



RADIANCE ELECTRONICS LIMITED

(Company Registration Number: 200202428H)

Full Year Financial Statement And Dividend Announcement

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

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

Full Year Financial Statement ended 30 June 2005

(i) The directors of Radiance Electronics Limited are pleased to announce the financial statement on consolidated results for the year ended 30 June 2005 ("FY05"). These figures have not been audited.

Income Statement	Group S\$'000		Increase/ (Decrease)
	FY05	FY04	Change %
Revenue	154,454	90,738	70.2
Cost of sales	(135,493)	(75,455)	-79.6
Gross profit	18,961	15,283	24.1
Other operating income	258	583	-55.7
Distribution costs	(124)	(49)	-153.1
Administrative expenses	(7,877)	(5,036)	-56.4
Other operating expenses	(1,259)	(5,142)	75.5
Operating profit	9,959	5,639	76.6
Finance income	50	31	61.3
Finance costs	(149)	(140)	-6.4
Profit before income tax	9,860	5,530	78.3
Income tax	(2,032)	(1,045)	-94.4
Profit attributable to members of the Company	7,828	4,485	74.5

1(a)(ii) Notes to income statement:

Item No	Description	Group S\$'000		Increase/ (Decrease)
		FY05	FY04	Change %
(A)	Other income including interest income	308	458	-32.8
(B)	Interest on borrowings	(149)	(140)	-6.4
(C)	Depreciation and amortisation	(3,506)	(2,358)	-48.7
(D)	Allowance for doubtful debts	(269)	(4,890)	94.5
(E)	Provision for stock obsolescence	(1,383)	(250)	-453.2
(F)	Impairment in value of investments	(700)	-	-
(G)	Foreign exchange loss	(70)	(224)	68.8
(H)	Loss on disposal of plant and equipment	(213)	(16)	-1231.3
(I)	Adjustments to income tax for rebate received in respect of prior year	358	581	-38.4

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.

Balance Sheet as at	Group S\$'000		Company S\$'000	
	30/06/05	30/06/04	30/06/05	30/06/04
Non-Current Assets				
Plant and equipment	16,568	16,672	-	-
Goodwill (negative)	-	(626)	-	-
Subsidiary companies	-	-	23,495	23,186
Investment	474	1,092	82	-
	17,042	17,138	23,577	23,186
Current Assets				
Due from subsidiary companies	-	-	3,599	2,325
Inventories	14,619	13,358	-	-
Trade receivables	19,585	21,202	-	-
Other receivables	2,406	2,838	24	16
Cash and cash equivalents	18,440	18,683	3,924	1,038
	55,050	56,081	7,547	3,379
Current Liabilities				
Trade payables	17,791	33,096	-	-
Other payables	7,447	4,491	1,544	687
Due to related company – trade	-	91	-	-
Obligations under hire purchase	48	48	-	-
Term loans	5,052	2,602	-	-
Provision for income tax	31	1,256	22	18
	30,369	41,584	1,566	705
Net Current Assets	24,681	14,497	5,981	2,674

Non-Current Liabilities				
Obligations under hire purchase	79	127	-	-
	41,644	31,508	29,558	25,860
Financed by:				
Share capital	28,961	23,828	28,961	23,828
Reserves	12,683	7,680	597	2,032
	41,644	31,508	29,558	25,860

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

Amount repayable in one year or less, or on demand

As at 30/06/05		As at 30/06/04	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
48	5,052	48	2,602

Amount repayable after one year

As at 30/06/05		As at 30/06/04	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
79	-	127	-

Details of any collateral

The secured borrowings relate to obligations under hire purchase and are collateralised by the assets bought under hire purchase.

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

Consolidated Statement of Cash Flows	FY05 S\$'000	FY04 S\$'000
Cash Flows from Operating Activities		
Profit before income tax	9,860	5,530
Adjustments for:		
Depreciation of plant and equipment	3,506	2,514
Loss on disposal of plant and equipment	213	-
Plant and equipment written off	-	16
Amortisation of goodwill	-	(156)
Impairment in value of investments	700	-
Interest expense	149	140
Interest income	(50)	(31)
Operating profit before working capital changes	14,378	8,013
Changes in working capital:		
Inventories	(1,249)	(9,267)
Receivables	2,182	(12,883)
Creditors	(12,349)	23,160
Related parties	(91)	77
Cash generated from operating activities	2,871	9,100
Income tax paid	(3,587)	(959)
Prior year tax rebate received	358	581
Interest paid	(149)	(140)
Net cash generated used in operating activities	(507)	(8,582)
Cash Flows from Investing Activities		
Interest received	50	31
Purchase of golf club membership	(82)	-
Purchase of plant and equipment	(4,145)	(5,188)
Proceeds from disposal of plant and equipment	222	-
Acquisition of long term other investments	-	(1,092)
Net cash used in investing activities	(3,955)	(6,249)
Cash Flows from Financing Activities		
Repayment of borrowings	(2,602)	(216)
Dividend paid	(1,961)	(2,478)
Repayment of hire purchase creditors	(48)	(47)
Funds from borrowings	5,052	-
Proceeds from issue of share, net of share issue expenses	4,219	-
Net cash generated from/(used in) financing activities	4,660	(2,741)
Effect of foreign exchange rate changes on consolidation	(441)	(272)
Net (decrease)/increase in cash and cash equivalents	(243)	(680)
Cash and cash equivalents at the beginning of the period	18,683	19,363
Cash and cash equivalents at the end of the period (Note A)	18,440	18,683

