.

   In September 2010, RET was served with the same Statement of Claim by DaDing Century Properties Holdings Limited ("DaDing Century"), the new name of Thumb Mining, with the Beijing District Court. Consequently, the Preservation Order was granted by the Beijing District Court against RET freezing RET's bank account with balances of approximately RMB23.0 million, approximately S$4.6 million.

   As at 30 June 2011, the Statement of Claim and the Preservation Order remained and the Company is of the view that the claim is without merit and continues to vigorously defend the claim.

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$'000	Retained profits S$'000	Total S$'000
Balance as at 1 Jan 2011	**28,553**	**4,621**	**(6,394)**	**11,489**	**38,269**
Total comprehensive income for the period	-	-	(1,930)	4,595	2,665
Transfer to capital reserve in accordance with statutory requirements	-	472	-	(472)	-
Balance as at 30 Jun 2011	**28,553**	**5,093**	**(8,324)**	**15,612**	**40,934**

Group	Share capital S$'000	Capital reserve S$'000	Foreign currency translation reserve S$'000	Retained profits S$'000	Total S$'000
Balance as at 1 Jan 2010	**28,553**	**4,172**	**(2,752)**	**6,159**	**36,132**
Total comprehensive income for the period	-	-	(163)	2,198	2,035
Balance as at 30 Jun 2010	**28,553**	**4,172**	**(2,915)**	**8,357**	**38,167**

Company	Share capital S$'000	Accumulated losses S$'000	Total S$'000
Balance as at 1 Jan 2011	**28,553**	**(3,241)**	**25,312**
Total comprehensive income for the period	-	2,029	2,029
Balance as at 30 Jun 2011	**28,553**	**(1,212)**	**27,341**
Balance as at 1 Jan 2010	**28,553**	**(2,360)**	**26,193**
Total comprehensive loss for the period	-	(415)	(415)
Balance as at 30 Jun 2010	**28,553**	**(2,775)**	**25,778**

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 period were as follows:

1H FY2011	**No. of shares**	**S$'000**
Balance as at 1 Jan 2011 and 30 Jun 2011	263,771,400	28,553

1H FY2010	**No. of shares**	**S$'000**
Balance as at 1 Jan 2010 and 30 Jun 2010	263,771,400	28,553

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.

	30 Jun 2011	**31 Dec 2010**
Total number of issued shares	263,771,400	263,771,400

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.

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 period ended 30 June 2011 as those used in the audited financial statements for the year ended 31 December 2010, except for the adoption of the new or revised Financial Reporting Standards ("FRS") applicable for the financial period beginning 1 January 2011.

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**	
	1H FY2011	**1H FY2010**
(a) Based on weighted average number of ordinary shares on issue; and	1.74 cents	0.83 cent
(b) On a fully diluted basis	1.74 cents	0.83 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**	
	30 Jun 2011	**31 Dec 2010**	**30 Jun 2011**	**31 Dec 2010**
Net asset value per ordinary share based on issued share capital	15.52 cents	14.51 cents	10.37 cents	9.60 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

Revenue

The Group's revenue increased by 46.9% to S$57.3 million in 1H FY2011 compared to S$39.0 million in 1H FY2010.

The Group's single largest customer, Global Invacom Limited ("GIL") (Satcom segment), contributed S$25.6 million in revenue for 1H FY2011, an increase of S$6.2 million or 32.0% compared to a year ago. The core business orders from this customer have contributed more than half of the Group's total revenue between FY2008 and FY2010, providing volume and earnings stability for the Group.

After GIL acquired a controlling interest in the Company, the Group and GIL worked even closer to secure more orders. The Group benefited, and should continue to benefit, from the range of new products being launched and marketed by GIL from 1H FY2011 onwards for the Satcom segment.

GIL's business volume, with product life-cycles of between two and seven years, has in turn allowed the Group to seek out new customers, albeit with shorter life-cycles. In line with this strategy, the Group recently secured an order with a short lead-time under the Other Products segment. This contributed to an increase of S$10.3 million, or 170.3% in revenue from a significant customer.

