

TECHgazette

Ban Leong Technologies Limited

ANNUAL REPORT 2007

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Online at www.banleong.com

» MULTIMEDIA PRODUCTS » DATA STORAGE PRODUCTS » IT ACCESSORIES

THE RIGHT TUNE...

Leading the
TREND

Presenting the
QUALITY

Creating the
NICHE



Ban Leong
Technologies Limited



Altec Lansing T612
Powered Audio System

MULTIMEDIA PRODUCTS

This category primarily consists of audio and visual IT products such as speakers, LCD monitors, graphic cards, MP3 players and sound cards.

DATA STORAGE PRODUCTS

These include products that are used in the storage of data such as tape storage, HDD cases, Blu-ray and DVD-Roms.



Sarotech
Cutie Bio
HDD

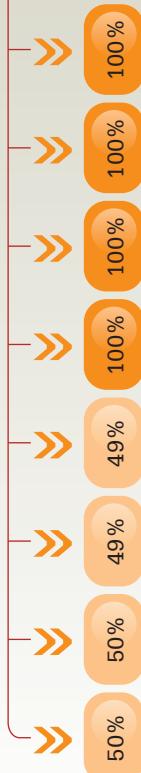
IT ACCESSORIES

This category consists of PC-related accessories such as mice, keyboards and networking products such as switches, routers and wireless cards.

Corporate Structure



Ban Leong
Technologies Limited



DIGITAL HUB PTE LTD

BAN LEONG
TECHNOLOGIES SDN BHD

BAN LEONG TECHNOLOGIES
AUSTRALIA PTY LTD

DIGITALBLUE LIMITED

BAN LEONG CHIN INTER CO., LTD
(formerly known as Ban Leong Technologies
(Thailand) Co., Ltd)

eGEAR TECHNOLOGIES
(HK) LTD

eGEAR INC LTD

AV LABS INTERNATIONAL
PTE LTD



AUDION INNOVISION PTY LTD

Significant Event 2007

Ban Leong - A brand name leading the fashion of tech savvy products in South East Asia.



ViewSonic's PJ258D
ViewDock™ projector



Ban Leong, is a brand name in the IT products market for over 10 years in Singapore and this brand name has already extended to the South East Asia markets. Audion, is a brand name in the IT products market for more than 15 years in Australia market. Together, the group has transformed successfully into a new generation master marketer of tech savvy products with now a direct customer base of more than 2000 retailers and customers.

- Strengthen the partnership with Audion Innovision with a cash/share swap deal that enhances the business synergies for the entire group. Ban Leong Tech now holds 100% of Audion Innovision and the owners of Audion is now the 2nd largest shareholder of the group.
- Boyd Dainton, Managing Director of Audion Innovision, is appointed as director of Ban Leong Technologies Ltd

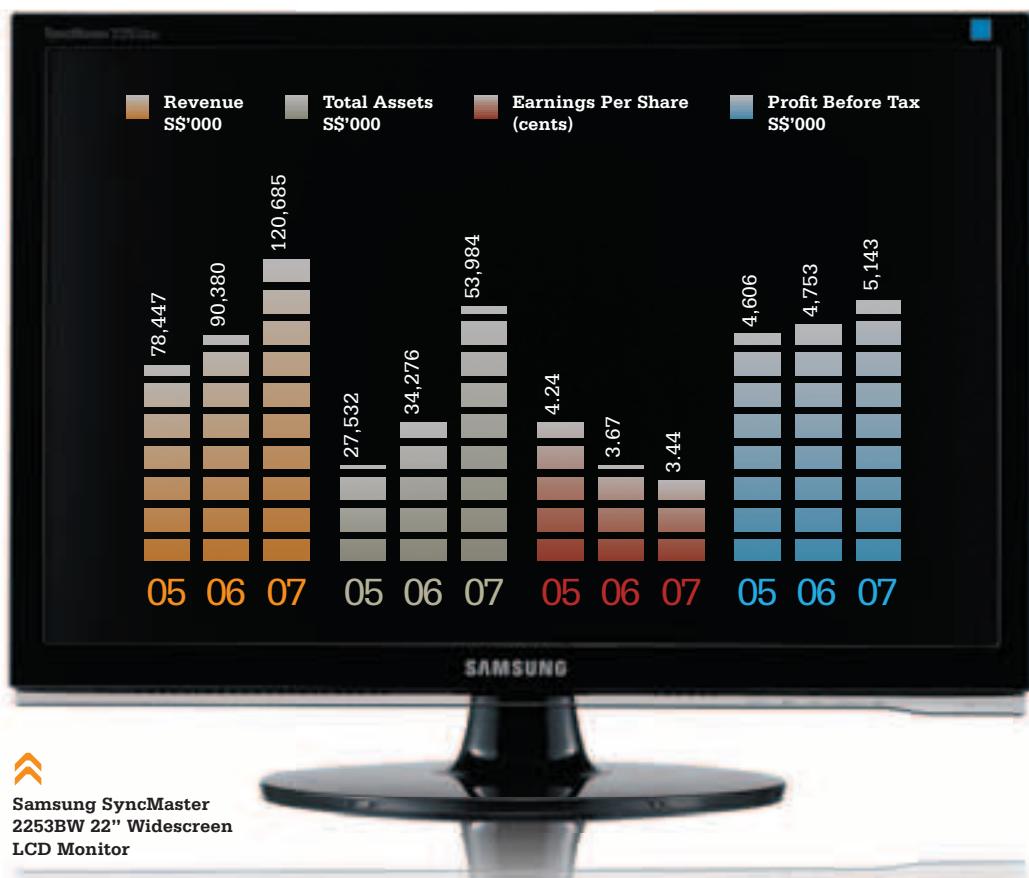
- Extended our presence into New Zealand through Digitalblue Limited, further increasing our sales channels. The existing team continues their business expansion plans and has shown continued profitability

- Audion Innovision consolidates the office and warehouse, and Managing Director of Digitalblue, Jamie Cox, joins Audion Innovision and oversees both the Australian and New Zealand markets, with a view to improve operational efficiencies.
- Secures additional distributorships for Australia and New Zealand markets
- Secures new distributorships in OCZ, TDK, Exagrib and Sandisk



Leadtek WinFast PX9600 GT Extreme

Financial Highlights



Results of Operations	2007 S\$'000	2006 S\$'000	2005 S\$'000
Revenue	120,685	90,380	78,447
Profit before taxation	5,143	4,753	4,606
Profit for the year	3,779	3,687	3,771
Earnings per share (cents)	3.44	3.67	4.24
Net assets	22,669	17,580	14,884
Total assets	53,984	34,276	27,532

Chairman's Statement & Operations Review

“Our commitment to our vision - leading the fashion in tech savvy products and services, is the very attribute that has steered us through the journey.”

Dear Shareholders,

We are pleased, again to report higher profits for the group for FY2007. This marked the 14th consecutive year that we recorded profits since our incorporation in 1993. As in all business expansion, we face our fair share of challenges, and we are grateful that we are able to successfully expand our presence in new territories and along the way, find new business partners, new friends and at the same time, deliver values to our shareholders. Currently, we have now direct presence in more than 7 countries in the Asia Pacific region, with a direct customer base of more than 2000 retailers and growing. We intend to continue to lead the fashion in tech-savvy products, and expand our own range of products with our own in house design capabilities, thereby strengthening the group's earnings base.

FY 2007 Financial highlights

We reported a 34% increase in turnover from S\$90.4m in FY2006 to S\$120.7m in FY2007. The growth contribution comes from all subsidiaries across the region, with Malaysia, Australia registering higher growth. We have also increased our product range and customers base. As a result of the increase in turnover, our gross profit rose from S\$11.4m in FY2006 to S\$16.4m in FY2007.

Operationally, our general and administrative expenses increased to S\$4.2m in FY2007. This is due to additional headcounts to support the regional expansion activities. Our selling and distribution expenses also increased to S\$6.9m in FY2007, from S\$4.3m in FY2006, which is also due to the regional expansion as well as increase in product range.



 **Ronald Teng Woo Boon**
Chairman and Managing Director



Tevo Speakers Set

With the increase in revenue, working capital needs are higher, which are mainly supported by the trade banking facilities from the banks. This accounted for the increase in finance costs to S\$0.4m, which is about 3% of our total expenses.

As a result of the higher expenses incurred due to the expansion, at the pre-tax level, the group registered a slight increase of about 8% to S\$5.1m in FY2007, from S\$4.8m in FY2006. Profit after tax increased to S\$3.8m in FY2007 from S\$3.7m in FY2006. The group did not record a proportionate increase in net profit as higher taxes were paid by growing subsidiaries in the region.

As the group issued new shares for the acquisition of Audion Innovision Pty Ltd, though with higher profits, earnings per share declined from 3.67cents to 3.44cents. Based on 117,181,818 shares outstanding, net tangible assets backing per share rose to 19.25cents.