Notes to Consolidated Cash Statement

Note A: Cash and Cash Equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balance sheet amounts:

	As at 30.06.05	As at 30.06.04
	<u>S\$'000</u>	<u>S\$'000</u>
Cash and bank balances	14,624	17,998
Fixed deposits	3,816	685
	<u>18,440</u>	<u>18,683</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or 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	Share Premium S\$'000	Other Capital Reserve S\$'000	Foreign Currency Translation Reserve S\$'000	Retained Profit S\$'000	Total S\$'000
Balance as at 1 July 2003	23,828	1,065	333	33	4,573	29,832
Write back of over-provision of share issue expenses	-	236	-	-	-	236
Transfer to other capital reserves in accordance with statutory requirements	-	-	394	-	(394)	-
Loss not recognised in the profit and loss account – translation loss				(567)		(567)
Dividend declared and paid					(2,478)	(2,478)
Net profit for the year					4,485	4,485
Balance as at 30 June 2004	23,828	1,301	727	(534)	6,186	31,508
Balance as at 1 July 2004	23,828	1,301	727	(534)	6,186	31,508
Negative goodwill write back	-	-	-	-	626	626
Adjusted Balance as at 1 July 2004	23,828	1,301	727	(534)	6,812	32,134
Issue of new ordinary shares	2,500					2,500
Premium arising on issue of new ordinary shares		1,900				1,900
Share issue expenses		(181)				(181)
Bonus issue of new ordinary shares	2,633	(2,633)				-
Transfer to other capital reserve in accordance with statutory requirement	-	-	606	-	(606)	-
Loss not recognised in the profit and loss accounts - Translation loss				(576)	-	(576)
Dividend declared and paid					(1,961)	(1,961)
Net profit for the period	-	-	-	-	7,828	7,828
Balance as at 30 June 2005	28,961	387	1,333	(1,110)	12,073	41,644

COMPANY	Share Capital S\$'000	Share Premium S\$'000	Retained Profit S\$'000	Total S\$'000
Balance as at 1 July 2003	23,828	1,065	1,119	26,012
Write-back of over provision of share issue expenses	-	236	-	236
Dividend declared & paid	-	-	(2,478)	(2,478)
Net profit for the year	-	-	2,090	2,090
Balance as at 30 June 2004	23,828	1,301	731	25,860
Balance as at 1 July 2004	23,828	1,301	731	25,860
Issue of new ordinary shares	2,500			2,500
Premium arising on issue of new ordinary shares		1,900		1,900
Share issue expenses		(181)		(181)
Bonus issue of new ordinary shares	2,633	(2,633)		-
Dividend declared & paid	-	-	(1,961)	(1,961)
Net profit for the period	-	-	1,440	1,440
Balance as at 30 June 2005	28,961	387	210	29,558

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 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.

FY05	No. of shares '000	S\$'000
Share Capital: Ordinary shares of S\$0.125 each issued and fully paid	190,624	23,828
Issue of new ordinary shares by way of placement	20,000	2,500
Issue of new ordinary shares by way of bonus issue	21,062	2,633
Balance as at 30 June 2005	231,686	28,961

FY04	No. of shares '000	S\$'000
Share Capital: Ordinary shares of S\$0.125 each issued and fully paid	190,624	23,828
Balance as at 30 June 2004	190,624	23,828

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 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 has applied the same accounting policies and methods of computations as in the company's audited financial statement for the year ended 30 June 2005 except as disclosed in Item 5 below.

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.

In conformance with the adoption of new financial standard, FRS103, which stipulates that negative goodwill shall be derecognised. The Group has performed accordingly with a corresponding adjustment to the opening balance of retained earnings from the stipulated effective date, 1 July 2004. Should negative goodwill be amortised as practised previously, the Group's profit after tax as at 30 June 2005 would have been \$7.984 million instead.