Revenue increased across all operating segments. The Satcom segment recorded a 27.7% increase in revenue to S$26.1 million in 1H FY2011 from S$20.4 million in 1H FY2010; revenue for the Computer Peripherals segment increased 66.5% to S$0.3 million from S$0.2 million, while revenue for the Other Products segment increased 68.1% to S$30.9 million from S$18.4 million, over the comparative periods.

Revenue from all the top three customers, who collectively contributed 86.2% of the Group's revenue, increased in 1H FY2011 compared to a year ago.

Profit

Since the global financial crisis, the Group has had to contend with pressures from rising raw material costs, higher wages and a strengthening Renminbi relative to a weakening US Dollar, the currency in which most sales are denominated. These factors have exerted pressure on margins from FY2010.

Despite these pressures, gross profit increased to S$11.7 million in 1H FY2011 from S$6.2 million a year earlier while gross profit margin increased to 20.5% from 16.0% respectively.

The 4.5% margin improvement in 1H FY2011 over 1H FY2010 was driven by procurement efficiencies and a favourable product mix. In 1H FY2011 there was a significant increase in business in the Other Products segment, within which the product mix shifted towards a new higher margin product.

The Group also benefited from a one-off value-added tax rebate amounting to S$0.7 million received by a subsidiary in China, which contributed to the margin improvement.

Distribution costs increased on higher commissions paid to marketing agents. Administrative expenses increased mainly due to professional fees related to an ongoing corporate exercise. Other operating expenses arose mainly from the loss on disposal of plant and equipment. Finance income decreased due to a lower average fixed deposit balances and finance costs declined due to lower interest rates.

Profit before tax increased to S$6.8 million in 1H FY2011 from S$3.3 million a year earlier while profit margin rose to 11.8% from 8.6% respectively.

Income tax increased to S$2.2 million in 1H FY2011 from S$1.1 million in 1H FY2010 due to higher profitability of the Chinese subsidiaries, a higher applicable tax rate in China in FY2011 and withholding taxes imposed in China on dividends declared.

Overall, the Group's net profit rose to S$4.6 million in 1H FY2011 from S$2.2 million a year ago, while net profit margin increased to 8.0% from 5.6% respectively.

Consolidated Statement of Financial Position

The Group's total equity was S$40.9 million as at 30 June 2011 compared to S$38.3 million as at 31 December 2010, an increase of S$2.6 million.

Non-current assets decreased to S$2.7 million as at 30 June 2011 from S$3.4 million as at 31 December 2010, mainly due to depreciation of plant and equipment.

Net current assets increased to S$38.3 million as at 30 June 2011 from S$34.9 million as at 31 December 2010. Inventories increased to S$17.1 million from S$11.4 million respectively. Trade receivables increased to S$25.3 million from S$23.0 million respectively, due to the increased sales. Trade payables decreased slightly to S$18.9 million from S$19.3 million respectively, with continuing payments made to suppliers. Cash and cash equivalents decreased to S$25.0 million from S$29.1 million respectively, in line with the increase in inventories, while borrowings stood at S$4.1 million as at 30 June 2011 compared to S$4.0 million as at 31 December 2010.

Consolidated Statement of Cash Flows

The Group generated S$7.6 million of operating free cash flow in 1H FY2011, prior to working capital changes, an 85.5% increase from S$4.1 million generated in 1H FY2010. Operating free cash flow margin increased by 2.7% to 13.2% from 10.5% respectively.

The increase in operating free cash flow was driven by revenue growth and improved margins compared to 1H FY2010.

At the end of 1H FY2011, inventory had increased to S$17.1m, to support expected 2H FY2011 sales and launch of new product platforms. This increase in inventory is the major reason net Group operating cash flow was negative S$2.4 million.