To reward shareholders, the Board of Directors will be recommending a one-tier tax exempt dividend of 1.5cents per share, to be approved at the upcoming Annual General Meeting.



Razer Lycosa Gaming Keyboard

Segmental analysis

Business segment

Revenue for all business segments improved due to contributions from our subsidiaries. Multimedia segment increased 49% to S\$89.3m in FY2007 from S\$59.9m in FY2006, Data storage segment improved 24% to S\$33.9m in FY2007 from S\$27.4m in FY2006 while IT accessories segment recorded higher revenue of S\$34.2m in FY2007 from S\$28.6m in FY2006.

ASUS Rampage Formula Motherboard



Geographical segment

Geographically, Singapore remained the primary market contributing 58% of the group's total turnover, followed by Malaysia's 19% and Australia's 8%. The rest of the sales come from the rest of Asia and Middle East countries.

Revenue in Singapore grew from S\$55.8m to S\$70.1m, whereas revenue in Malaysia grew from S\$18.4m to S\$22.4m, and Australia contributed S\$9.7m since the completion in July 2007. Thailand's market grew from S\$1.9m to S\$3.4m, and the rest of the markets grew from S\$14.3m to S\$15.1m.

Sarotech
W-21 Wizplat



Expansion to sustain growth

We are glad that Audion Innovision and Ban Leong Tech have found common vision, and common goals to be achieved, and through the cash/share swap deal, this has allowed the group to be stronger, from both a customer base perspective as well as from a product expansion perspective. We have also, expanded our presence to include New Zealand in the 3rd quarter of 2007. We have also signed the agreement to acquire 51% of Keen High Mediatech Ltd, which will strengthen our in house design capabilities.

With the larger base of customers, new markets to the group, combined with our existing markets in South East Asia, we are confident that we will be able to find more opportunities, more synergies, more excitement, in expanding the groups business activities and sustain our growth in revenue and profits.



Dividends

For the financial year ended 31 December 2007, the Board recommends a final one-tier tax exempt dividend of 1.5 cents per share, which translates into a net yield of 5.9% based on our closing price of 25.5 cents on 29 Feb 2008.

MGE UPS Ellipse MAX 600



Trend Micro Home and Office Products



Prospects Ahead

With the combined markets of Australia, New Zealand and South East Asia, the Group expects to achieve further growth. We are confident to continue to be profitable and expect growth in revenue in all the markets that we operate in. In view of the uncertainties in the global markets, but with the appropriate level of management in our inventories and receivables, and hence working capital, the Board is also cautiously optimistic about our prospects, and expects growth in profits in FY2008.

Appreciation

On behalf of our fellow directors, we would like to thank our shareholders, business associates, customers, suppliers, bankers and all staff for their confidence and continued support.



Board of Directors



Ronald Teng Woo Boon **Managing Director**

Ronald Teng Woo Boon is our Managing Director and was appointed as a Director of our Company on 18 June 1993. He is the founder of our Group and plays an important role in managing the overall business, operations and profitability of our Group. His responsibilities include formulating and executing our Group's business strategies and policies as well as charting the growth of our Group. He also spearheads the sales and marketing function of our Group. In 2004, he received the Rotary ASME Top Entrepreneur Of Year 2004 award presented by the Association of Small and Medium Enterprises (Singapore). He graduated from the National University of Singapore in 1993 with a Bachelor of Science degree in Computer and Information Science.

Boyd Dainton **Executive Director**

Boyd Dainton was appointed as an Executive Director of our Company on 17 July 2007. He is overall in charge of the group's product strategies, branding of AV Labs and operations in Australia. He is also assisting the group in the expansion plans into the New Zealand markets. Boyd was the founder and Managing Director of Audion Innovision Pty Ltd prior to joining the Group. He achieved a Graduate Diploma in Computer Sceince, Latrobe University 1986,

and has more than 20 years of experience in the distribution business , together with 10 years experience in consumer electronics and hi fi industries, 1970-1980's.

Neo Gim Kiong **Executive Director**

Neo Gim Kiong is an Executive Director of our Company. He is responsible for management reporting and overseeing the financial and internal controls of our Company. He is also actively involved in the execution of our Company's regional expansion plans. Prior to that, he had spent seven years working in the corporate banking sector after graduation from the National University of Singapore with a Bachelor of Science Degree (Honours) in Mathematics. He served as the executive director of Jackspeed Corporation Ltd, an automotive accessories manufacturer for three years and spearheaded the group's listing on Singapore Exchange Mainboard in 2003. He is a shareholder of Dollar Tree Inc Pte Ltd, a financial advisory company. He holds the position of managing director and is primarily responsible for its business development activities. He is an independent director of Advance SCT Ltd, a listed company on the Singapore Stock Exchange. He is also serving as a Board Member of the P.R.China Guangdong Province Overseas Exchange Association.



From Left:

Ronald Teng Woo Boon,
 Boyd Dainton,
 Neo Gim Kiong,
 Ch'ng Jit Koon,
 Loh Yih,
 Tan Eng Bock



Ch'ng Jit Koon
Non-Executive Director

Ch'ng Jit Koon is a Non-Executive Director of our Company. He was appointed as a Director of our company on 12 May 2005. He also sits on the board of other public listed as well as private companies. Mr Ch'ng was a Member of the Singapore Parliament from 1968 to 1996 and held the post of Senior Minister of State, Ministry of Community Development, until he retired in February 1997. An appointed Justice of the Peace, Mr Ch'ng currently serves in several community organisations.

Loh Yih
Independent Director

Loh Yih is an Independent Director of our Company. He was appointed as a Director of our Company on 12 May 2005. He has been the Managing Partner of MGF Capital Group since 19 July 2006. From January 2005 to July 2006, he was the Managing Director of Netplus Communications Pte Ltd, an internet service provider. Between 2001 and 2004, he was managing his personal private equity investment. From 1998 to 2000, he was managing an independent institutional marketing team in OSK Securities Berhad in Malaysia. Between 1995 to 1998, he headed the equities department of West Merchant Bank. Prior to that, he was a senior manager

of the capital market department at Standard Chartered Merchant Bank where he managed equities trading and emerging market bonds investment. He graduated from Nanyang Technological University in 1988 with a Bachelor of Accountancy (Hons). He is a chartered financial analyst.

Tan Eng Bock
Independent Director

Tan Eng Bock has been a member of the Board since 12 May 2005. He also serves on the Board of several private companies. Since 1970, Mr Tan has been instrumental in the growth of sports in Singapore. Some of his appointments in the sporting arena include Committee Member of Singapore National Olympic Council, Chairman of Delta Sports Complex Advisory Committee and was Deputy President of the Singapore Swimming Association. He was also the Chairman of River Valley Constituency Sports Club. From 1956 to 1991, Mr Tan was with the Singapore Police Force where he held the following appointments - Commander Detachments, Director Logistics, Director of Public Affairs and Director of Criminal Investigations Department. He was Assistant Commissioner of the Singapore Police Force when he retired. Mr Tan was also The Public Service Star (PAM) recipient in year 1986 National Day Awards.

Key Management

Jenny Teo Su Ching Head of Operations

Jenny Teo Su Ching is Head of Operations of the Group. She has been primarily responsible for the administration, day-to-day operations of the accounts and human resource functions of our Group since 1993. Prior to that, she was a personal assistant to the managing director of Dan & Jon Interior Design Pte Ltd and an administration officer in Mode Circle Pte Ltd. She completed her LCCI Personal Secretary Course in 1989.

Tan You Hong Sales Director

Tan You Hong is the Sales Director of our Group, who also supervises our Group's sales and marketing operations in Singapore, Malaysia and Thailand. Prior to that, he was the country sales manager of Intranet (S) Pte Ltd where he was responsible for overseeing the company's operations. He graduated from the National University of Singapore in 1993 with a Bachelor of Science degree in Computer and Information Science.

Philip Yeo Siong Chan General Manager, Digital Hub

Philip Yeo Siong Chan is the General Manager of our subsidiary, Digital Hub. He joined our Group in 2003 to oversee the entire business operations of Digital Hub, which includes managing its local distribution sales and marketing function. Prior to that, he was regional sales and marketing manager and channel sales manager of Samsung Asia Pte Ltd and Fullmark Micro Pte Ltd respectively. He graduated from the Vocational and Industrial Training Board Singapore with an Industrial Technician Certificate in Electronics Engineering in 1987 and from the Marketing Institute of Singapore with a Diploma in Sales and Marketing in 1996.