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 share based on profit attributable to Shareholders after deducting any provision for preference dividends	FY05	FY04
Based on existing issued share capital	3.79 cents	2.35 cents
Based on fully diluted basis	3.79 cents	2.35 cents

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 based on issued share capital	As at 30/06/05	As at 30/06/04
For the Company	12.8 cents	13.6 cents
For the Group	18.0 cents	16.5 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 cashflow, working capital, assets or liabilities of the group during the current period reported on.**

The Group has achieved strong growth and delivered the best set of result in financial year ended 30 June 2005 ("FY05") through the collective efforts of its employees.

Group revenue has increased from \$90.7 million to \$154.5 million, representing a 70.2% increase. This growth was broad-based and covered all three business segments. Revenue from the Satellite Communications ("SC") segment jumped 38.6% to \$92.4 million while revenue contributions from the Computer Peripherals ("CP") segment enjoyed a stronger 164.8% jump to \$46.3 million. Our Other Products ("OP") segment also enjoyed a 138.8% increase in revenue to \$15.8 million.

While gross profit saw an increase of 24.1% to \$19.0 million, it was less than the above revenue growth. This was mainly due to additional outsourcing expenses incurred during a period of exceptionally high activities in the course of the financial year. Higher VAT cost arising from uncertainties in the rebate policy and changes to the product mix also contributed to the decline. This resulted in a lower gross profit margin of 12.3% compared to 16.8% of the previous year.

Administrative expenses increased by \$2.8 million, or 56.4%. This was mainly due to the additional expenses incurred in the first full year of operation by our subsidiary in Shenzhen and higher employee remuneration. Other operating expenses decreased substantially due to a reduced provision for doubtful debt of \$0.27 million in FY05 compared to \$4.9 million in the previous financial year ("FY04"). Included in FY05 was an impairment in value of a prior year investment amounting to \$0.7 million.

Profit attributable to shareholders rose to a record \$7.8 million, which is an improvement of 74.5% compared to the previous financial year.

The Group's operating cash flow before changes in working capital improved to \$14.4 million from \$8.0 million. This enabled the Group to utilise \$12.3 million to reduce trade and other payables. The resulting cash balance of \$18.4 million remained largely unchanged from FY04.

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

In our 1H-FY05 results announcement, the management stated that the Group is expected to achieve record earnings for FY05. We are pleased to update that the actual results achieved in FY05 is consistent with the Group's previous announcement.

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.

In response to our customers' repeated enquiries and anticipated demand, the Group has established a new production facility ("Radiance Technology") in Shanghai's Waigaoqiao Free Trade Zone as announced on 1 August 2005.

The Group has confidence that our existing customers will continue to win market share with their products and overcome any temporary difficulties in the competitive business environment. We are also expecting higher orders in the October to December 05 quarter ("2Q-FY06") from most of our customers in preparation for the coming yearend Christmas sales.

The Group has secured a new customer in the Satellite Communications sector in which we have been in negotiation for the last few months. This customer has started qualification process since July 2005 in Radiance Technology. We expect demand from this customer to pick up in 2Q-FY06 arising from seasonal demand, once the product qualification by their end customer is approved.

The Group is also in advance stage of negotiation with another new customer in the Satellite Communications (Radio Segment) sector to build a new range of satellite accessories. Barring unforeseen circumstances, we expect the qualification process to start in September 2005 and going into volume production immediately after.

The Group's diversification strategy has paid off as we continue to secure new customers in the non-satellite sector. Both Shanghai and Shenzhen facilities will commence product qualification for some of these customers in 2Q-FY06.

In view of the many qualification processes that we are currently conducting for our new customers as well as the repeat orders from our existing customers, the management is of the opinion that utilization of our contract manufacturing facilities will remain busy in 1H-FY06. The second half of FY2006 will see more production activities as new orders from newly acquired customers for volume production kicks in after the qualification process. The impact of the contribution will be dependent on the timing, success of qualifying process, rate of production ramp and order size from these new customers.

Barring unforeseen circumstances, we are optimistic that FY2006 will be another profitable year with earnings from a wider customer base.

11. Dividend

(a) *Current Financial Period Reported On*

Any dividend declared for the current financial period reported on? Yes

Name of dividend	Interim (Paid)	Final (Proposed)
Dividend type	Cash	Cash
Dividend amount per share	0.75 cents	0.10 cents
Par value of shares	S\$0.125	S\$0.125
Dividend rate (in % of par value)	6%	0.8 %
Tax rate	Nil	Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes

(c) Date payable

To be advised

(d) Books closure date

To be advised

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

Not applicable.