In 1H FY2011, an additional S$5.1 million in fixed deposits was pledged with banks for facilities and loans granted to the Group. This pledge, together with the existing Preservation Order of approximately S$4.5 million, reduced cash and cash equivalents per the consolidated statement of cash flows to S$11.4 million as at 30 June 2011 compared to S$25.1 million as at 30 June 2010.

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 28 February 2011, the Group expected the current Electronics Manufacturing Services ("EMS") business and operations to remain a core business and profitable in this reporting period. The Group had achieved profitability in 1H FY2011.

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.

While the performance in 1H FY2011 has been encouraging, the Group remains mindful of the challenges facing the EMS sector operating out of China.

The Group continues to face pressures from rising raw material costs, higher wages and a strengthening Renminbi relative to a weakening US Dollar, the currency in which most sales are denominated.

These pressures are coming against a backdrop of continued weakness in the United States and European economies, from where most of the Group's customers originate.

The Group continues to rely on a single major customer who has contributed more than half the Group's total revenue for at least the past three years, and who has provided technical expertise to augment the capabilities at the Group's facilities in China.

In view of the order pipeline and customers' forecasts for the rest of the year, the Group expects its full year revenue and operating profit for FY2011 to exceed that of FY2010. However, the significant 1H FY2011 year-on-year growth in Other Products volume, driven primarily by a new contract, is expected to abate in 2H FY2011.

Further to the announcement on 30 November 2010 regarding the proposed acquisition of the entire issued and paid-up share capital of Global Invacom Holdings Limited ("GIHL"), the Board announced on 30 June 2011 that the Company has entered into a conditional sale and purchase agreement dated 30 June 2011 with the shareholders of GIHL in relation to the proposed acquisition. If undertaken and completed, this will result in the reverse take-over of the Company as defined under Chapter 10 of the Singapore Exchange Securities Trading Limited's Listing Manual.

The Board will continue to make further announcements regarding the proposed acquisition as and when appropriate on a timely basis.

GIHL and its subsidiaries (the "GIHL Group") are among the largest suppliers of satellite and television peripherals in the world. The GIHL Group designs and markets satellite and television peripheral equipment to the satellite broadcast industries. The GIHL Group offers low noise blocks ("LNB"), very small aperture terminal LNBs, transmitters, transceivers, ortho mode transducers, and satellite signal distribution equipment, such as standalone switches, single cable-router and smart splitters, multi-switches, satellite master antenna televisions, amplifiers, splitters/combiners and accessories. In addition, the GIHL Group offers design consultancy services for mass production of microwave components, antennas and systems. GIHL's operating subsidiary, GIL, a wholly-owned subsidiary of GIHL, was formerly known as Global Communications (U.K.) Ltd and changed its name on 2 April 2008. GIL was incorporated in 1988 and is based in Althorne, Essex, in the United Kingdom.

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 six months ended 30 June 2011.

13. Interested Person Transactions ("IPTs")

Name of interested person	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)	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)
Global Invacom Limited	373,908[(i)]	14,065,767[(ii)]

Notes:

(i) Relates to transactions entered into between the Group and GIL from 1 January 2011 to 25 January 2011 ("Pre-mandate Transactions") and the transactions were ratified, confirmed and approved by the shareholders at the Extraordinary General Meeting ("EGM") held on 25 January 2011.

(ii) Relates to transactions entered into between the Group and GIL from 26 January 2011 to 30 June 2011 under the IPT Mandate approved by the shareholders at the EGM held on 25 January 2011.

CONFIRMATION BY THE BOARD OF DIRECTORS (THE "BOARD") PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

We do hereby confirm, for and on behalf of the Board of Radiance Group Limited (the "Company"), that to the best of our knowledge, nothing has come to the attention of the Board of the Company which may render the financial results for the six months ended 30 June 2011 to be false or misleading in any material aspect.

On behalf of the Board

Anthony Brian Taylor **Director**	**Cosimo Borrelli** **Director**

BY ORDER OF THE BOARD
Anthony Brian Taylor
Executive Chairman

11 August 2011