From Left:
Ronald Teng Woo Boon,
Jenny Teo Su Ching,
Philip Yeo Siong Chan,
Tan You Hong,
Neo Gim Kiong



Leading The TREND



ASUS Nova Lite P20 ↗ Mini PC

At just 2L in volume, compared to a regular computer of 20 to 30L, this compact PC can fit just about anywhere in your home. Even though it is small, the NOVA Lite Mini PC can satisfy your computing needs with a user-friendliness fit for kids and grandparents alike. This little PC is sufficiently secure in all its functions as well as its size.



Shure SE110 ↗ Sound Isolating Earphones

Featuring Balanced MicroSpeakers, these sound isolating earphones deliver optimized audio for a rich, lifelike listening experience. Assorted sleeves and a modular cable provide unmatched comfort and customization. Designed for music lovers looking to upgrade the headphones included with their MP3 players, the compact SE110 is a perfect introduction to the stunning performance of Shure earphones. Evolved from earphone technology road-tested by pro musicians and perfected by Shure engineers, the compact SE110 gives the best sound with minimized interruptions from the outside world.

LaCie Little Disk » Design by Sam Hecht

Get stylish, compact, portable storage with the Little Disk, Design by Sam Hecht. Easily carry your photos, music, videos and files on this petite mobile solution. Designed exclusively for LaCie by Sam Hecht, it has a high-gloss, black elegance with clean, simple lines.



Altec Lansing Orbit-MP3 ↘ Portable Audio System

The palm-sized, lightweight Orbit-MP3 speaker system is an ideal iPod or MP3 player companion when you want a break from headphones. Or slip it out of a pocket or purse for an attention-getting way to share your tunes anytime, anywhere. The full-bodied, 360-degree sound will make your friends wonder where the speakers are. And with its long battery life, the music keeps playing long into the night.



Presenting the **QUALITY**

eGear UB-180 ↴ Solar Battery Charger

It is applicable to charging: HP, PDA Phone, iPod, PSP PMP/PMC, etc.

DC input: 5.0 to 5.3v

USB output: 5.3V

Capacity: 1800mAh

Size: 77x39x14mm

Weight: 54g

Accessories: USB retractable connecting line 9pcs DC switching heads

2 Colors available: Black and White



AVLabs Bluetooth Wireless Speaker System AVL337 »

AV Labs' AVL337 is a wireless speaker system built on Bluetooth technology, enabling it to connect to Bluetooth-compatible devices, eliminating the need for wires and cables. Their polished wood finish makes them an attractive addition to any room in the house.



Plantronics Voyager™ 855 ↗ Bluetooth headset

Tune out the world, tune in full-spectrum stereo music and conveniently switch to calls on your music-enabled phone. Innovative stereo ear buds seal out noise and seal in sound for better listening, while AudioIQ® technology digitally enhanced sound improves call quality on both sides of the call. The sliding boom gets you closer to the microphone, so you are heard better than ever. Convenient one-touch buttons let you control calls and music from your headset. At only 15 grams, it's lightweight, comfortable and discreet. On the train, on the road, on the move—the Plantronics Voyager™ 855 Bluetooth headset is the perfect convertible for traveling life's highway.



Creating The **NICHE**

Sony BDU-X10S » **BD-ROM drive**

Add an impressive element to your PC: Blu-ray Disc™ capability. This internal drive makes it possible to easily enjoy HD entertainment on your desktop. Experience Blu-ray Disc movies on your PC with the Sony BDU-X10S BD-ROM drive. The internal SATA interface drive installs easily in today's desktop PC cases and adds Blu-ray Disc playback in addition to DVD and CD playback—three formats in a single drive. Includes Cyberlink PowerDVD BD Edition playback software for playing Blu-ray Disc or DVD Video movies. Works with Windows® Vista™ or Windows XP.



Samsung CLP-610ND »

Imagine high performance coupled with maximum efficiency. CLP-610ND reduces overall operation costs by realizing a low cost per page and the built-in duplex feature adds to the savings by reducing paper consumption.

Cooler Master's COSMOS S »

Cooler Master unleashes the COSMOS S Chassis, featuring a new racing design, a touch-sensitive panel, and a gamut of user-friendly features, the COSMOS S is the evolution of the ultimate PC enclosure. When laying eyes on the COSMOS S for the first time, one is immediately drawn in by its sleek contours and exhilarating styling. Inspired by the some of the world's finest race cars, the COSMOS S exudes both speed and sophistication. From the meshed front and side panels to the brushed aluminum finish, the COSMOS S is pure lust, offering an enclosure fit for evolved sensibilities of the discriminating PC enthusiast.



Corporate Information



BOARD OF DIRECTORS

Ronald Teng Woo Boon (Managing Director)
Boyd Dainton (Executive Director)
Neo Gim Kiong (Executive Director)
Ch'ng Jit Koon (Non-Executive Director)
Loh Yih (Independent Director)
Tan Eng Bock (Independent Director)

COMPANY SECRETARY

Eliza Lim Bee Lian (ACIS)

REGISTERED OFFICE AND BUSINESS ADDRESS

150 Ubi Avenue 4 Level 4
Singapore 408825

REGISTRAR AND SHARE TRANSFER

M & C Services Private Limited
138 Robinson Road #17-00
The Corporate Office
Singapore 068906

AUDITORS AND REPORTING ACCOUNTANTS

Ernst & Young
Certified Public Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583

PARTNER-IN-CHARGE

Shekaran Krishnan

PRINCIPAL BANKERS

ABN AMRO Bank N.V.
One Raffles Quay,
South Tower Level 21
Singapore 048583

Citibank N.A.
3 Temasek Avenue
#10-01 Centennial Tower
Singapore 039190

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

United Overseas Bank Limited

80 Raffles Place
UOB Plaza
Singapore 048624



BenQ CP220C projector

Report on Corporate Governance

Ban Leong Technologies Limited (the "Company") is committed to maintaining a high standard of corporate governance. Our Company understands that good corporate governance is an integral element of a sound corporation and enables us to be more transparent and forward-looking. In addition, sound corporate governance is an effective safeguard against fraud and dubious financial engineering to protect our shareholders' interests. This also helps our Company create long-term value and returns for our shareholders.

Our Company is pleased to report on our corporate governance processes and activities that were in place since the listing of Ban Leong Technologies Limited on 23 June 2005 and throughout the financial year as required by the Code of Corporate Governance ("the Code").

1. THE BOARD'S CONDUCT OF ITS AFFAIRS

Besides carrying out its statutory responsibilities, our Board meets regularly to oversee the business affairs of the Group, approve financial objectives and the formulation of the Group's overall long-term strategic objectives and directions and adequacy of internal controls and risk management, both directly and through specialized committees set up by the Board

Our Board's approval is required for matters such as corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, the release of our Group's half-year and full year's results and interested person transactions of a material nature.

The Board is supported by three Board Committees comprising an Audit Committee (the "AC"), a Nominating Committee (the "NC") and a Remuneration Committee (the "RC"). These committees are chaired by independent directors and they function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis. The effectiveness of each committee is also constantly monitored.

2. BOARD COMPOSITION AND BALANCE

As at the date of this Report, our board of directors (the "Board") comprises the following members: -

Ronald Teng Woo Boon	Managing Director
Boyd Dainton	Executive Director (appointed on 17 July 2007)
Neo Gim Kiong	Executive Director
Ch'ng Jit Koon	Non-Executive Director
Loh Yih	Independent Director
Tan Eng Bock	Independent Director

The profiles of our directors are set out on pages 6 and 7 of this Annual Report.

The Board, through its NC, examines, on an on-going basis, the size and composition of the Board in order to evaluate the Board's effectiveness in carrying out its duties. The NC is of the view that the current board size is appropriate and effective in carrying out its duties, taking into account the nature and scope of the Group's operations. The current Board comprises persons, who as a group, provides core competence necessary to meet the Group's objectives.

The NC has reviewed and is satisfied that the independent Directors have an independent element that sufficiently enables the Board to exercise objective judgment on corporate affairs independently from Management.

Report on Corporate Governance

2. BOARD COMPOSITION AND BALANCE (cont'd)

Our Board meets regularly on a half-yearly basis and ad-hoc Board meetings are convened when they are deemed necessary. The number of meetings held during the financial year ended 31 December 2007 ("FY2007") were as follows:-

	Board Committees			
	Board	Audit	Nominating	Remuneration
Number of meetings held	4	2	2	1
Number of meetings attended				
Ronald Teng Woo Boon	4	NA	2	NA
Boyd Dainton*	2	NA	NA	NA
Neo Gim Kiong	4	NA	NA	NA
Ch'ng Jit Koon	4	2	2	1
Loh Yih	3	2	NA	1
Tan Eng Bock	3	1	2	1

**Mr. Boyd Dainton was appointed Executive Director on 17 July 2007*

The Company has and will organise orientation programmes for new directors to familiarise the new directors with the Group's operations and business issues and the relevant regulations and governance requirements.