**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**

a) Primary Reporting Format - Business Segments

The business of the Group is organised into the following products segments:

- satellite communications (“SC”)
- computer peripherals (“CP”)
- other products (“OP”)
- M & I – represents management activities and investment

FY05	<u>SC</u> S\$’000	<u>CP</u> S\$’000	<u>OP</u> S\$’000	<u>M & I</u> S\$’000	<u>Elimination</u> S\$’000	<u>Consolidated</u> S\$’000
External revenue	92,439	46,265	15,750	-	-	154,454
Inter-segment revenue	9,225	-	-	8,951	(18,176)	-
Total revenue	<u>101,664</u>	<u>46,265</u>	<u>15,750</u>	<u>8,951</u>	<u>(18,176)</u>	<u>154,454</u>
Segment results	<u>8,735</u>	<u>3,945</u>	<u>1,178</u>	<u>5,045</u>	<u>(8,944)</u>	<u>9,959</u>
Finance cost						(149)
Finance income						50
Taxation						(2,032)
Net profit for the period						<u>7,828</u>
Other information						
Depreciation	2,234	996	241	42	(7)	3,506
Capital expenditure – unallocated						4,145
Other significant non-cash expense	-	-	-	-	-	-
Assets and liabilities						
Unallocated assets						72,092
Total assets						<u>72,092</u>
Unallocated liabilities						30,448
Total liabilities						<u>30,448</u>

FY04	<u>SC</u> S\$'000	<u>CP</u> S\$'000	<u>OP</u> S\$'000	<u>M & I</u> S\$'000	<u>Elimination</u> S\$'000	<u>Consolidated</u> S\$'000
External revenue	66,673	17,469	6,596	-	-	90,738
Inter-segment revenue	-	-	-	6,743	(6,743)	-
Total revenue	<u>66,673</u>	<u>17,469</u>	<u>6,596</u>	<u>6,743</u>	<u>(6,743)</u>	<u>90,738</u>
Segment results	<u>5,782</u>	<u>1,229</u>	<u>257</u>	<u>4,958</u>	<u>(6,587)</u>	<u>5,639</u>
Finance cost						(140)
Finance income						31
Taxation						(1,045)
Net profit for the year						<u>4,485</u>
Other Information						
Depreciation	1,927	356	194	37	-	2,514
Capital expenditure – unallocated						8,657
Other significant non-cash expense	4,771	15	104		-	4,890
Assets and liabilities						
Unallocated assets						73,219
Total assets						<u>73,219</u>
Unallocated liabilities						41,711
Total liabilities						<u>41,711</u>

(b) Secondary Reporting Format - Geographical Segments

In presenting information on the basis of geographical segments, segment revenue is based on the location of the customers. Segment assets are based on the geographical location of the assets.

FY05	Asean S\$'000	North America S\$'000	Europe S\$'000	Others (principally Hong Kong and China) S\$'000	Elimination S\$'000	Consolidated S\$'000
Total revenue from external customers	41,387	3,091	101,768	8,208	-	154,454
Total assets	7,091	-	-	65,001	-	72,092
Capital expenditure	21	-	-	4,124	-	4,145

FY04	Asean S\$'000	North America S\$'000	Europe S\$'000	Others (principally Hong Kong and China) S\$'000	Elimination S\$'000	Consolidated S\$'000
Total revenue from external customers	10,372	7,949	66,089	6,328	-	90,738
Total assets	2,595	-	-	70,624	-	73,219
Capital expenditure	26	-	-	8,631	-	8,657

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

FY05 saw further success in the Group's diversification effort. Combined revenue contribution from both the CP and OP segments increased to 40.2% FY05 from 26.5% in FY04. This was due to our entry into personal digital entertainment ("PDE") products in the CP segment, as well as increased orders from a number of customers in the OP segment. The corresponding combined earnings also increase to 51.4% of operating profit in FY05 from 26.4% in FY04.

Revenue contribution from Asean increased to 26.8% in FY05 from 11.4% in FY04, at the expense of every other geographical segments. This was mainly due to increased shipment of PDE products in the CP segment.

15. A breakdown of sales

<Refer to Para 15 of Appendix 7.2 for the required details. Place tabular results and/or notes here>

		FY05 S\$'000	FY04 S\$'000	Increase/ (Decrease) %
(a)	Turnover reported for first half year	92,093	27,012	240.9
(b)	Operating profit after tax for the first half year	5,105	1,431	256.7
(c)	Turnover reported for second half year	62,361	63,726	(2.1)
(d)	Operating profit after tax for the second half year	2,723	3,054	(10.8)

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

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	FY05 S\$'000	FY04 S\$'000
Ordinary	1,811	2,859
Preference	0	0
Total:	1,811	2,859

BY ORDER OF THE BOARD

Cheng Swee Ain
Finance Director
29/08/2005