The Company Secretary will attend all Board and Board Committee meetings. She is responsible for ensuring that procedures are followed and that the Company has complied with the requirements of the Companies Act and all other rules and regulations that are applicable to the Company. The directors have independent access to the Company Secretary at all times.

Management provides the Board members with regular updates to keep them abreast with the Group's business development and performance. In addition, the Board members have separate and independent access to the executive officers, thus enabling them to make enquiries or seek clarifications on the Group's affairs.

The Board (whether individually or as a group) has, in the furtherance of its duties, access to independent professional advice if necessary, at the Company's expenses.

3. ROLE OF CHAIRMAN AND MANAGING DIRECTOR

Mr Ronald Teng Woo Boon currently holds the dual positions of Managing Director and Chairman of the Company. His responsibilities pertaining to the workings of our Board and his executive responsibilities pertaining to the Group's business are kept distinct, increasing the accountability and greater capacity of the Board for independent decision making. Our Board believes that Mr Teng is the most appropriate person to undertake the positions, given his vast experience, expertise and familiarity with both our organization and the industry, and that such an arrangement is in the best interests of our Group and to ensure that the decision-making process of the Company would not be unnecessarily hindered. All major decisions made by Mr Ronald Teng Woo Boon are reviewed by the Board.

The Board is of the view that there is also a balance of power and authority with the various committees chaired by the independent directors.

4. BOARD MEMBERSHIP

We believe the Board renewal should be an on-going process in order to ensure good corporate governance. Our Articles of Association require one-third of the directors to retire from office by rotation at each Annual General Meeting ("AGM").

Report on Corporate Governance

5. BOARD PERFORMANCE

Our Board's performance is linked to the overall performance of our Group. Our Board should ensure compliance with the applicable laws and members of our Board are required to act in good faith, with due diligence and care in the best interests of our Company and our shareholders.

As at the date of this Report, the NC comprises the following members: -

Tan Eng Bock	Chairman and Independent Director
Ch'ng Jit Koon	Non-Executive Director
Ronald Teng Woo Boon	Managing Director

The NC uses its best efforts to ensure that the directors appointed to the Board possesses the relevant background, experience and knowledge and that each Independent Director brings to the Board an independent and objective perspective to enable the making of balanced and well-considered decisions.

The NC will review and evaluate the performance of the Board as a whole, taking into considerations, attendance records at respective Board and committee meetings as well as the contribution of each individual director to the Board's effectiveness.

In evaluating the Board Performance the NC assess the performance of the Board as a whole during the year under review. This process takes into account, *inter alia*, board information, board process, board accountability, communication with top management and standard of conduct.

The NC also reviews the independence of the non-executive directors annually, in accordance with the guidelines on independence set out in the Code and the board structure, size and composition and makes recommendation to the Board if any adjustment is necessary.

For FY2007, the NC is of the view that:-

- the Board's current size and composition is appropriate, taking into account the nature and scope of the Group's operations and the diversity of the Board members' experience and attributes; and
- no individual or small group of individuals dominates the Board's decision-making process.

The dates of initial appointment and re-election of our directors are set out below:

Director	Position	Date of Initial Appointment	Date of Last Re-election
Ronald Teng Woo Boon	Managing Director and Chairman	18 June 1993	-
Boyd Dainton	Executive Director	17 July 2007	-
Neo Gim Kiong	Executive Director	1 July 2004	18 April 2007
Ch'ng Jit Koon	Non-Executive Director	12 May 2005	18 April 2007
Loh Yih	Independent Director	12 May 2005	18 April 2007
Tan Eng Bock	Independent Director	12 May 2005	18 April 2007

The NC has nominated Mr. Neo Gim Kiong, Mr. Boyd Dainton, Mr. Tan Eng Bock and Mr. Ch'ng Jit Koon, to the Board for their re-election as directors at the forthcoming Annual General Meeting.

6. ACCESS TO INFORMATION

All Board members have unrestricted access to the Company's Management and the Company Secretary in carrying out their duties.

Report on Corporate Governance

6. ACCESS TO INFORMATION (cont'd)

To enable the Board to fulfill its responsibilities, the Directors are furnished with detailed information on the Group's activities. Under the direction of the Executive Chairman and Managing Director, the Company Secretary ensures good information flows within the Board and its committees and between Management, Non-Executive Directors and Independent Directors. She also ensures that board procedures are followed and applicable rules and regulations are complied with. An agenda for Board meetings together with the relevant papers are prepared in consultation with the Executive Chairman and Managing Director and usually circulated before the holding of each Board and committee meetings. This allows control over the quality, quantity and timeliness of the flow of information between Management and the Board. The Company Secretary also assists to facilitate orientation and professional development as and when required.

To keep pace with regulatory changes that have an important bearing and effect on our Company and directors, the board members will be required to attend briefing sessions conducted during Board meetings or at specially convened sessions conducted by professionals.

The board members may, at any time, in the furtherance of their duties, request for independent professional advice and receive training at the Company's expense.

7. REMUNERATION MATTERS

As at the date of this Report, the RC comprises the following members: -

Loh Yih	Chairman and Independent Director
Tan Eng Bock	Independent Director
Ch'ng Jit Koon	Non-Executive Director

In the event that a member of our Remuneration Committee ("RC") is related to the employee under review, he will abstain from the review.

The RC has three members; two are Independent Directors who are independent of Management and free from any business or other relationships that may materially interfere with the exercise of their independent judgment. The RC is chaired by an Independent Director and has at least one member who is knowledgeable in the field of executive compensation. In addition, the RC has access to expert advice on remuneration matters and will obtain such advice, if required.

The role of the RC is to review and recommend to the Board an appropriate competitive framework of remuneration for the Board. No director is involved in deciding his own remuneration. The review covers all aspects of remuneration including but not limited to directors' fees, salaries, allowance, bonuses and benefits in kind.

The RC reviews and recommends to the Board a framework of remuneration for the Board and key executives and determines specific remuneration packages for each Executive Director and our Executive Chairman and Managing Director for endorsement by the entire Board.

8. LEVEL AND MIX OF REMUNERATION

In reviewing the remuneration packages, the RC takes into account the current market circumstances and the need to attract and retain directors of experience and good standing. The RC has full authority to obtain external professional advice on matters relating to remuneration should the need arises.

In respect of fees for directors, approval of shareholders is requested at each Annual General Meeting of the Company.

Report on Corporate Governance

8. LEVEL AND MIX OF REMUNERATION (cont'd)

Our Managing Director has entered into service agreements with the Company, subject to renewal every three (3) years. This review of service contract for the Managing Director comes under the purview of the RC and ensures that fair and reasonable terms of service is tie in to performance. Managing Director is currently paid a fixed salary, guaranteed bonus plus an annual incentive bonus calculated based on the consolidated net profit before tax and extraordinary items. Executive Directors do not receive directors' fees.

Non-Executive Directors are currently paid only directors' fees. They do not receive an attendance fee for attending meetings.

9. DISCLOSURE ON REMUNERATION

The remuneration paid or payable to the Directors and executive officers for services rendered during FY2007 are as follows:

Remuneration bands	Salary %	Performance Bonus %	Fee %	Other Allowances %	Total %
Directors					
S\$250,000 – S\$500,000					
Ronald Teng Woo Boon	33	67	–	–	100
Below S\$250,000					
Boyd Dainton	100	–	–	–	100
Neo Gim Kiong	100	–	–	–	100
Ch'ng Jit Koon	–	–	100	–	100
Loh Yih	–	–	100	–	100
Tan Eng Bock	–	–	100	–	100

Our Company has no share option plans. Accordingly, no share option has been granted to the above directors and executive officers.

Save for Mr. Ronald Teng Woo Boon, none of the directors' remuneration exceeds S\$250,000 during the year.

There were no employees of our Company or its subsidiaries who were immediate family members of any director or the CEO whose remuneration exceeded \$150,000 during FY2007. "Immediate family member" means the spouse, child, adopted child, stepchild, brother, sister or parent.

The remuneration paid to employees who are immediate family members of our Directors will be disclosed in our annual report in the event that such remuneration exceeds \$150,000 for that financial year.

10. ACCOUNTABILITY AND AUDIT

1. Accountability

In presenting the half-year and full-year financial statements to shareholders, our Board aims to provide shareholders with a detailed and balanced analysis and explanation of our Group's financial position and prospects.

Our Management currently provides our Board with a continual flow of relevant information on a timely basis in order to assist our Board in understanding the financial status and performance of our Group, in order for our Board to effectively discharge its duties.

Report on Corporate Governance

10. ACCOUNTABILITY AND AUDIT (cont'd)

2. Internal Audit

Our Board acknowledges that it is responsible for maintaining an internal audit function independent of the activities it audits. Our Company has not established such an internal audit function. However, our Board is of the view that the internal controls in place are adequate, after considering our Group's type and volume of operations, in safeguarding shareholders' investments and our Group's business. Our Audit Committee will outsource audit functions to a public accounting firm as and when the need arises.

3. Audit Committee

As at the date of this Report, the AC comprises the following members: -

Loh Yih	Chairman and Independent Director
Tan Eng Bock	Independent Director
Ch'ng Jit Koon	Non-Executive Director

Loh Yih, Tan Eng Bock and our Non-Executive Director, Ch'ng Jit Koon, do not have any existing business or professional relationship with our Group, our Directors or Substantial Shareholders. Save for Ch'ng Jit Koon who is the father-in-law of our Executive Director, Neo Gim Kiong, none of our AC members are related to our other Directors or Substantial Shareholders.

The members of the AC bring with them invaluable managerial, accounting and financial management expertise to discharge the AC's functions.

The AC is empowered to investigate any matter relating to the Group's accounting, auditing, internal controls and/or financial practices brought to its attention.

The AC had reviewed transactions falling within the scope of the Audit Committee terms of reference in respect of Interested Person Transaction and the Listing Manual of the SGX-ST.

The AC had reviewed with the external auditor and the Management the half-yearly and annual financial statements before submission to the Board for its approval.

The AC has oversight of the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors. To enable the AC to discharge its functions properly, the AC has full access to records, resources and has full discretion to invite any director and executive officer and cooperation of Management to attend its meetings.

The external auditors have unrestricted access to the AC. The AC had met with the external auditors, without the presence of Management, and reviewed the overall scope of the external audit and the assistance given by Management to the auditors.

The AC had reviewed and discussed with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response.

The AC had reviewed the volume of non-audit services provided by the external auditors to the Company and satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors before confirming its re-nomination.

The AC has recommended to the Board of directors that the auditors, Ernst & Young be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Report on Corporate Governance

10. ACCOUNTABILITY AND AUDIT (cont'd)

3. Audit Committee (cont'd)

Whistle Blowing Policy

The AC has also reviewed and recommended a policy whereby staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting, fraudulent acts and other matters and ensure that arrangements are in place for independent investigations of such matters and for appropriate follow up actions.

Our AC may undertake such further functions as may be agreed to by the Committee and our Board from time to time.

11. INTERNAL CONTROLS

Our Group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial information and to safeguard and maintain accountability of our assets. Procedures are in place to identify major business risks and evaluate potential financial effects, as well as for the authorisation of capital expenditure and investments. Budgeting systems are in place to develop annual budgets covering key aspects of the business. Actual performance is compared against budgets and revised forecasts for the year are prepared on a regular basis.

Our Board believes that the system of internal controls and risk management maintained by our Group is adequate to safeguard shareholders' investments and our Group's assets.

12. COMMUNICATIONS WITH SHAREHOLDERS AND SHAREHOLDER PARTICIPATION AT AGMS

Our Company recognises that effective communication can highlight transparency and enhance accountability to our shareholders. Our Company regularly conveys pertinent information, gather views or input, and address shareholders' concerns. In this regard, our Company provides timely information to its shareholders via SGXNET announcements and news releases, and ensures that price-sensitive information is publicly released and announced within the mandatory period.

Our Company does not practise selective disclosure. All shareholders of our Company will receive the Report and the notice of the AGM, which notice will also be advertised in a local newspaper and made available on SGXNET. Our Company encourages shareholders' participation at AGMs and all shareholders will be given the opportunity to voice their views and to direct queries regarding our Group to directors, including the chairperson of each of our Board Committees. Our Company will ensure that there are separate resolutions at general meetings on each distinct issue.

Our Board supports the Code's principle to encourage shareholder participation. Our Company's articles of association allow a member of our Company to appoint one or two proxies to attend and vote at general meetings. Our external auditors are also present to assist our Directors in addressing any relevant queries from our shareholders.

Report on Corporate Governance

13. DEALING IN SECURITIES

Our Group has adopted internal codes in relation to dealings in the Company's securities pursuant to the SGX-ST Best Practices Guide that is applicable to all its officers. All directors and officers of the Group who have access to "price-sensitive" information are required to observe this code. Under the code of conduct, the directors and these officers of our Group are prohibited from dealing in our Company's shares during the periods commencing on 1st January for the full year financial results, and 1st July for the half year results, ending on the date of announcement of the relevant results, or if they are in possession of unpublished material price-sensitive information of our Group. In addition, directors and employees are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

The directors are required to notify the Company of any dealings in the Company's securities (during the open window period) within two (2) business days of the transactions.

The Board is satisfied with the Group's commitment in compliance with the Code, and on the adequacy of internal controls within the Group.

14. RISK MANAGEMENT

Our Company does not have a Risk Management Committee. However, our Management regularly reviews our Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Our Management reviews all significant control policies and procedures and highlights all significant matters to our directors and AC.

15. INTERESTED PERSON TRANSACTIONS

As a listed company on the SGX-ST, our Company has taken the following steps to ensure compliance with the requirements of Chapter 9 of the SGX-ST Listing Manual on interested person transactions, including ensuring that interested person transactions are properly reviewed, approved, and conducted on an arm's length basis:

Our Board meets half-yearly to review if our Group will be entering into any interested person transaction. If our Group is intending to enter into an interested person transaction, our Board will ensure that the Group complies with the requisite rules under Chapter 9.

Our AC reviews all interested person transaction to ensure that they are carried out at arm's length, and ensures that the relevant rules under Chapter 9 are complied with. When a potential conflict of interest arises, the director concerned does not participate in discussions and refrains from exercising any influence over other members of our Board.

For the financial year under review, there is no individual transaction that exceeds S\$100,000 entered into with interested person.

16. STATEMENT OF COMPLIANCE

Our Board confirms that for FY2007, our Company has complied with the principal corporate governance recommendations as set out in the Best Practices Guide issued by the SGX-ST.

FINANCIAL

CONTENTS

Ban Leong Technologies Limited and Subsidiaries

General Information

Directors

Teng Woo Boon	(Managing Director)
Boyd Dainton	(Appointed as Executive Director on 17 July 2007)
Neo Gim Kiong	(Executive Director)
Ch'ng Jit Koon	(Non-Executive Director)
Loh Yih	(Independent Director)
Tan Eng Bock	(Independent Director)

Company Secretary

Eliza Lim Bee Lian

Registered Office

150 Ubi Avenue 4
Level 4
Singapore 408825
Tel: (65) 6512 9221
Fax: (65) 6741 9295

Website: www.banleong.com

Bankers

ABN AMRO Bank N.V.
Citibank N.A
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

Share Registrar

M & C Services Private Ltd
138 Robinson Road #17-00
The Corporate Office
Singapore 068906

Auditors

Ernst & Young
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner in charge: Shekaran Krishnan (since financial year ended 31 December 2005)

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Directors' Report

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Ban Leong Technologies Limited (the "Company") and its subsidiaries (collectively the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2007.

Directors

The directors of the Company in office at the date of this report are:

Teng Woo Boon	(Managing Director)
Boyd Dainton	(Appointed as Executive Director on 17 July 2007)
Neo Gim Kiong	(Executive Director)
Ch'ng Jit Koon	(Non-Executive Director)
Loh Yih	(Independent Director)
Tan Eng Bock	(Independent Director)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Cap. 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
	At the beginning of financial year or date of appointment	At the end of financial year	At the beginning of financial year or date of appointment	At the end of financial year
Ban Leong Technologies Limited				
<u>Ordinary shares</u>				
Teng Woo Boon	37,900,000	38,900,000	1,875,000 ⁽¹⁾	1,875,000
Neo Gim Kiong	—	—	3,700,000 ⁽²⁾	3,700,000
Loh Yih	500,000	500,000	—	—
Boyd Dainton	—	—	18,659,818 ⁽³⁾⁽⁴⁾	18,658,818 ⁽³⁾⁽⁴⁾

(1) Relates to shares held by Ms Teo Su Ching, spouse of Mr Teng Woo Boon.

(2) By virtue of section 7 of the Companies Act, Mr Neo Gim Kiong is deemed to be interested in the shares held by Dollar Tree Inc Pte. Ltd. in the Company.

(3) Includes 1,478,000 shares held by Ms Christine Anne McGregor, spouse of Mr Boyd Dainton.

(4) By virtue of section 7 of the Companies Act, Mr Boyd Dainton is deemed to be interested in the shares held by Sheffield Trading Pty Ltd (10,205,442 shares) and Dainton Nominees Pty Ltd (6,976,376 shares).

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2008.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Directors' Report

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Options

No options were issued by the Company or its subsidiaries during the financial year. As at 31 December 2007, there are no options on the unissued shares of the Company or its subsidiaries which are outstanding.

Audit Committee

The Audit Committee comprises one non-executive and two independent directors, one of whom is also the Chairman of the Committee. The members of the Audit Committee at the date of this report are as follows:

Loh Yih (Chairman)
Ch'ng Jit Koon
Tan Eng Bock

The financial statements, accounting policies and system of internal accounting controls are the responsibility of the Board of Directors acting through the Audit Committee. The Audit Committee met during the year to review the scope of work of the statutory auditors, and the results arising therefrom. The consolidated financial statements of the Group were reviewed by the Audit Committee prior to their submission to the directors of the Company for adoption.

The Audit Committee met twice during the year. In addition, the Audit Committee has reviewed all non-audit services provided by the external auditors of the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The Audit Committee has also conducted a review of interested person transactions.

Further details regarding the Audit Committee are disclosed in the Report on Corporate Governance.

Auditors

Ernst & Young have expressed their willingness to accept reappointment as auditors.

On behalf of the board of directors:

Teng Woo Boon
Director

Neo Gim Kiong
Director

Singapore
17 March 2008

Statement by Directors

We, Teng Woo Boon and Neo Gim Kiong, being two of the directors of Ban Leong Technologies Limited, do hereby state that, in the opinion of the directors,

- (i) the accompanying balance sheets, income statement, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group (comprising the Company and its subsidiary companies) and of the Company as at 31 December 2007 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors:

Teng Woo Boon
Director

Neo Gim Kiong
Director

Singapore
17 March 2008

Independent Auditors' Report

To the Members of Ban Leong Technologies Limited

We have audited the accompanying financial statements of Ban Leong Technologies Limited (the "Company") and its subsidiaries (collectively the "Group"), set out on pages 26 to 66 which comprise the balance sheets of the Group and the Company as at 31 December 2007, the statements of changes in equity of the Group and the Company, the income statement and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

- (i) the consolidated financial statements of the Group, and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2007 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and
- (ii) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG
Certified Public Accountants

Singapore
17 March 2008

Income Statements

for the year ended 31 December 2007

		Group	
	Notes	2007 \$	2006 \$
Revenue	4	120,684,615	90,379,645
Cost of sales		(104,268,968)	(78,953,698)
Gross profit		16,415,647	11,425,947
Other operating income		19,065	–
Selling and distribution expenses		(6,946,112)	(4,311,053)
General and administrative expenses		(4,151,931)	(2,361,012)
Profit from operations	5	5,336,669	4,753,882
Financial expenses	7	(363,652)	(172,887)
Financial income	7	19,242	14,129
Share of results of associates		151,109	157,439
Profit before tax		5,143,368	4,752,563
Tax expense	8	(1,364,759)	(1,065,734)
Profit for the year		3,778,609	3,686,829
Attributable to:			
Equity holders of the Company		3,737,921	3,666,684
Minority interests		40,688	20,145
Earnings per share (cents) – basic and diluted	9	3.44	3.67

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

as at 31 December 2007

	Notes	Group		Company	
		2007 \$	2006 \$	2007 \$	2006 \$
Non-current assets					
Property, plant and equipment	11	1,419,785	904,684	613,580	714,599
Investment in subsidiaries	12	—	—	267,283	119,183
Investment in associates	13	397,201	1,815,360	339,042	241,901
Investment in joint ventures	14	—	—	10,235	110,538
Deferred tax assets	15	145,980	—	—	—
Goodwill	16	3,800,136	—	—	—
Current assets					
Inventories	17	21,895,148	13,646,611	13,010,046	9,518,246
Trade receivables	18	20,794,811	13,140,291	9,054,882	8,033,412
Other receivables and deposits	19	978,213	619,703	940,990	521,974
Prepaid operating expenses		362,217	63,306	16,683	11,717
Due from subsidiaries (trade)	20	—	—	10,209,697	7,093,393
Due from associates (trade)	20	625,327	15,911	562,863	15,911
Due from subsidiaries (non-trade)	21	—	—	8,466,341	1,583,128
Due from associates (non-trade)	21	—	1,998	—	1,998
Due from directors	21	19,060	—	—	—
Cash and bank balances	22	3,546,381	4,067,914	2,349,494	3,141,738
		48,221,157	31,555,734	44,610,996	29,921,517
Current liabilities					
Trade payables	23	14,718,587	9,427,681	12,751,020	9,208,883
Bills payable to banks (unsecured)	24	10,315,383	3,139,692	10,315,383	3,139,692
Short term loans (unsecured)	25	2,500,000	1,000,000	2,500,000	1,000,000
Other payables and accruals	26	2,402,398	1,994,738	1,093,843	1,670,643
Finance lease obligations	27	113,224	75,885	55,524	58,816
Provision for taxation		944,788	795,703	507,883	661,251
		30,994,380	16,433,699	27,223,653	15,739,285
Net current assets		17,226,777	15,122,035	17,387,343	14,182,232
Non-current liabilities					
Finance lease obligations	27	(280,421)	(180,678)	(223,433)	(154,893)
Deferred tax liabilities	15	(40,553)	(81,441)	(25,666)	(25,666)
Net assets		22,668,905	17,579,960	18,368,384	15,187,894
Equity attributable to equity holders of the Company					
Share capital	28	11,173,106	7,393,106	11,173,106	7,393,106
Accumulated profits		11,549,064	10,111,143	7,195,278	7,794,788
Translation reserve	29	(159,490)	10,174	—	—
Minority interests		22,562,680	17,514,423	18,368,384	15,187,894
		106,225	65,537	—	—
Total equity		22,668,905	17,579,960	18,368,384	15,187,894

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the year ended 31 December 2007

Group	Attributable to equity holders of the Company					Minority interests \$	Total equity \$
	Share capital \$	Share premium \$	Accumulated profits \$	Translation reserve \$	Total \$		
2006							
Balance as at 1 January 2006	4,000,000	3,393,106	7,444,459	853	14,838,418	45,392	14,883,810
Net effect of exchange differences	–	–	–	9,321	9,321	–	9,321
Net income recognised directly in equity	–	–	–	9,321	9,321	–	9,321
Profit for the year	–	–	3,666,684	–	3,666,684	20,145	3,686,829
Total recognised income for the year	–	–	3,666,684	9,321	3,676,005	20,145	3,696,150
Dividends (Note 30)	–	–	(1,000,000)	–	(1,000,000)	–	(1,000,000)
Transfer of share premium reserve to share capital	3,393,106	(3,393,106)	–	–	–	–	–
Balance as at 31 December 2006 and 1 January 2007	7,393,106	–	10,111,143	10,174	17,514,423	65,537	17,579,960
Net effect of exchange differences	–	–	–	(169,664)	(169,664)	–	(169,664)
Net expenses recognised directly in equity	–	–	–	(169,664)	(169,664)	–	(169,664)
Profit for the year	–	–	3,737,921	–	3,737,921	40,688	3,778,609
Total recognised income for the year	–	–	3,737,921	(169,664)	3,568,257	40,688	3,608,945
Shares issued for acquisition of a subsidiary	3,780,000	–	–	–	3,780,000	–	3,780,000
Dividends (Note 30)	–	–	(2,300,000)	–	(2,300,000)	–	(2,300,000)
Balance as at 31 December 2007	11,173,106	–	11,549,064	(159,490)	22,562,680	106,225	22,668,905

Statements of Changes in Equity

for the year ended 31 December 2007

2006	Share capital \$	Share premium \$	Accumulated profits \$	Total equity \$
Company				
Balance as at 1 January 2006	4,000,000	3,393,106	6,756,851	14,149,957
Profit for the year	–	–	2,037,937	2,037,937
Total recognised income for the year	–	–	2,037,937	2,037,937
Dividends (Note 30)	–	–	(1,000,000)	(1,000,000)
Transfer of share premium reserve to share capital	3,393,106	(3,393,106)	–	–
Balance as at 31 December 2006 and as at 1 January 2007	7,393,106	–	7,794,788	15,187,894
Shares issued for acquisition of a subsidiary	3,780,000	–	–	3,780,000
Profit for the year	–	–	1,700,490	1,700,490
Total recognised income for the year	–	–	1,700,490	1,700,490
Dividends (Note 30)	–	–	(2,300,000)	(2,300,000)
Balance as at 31 December 2007	11,173,106	–	7,195,278	18,368,384

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2007

		Group	
	Notes	2007 \$	2006 \$
Cash flows from operating activities			
Profit before tax		5,143,368	4,752,563
Adjustment for:			
Depreciation of property, plant and equipment		353,025	299,810
Loss/(gain) on disposal of property, plant and equipment		15,992	(26,731)
Property, plant and equipment written off		19,254	–
Impairment loss for doubtful trade receivables		237,491	67,974
Trade receivables written off		19,626	4,939
Write-back of allowance for inventory obsolescence		(220,125)	(139,421)
Share of results of associates		(151,109)	(157,439)
Interest expense		363,652	172,887
Interest income		(19,242)	(14,129)
Translation difference		(122,403)	6,534
Operating cash flows before working capital changes		5,639,529	4,966,987
(Increase)/decrease in:			
Inventories		(4,282,776)	(3,988,700)
Trade receivables		(5,918,667)	(2,391,807)
Other receivables and deposits		(358,510)	(104,331)
Prepaid operating expenses		(298,911)	(24,943)
Due from associates (trade)		(607,418)	(15,911)
Due from associates (non-trade)		–	(1,998)
Due from directors		(19,060)	–
Increase/(decrease) in:			
Trade payables		1,896,548	612,746
Bills payable to banks		7,175,691	1,777,046
Other payables and accruals		120,027	643,098
Due to directors (non-trade)		–	(2,361)
Cash generated from operations		3,346,453	1,469,826
Interest paid		(363,652)	(172,887)
Interest received		19,242	14,129
Tax paid		(1,658,384)	(951,549)
Net cash from operating activities		1,343,659	359,519
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(536,270)	(505,960)
Proceeds from disposal of property, plant and equipment		138,419	31,265
Acquisition of subsidiaries net of cash acquired	12	(440,681)	–
Investment in associates		(99,984)	(1,657,921)
Net cash used in investing activities		(938,516)	(2,132,616)
Cash flows from financing activities			
Repayment of finance lease obligations		(126,676)	(89,187)
Dividend paid to shareholders		(2,300,000)	(1,000,000)
Proceeds from short term loans		1,500,000	1,000,000
Net cash used in financing activities		(926,676)	(89,187)
Net decrease in cash and cash equivalents		(521,533)	(1,862,284)
Cash and cash equivalents at the beginning of year		4,067,914	5,930,198
Cash and cash equivalents at the end of year	22	3,546,381	4,067,914

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

31 December 2007

1. Corporate information

Ban Leong Technologies Limited (the "Company") is a limited liability company, incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 150 Ubi Avenue 4 Level 4, Singapore 408825.

The principal activities of the Company and its subsidiaries (the "Group") are the wholesale and distribution of computer peripherals, accessories and other multimedia products.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet, income statement and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (\$ or SGD).

2.2 Future changes in accounting policies

The Group has not adopted the following FRS and INT FRS that have been issued but not yet effective:

		Effective date (annual periods beginning on or after)
FRS 23	Amendment to FRS 23, Borrowing Costs	1 January 2009
FRS 108	Operating Segments	1 January 2009
INT FRS 111	Group and Treasury Share Transactions	1 March 2007
INT FRS 112	Service Concession Agreements	1 January 2008

The directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application, except for FRS 108 as indicated below.

FRS 108 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker. The impact of this standard on the other segment disclosures is still to be determined. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2009.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries used in preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Notes to the Financial Statements

31 December 2007

2. Summary of significant accounting policies (cont'd)

2.3 Basis of consolidation (cont'd)

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. The accounting policy for goodwill is set out in Note 2.7(a). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in the income statement on the date of acquisition.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.4 Transactions with minority interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with equity holders. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is reflected as being a transaction between owners and recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

2.5 Foreign currency

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiaries, which are recognised initially in equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated income statement on disposal of the subsidiary.

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the balance sheet date and their income statements are translated at weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity as foreign currency translation reserve. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Notes to the Financial Statements

31 December 2007

2. Summary of significant accounting policies (cont'd)

2.6 *Property, plant and equipment (cont'd)*

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Computers	1 - 5 years
Office equipment	5 years
Furniture & fittings	5 years
Motor vehicles	5 years
Renovation	5 years
Warehouse equipment	1 year

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the income statement in the year the asset is derecognised.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further depreciation charge is made in respect of these assets.

2.7 *Intangible assets*

(a) *Goodwill*

Goodwill acquired in a business combination is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events and circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.7.

Notes to the Financial Statements

31 December 2007

2. Summary of significant accounting policies (cont'd)

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses are recognised in the income statement.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognised. Such reversal is recognised in the income statement.

2.9 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.10 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associate is measured in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of profit or loss of the associate in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The financial statements of the associate are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

In the Company's separate financial statements, investments in associate are accounted for at cost less impairment.

Notes to the Financial Statements

31 December 2007

2. Summary of significant accounting policies (cont'd)

2.11 Joint venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in joint venture using proportionate consolidation. The Group combines its share of each of the assets, liabilities, income and expenses of the joint venture with the similar items, line by line, in its consolidated financial statements. The joint venture is proportionately consolidated from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

The financial statements of the joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

In the Company's financial statements, investment in joint venture is accounted for at cost less impairment.

2.12 Financial assets

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the income statement.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets classified as held for trading. Financial assets classified as held for trading are derivatives (including separated embedded derivatives) or are acquired principally for the purpose of selling or repurchasing it in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in the income statement. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Notes to the Financial Statements

31 December 2007

2. Summary of significant accounting policies (cont'd)

2.12 Financial assets (cont'd)

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

(d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised directly in the fair value adjustment reserve in equity, except that impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in the income statement. The cumulative gain or loss previously recognised in equity is recognised in the income statement when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

2.13 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

(a) Assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the income statement.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statement.

(b) Assets carried at cost

If there is objective evidence that an impairment loss on a financial asset carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

Notes to the Financial Statements

31 December 2007

2. Summary of significant accounting policies (cont'd)

2.13 Impairment of financial assets (cont'd)

(c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Reversals of impairment losses in respect of equity instruments are not recognised in the income statement. Reversals of impairment losses on debt instruments are recognised in the income statement if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, fixed deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.15 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

2.16 Provisions

Provisions are recognised when the Group has a present obligation, as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 Financial liabilities

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value, plus, in the case of financial liabilities, other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the income statement when the liabilities are derecognised or impaired, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the income statement. Net gains or losses on derivatives include exchange differences.

Notes to the Financial Statements

31 December 2007

2. Summary of significant accounting policies (cont'd)

2.18 *Borrowing costs*

Borrowing costs are recognised in the income statement as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale.

2.19 *Employee benefits*

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

2.20 *Leases*

As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.21 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) *Sale of goods*

Revenue is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Notes to the Financial Statements

31 December 2007

2. Summary of significant accounting policies (cont'd)

2.21 Revenue (cont'd)

(b) Interest income

Interest income is recognised using the effective interest method.

2.22 Income taxes

(a) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current taxes are recognised in the income statement except that tax relating to items recognised directly in equity is recognised directly in equity.

(b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.
- In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxes are recognised in the income statement except that deferred tax relating to items recognised directly in equity is recognised directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Notes to the Financial Statements

31 December 2007

2. Summary of significant accounting policies (cont'd)

2.22 Income taxes (cont'd)

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.23 Segment reporting

A business segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

2.24 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.25 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

3. Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

(a) Income taxes

The Group has exposure to income taxes in several jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payables and deferred tax liabilities at 31 December 2007 were \$944,788 and \$40,553 (2006: \$795,703 and deferred tax liabilities of \$81,441) respectively.

Notes to the Financial Statements

31 December 2007

3. Significant accounting estimates and judgements (cont'd)

(b) Provisional accounting of acquisition

The purchase price allocation of a subsidiary acquired in the financial year ended 31 December 2007 was provisional as the Group had sought an independent valuation for the fair value of tangible and intangible assets arising from this valuation. As the valuation has not been completed at the date of the financial statements, the Group has recorded a provisional goodwill of \$3,769,910 from this acquisition as at 31 December 2007. Goodwill arising from this acquisition, and the carrying amount of intangible assets identified will be adjusted accordingly on a retrospective basis when the valuation of intangible assets is finalised.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below:

(i) Useful lives of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and equipment to be within 1 to 5 years. These are common life expectancies applied in the trading industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at 31 December 2007 was \$1,419,785 (2006: \$904,684).

(ii) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(iii) Impairment of loans and receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at 31 December 2007 was \$25,593,893 (2006 : \$17,845,817).

4. Revenue

Revenue represents sales of goods net of goods and services tax and less trade discounts and returns.

Notes to the Financial Statements

31 December 2007

5. Profit from operations

This is determined after charging/(crediting) the following:

	Group	
	2007 \$	2006 \$
Allowance for doubtful trade receivables (Note 18)	237,491	67,974
Allowance for inventory obsolescence (Note 17)	325,169	36,859
Depreciation of property, plant and equipment (Note 11)	353,025	299,810
Directors' remuneration		
– directors of the Company	577,216	426,194
– directors of a subsidiary	135,894	67,490
Directors' fees	90,000	90,000
Foreign exchange (gain)/loss, net	(153,944)	(455,145)
Loss/(gain) on disposal of property, plant and equipment	15,992	(26,731)
Operating lease expenses	399,757	269,086
Property, plant and equipment written off	19,254	–
Staff costs (Note 6)*	5,265,598	3,830,044
Trade receivables written off	19,626	4,939
Write back of allowance for inventory obsolescence (Note 17)	(220,125)	(139,421)

* This includes the amount shown as directors' remuneration and directors' fees.

6. Staff cost

	Group	
	2007 \$	2006 \$
Salaries and bonus	4,222,514	3,103,862
Defined contribution plan expense	491,895	357,070
Commission	507,812	335,002
Other staff costs	43,377	34,110
	5,265,598	3,830,044

7. Financial expenses/(income)

	Group	
	2007 \$	2006 \$
Interest expense		
– bank borrowings	331,171	156,852
– finance leases	32,481	16,035
	363,652	172,887
Interest income		
– fixed deposits	–	(12,872)
– bank balances	(19,242)	(1,257)
	(19,242)	(14,129)

Notes to the Financial Statements

31 December 2007

8. Tax expense

(a) Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2007 and 2006 are:

	Group	
	2007 \$	2006 \$
Current income tax		
– current year	1,364,145	896,443
– under/(over) provision in respect of previous years	187,482	(3,236)
	1,551,627	893,207
Deferred income tax		
– current year	(186,868)	50,953
– under provision in respect of previous years	–	121,574
	1,364,759	1,065,734

(b) Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2007 and 2006 is as follows:

	Group	
	2007 \$	2006 \$
Accounting profit before tax	5,143,368	4,752,563
Tax at domestic tax rates applicable to profits in the countries where the Group operates *	1,118,760	971,365
Adjustments:		
Non-deductible expenses	202,874	53,992
Tax effect of double deduction of expenses	(6,406)	(3,347)
Income not subject to taxation	–	(50,564)
Utilisation of deferred tax asset not previously recognised	(92,019)	–
Tax effect of Singapore statutory stepped income exemption	(54,900)	(21,000)
Under provision in respect of previous years	187,482	118,338
Others	8,968	(3,050)
	1,364,759	1,065,734

* The reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

The Company and its subsidiary incorporated in Singapore are subject to income tax at the statutory tax rate of 18% and 20% for the financial years ended 31 December 2007 and 2006 respectively.

The subsidiary incorporated in Malaysia is subject to statutory tax rate in Malaysia of 20% on RM500,000 of assessable profit for the year and 28% on the assessable profit in excess of RM500,000.

The corporate tax rate for the subsidiary in Thailand is 15%, under relevant Thailand laws for small-medium enterprises with paid up capital not exceeding THB 5 million and assessable profits less than THB 1 million, and 25% on the assessable profit in excess of THB 1 million and below THB 3 million.

Income derived by subsidiaries in Australia is taxed at a flat rate of 30%.

The subsidiary incorporated in New Zealand is subject to income tax at the corporate tax rate of 33%.

Notes to the Financial Statements

31 December 2007

8. Tax expense (cont'd)

(c) Other tax matters

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 30).

9. Earnings per share

Basic earnings per share for the financial year ended 31 December 2007 is calculated by dividing net profit attributable to shareholders of the Group of \$3,737,921 (2006: \$3,666,684) by the weighted average number of ordinary shares outstanding during the year of 108,590,909 (2006: 100,000,000) shares.

There are no potential dilutive shares.

10. Related party transactions

An entity or individual is considered a related party of the Group for the purposes of the financial statements if: i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or ii) it is subject to common control or significant influence.

(a) Sale and purchase of goods and services

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the year at terms agreed between the parties:

	Group	
	2007	2006
	\$	\$
Expenses		
Purchases from an associate	2,648,717	-

(b) Compensation of key management personnel

	Group	
	2007	2006
	\$	\$
Directors' fees	90,000	90,000
Salaries and bonus	1,005,912	722,493
Defined Contribution Plan expenses	63,398	54,568
Other staff costs	16,800	71,469
Total compensation paid to key management personnel	1,176,110	938,530
Comprise amounts paid to:		
Directors of the Company	739,820	583,684
Other key management personnel	436,290	354,846
	1,176,110	938,530

The remuneration of key management personnel are determined by the remuneration committee having regard to the performance of individuals and market trends.

No share options have been granted to the Company's executive and non-executive directors.

Notes to the Financial Statements

31 December 2007

11. Property, plant and equipment

Group	Computers \$	Office equipment \$	Furniture and fittings \$	Motor vehicles \$	Renovation \$	Warehouse equipment \$	Total \$
Cost							
At 1 January 2006	198,078	161,022	167,789	627,695	157,951	1,902	1,314,437
Additions	51,693	137,411	119,763	108,154	167,900	5,593	590,514
Disposals	(2,534)	–	(815)	(118,984)	(4,439)	–	(126,772)
Translation differences	1,110	814	70	1,987	240	–	4,221
At 31 December 2006 and 1 January 2007	248,347	299,247	286,807	618,852	321,652	7,495	1,782,400
Acquisition of subsidiaries	20,436	56,704	114,419	102,222	58,902	158	352,841
Additions	58,356	35,988	113,516	391,226	193,131	7,812	800,029
Disposals/written off	–	(873)	(27,210)	(255,000)	(21,716)	–	(304,799)
Translation differences	(2,155)	(2,967)	(3,731)	(5,062)	(5,876)	(12)	(19,803)
At 31 December 2007	324,984	388,099	483,801	852,238	546,093	15,453	2,610,668
Accumulated depreciation							
At 1 January 2006	149,617	95,302	146,698	249,787	56,280	1,027	698,711
Charge for the year	56,057	41,379	23,348	119,630	54,641	4,755	299,810
Disposals	(1,740)	–	(244)	(118,984)	(1,270)	–	(122,238)
Translation differences	389	289	8	676	71	–	1,433
At 31 December 2006 and 1 January 2007	204,323	136,970	169,810	251,109	109,722	5,782	877,716
Acquisition of subsidiaries	6,764	26,470	5,672	34,550	312	44	73,812
Charge for the year	51,269	50,398	44,005	135,888	67,813	3,652	353,025
Disposals/written off	–	(567)	(2,019)	(102,000)	(5,764)	–	(110,350)
Translation differences	(802)	(803)	(41)	(1,534)	(129)	(11)	(3,320)
At 31 December 2007	261,554	212,468	217,427	318,013	171,954	9,467	1,190,883
Net carrying amount							
At 31 December 2006	44,024	162,277	116,997	367,743	211,930	1,713	904,684
At 31 December 2007	63,430	175,631	266,374	524,225	374,139	5,986	1,419,785

During the financial year ended 31 December 2007, the Group acquired property, plant and equipment with an aggregate value of \$800,029 (2006: \$590,514) of which \$263,759 (2006: \$84,555) was financed via finance leases. Cash payments of \$536,270 (2006: \$505,960) were made to purchase property, plant and equipment.

As at 31 December 2007, the net carrying amount of motor vehicles of the Group held under finance leases was \$460,247 (2006: \$346,756).

Notes to the Financial Statements

31 December 2007

11. Property, plant and equipment (continued)

Company	Computers \$	Office equipment \$	Furniture and fittings \$	Motor vehicles \$	Renovation \$	Warehouse equipment \$	Total \$
Cost							
At 1 January 2006	150,740	135,728	151,820	507,082	124,431	1,902	1,071,703
Additions	26,839	111,880	118,302	108,155	144,683	5,593	515,452
Disposals	(2,534)	–	–	(118,984)	–	–	(121,518)
At 31 December 2006 and 1 January 2007	175,045	247,608	270,122	496,253	269,114	7,495	1,465,637
Additions	21,958	3,708	3,474	259,000	–	1,404	289,544
Disposals	–	–	–	(255,000)	–	–	(255,000)
At 31 December 2007	197,003	251,316	273,596	500,253	269,114	8,899	1,500,181
Accumulated depreciation							
At 1 January 2006	127,189	87,130	144,483	219,785	50,858	1,027	630,472
Charge for the year	40,312	33,262	20,103	95,334	47,524	4,755	241,290
Disposals	(1,740)	–	–	(118,984)	–	–	(120,724)
At 31 December 2006 and 1 January 2007	165,761	120,392	164,586	196,135	98,382	5,782	751,038
Charge for the year	26,241	35,607	26,282	95,734	51,283	2,416	237,563
Disposals	–	–	–	(102,000)	–	–	(102,000)
At 31 December 2007	192,002	155,999	190,868	189,869	149,665	8,198	886,601
Net carrying amount							
At 31 December 2006	9,284	127,216	105,536	300,118	170,732	1,713	714,599
At 31 December 2007	5,001	95,317	82,728	310,384	119,449	701	613,580

As at 31 December 2007, the net carrying amount of motor vehicles of the Company held under finance leases amounted to \$297,410 (2006: \$279,131).

Notes to the Financial Statements

31 December 2007

12. Investment in subsidiaries

	Company	
	2007 \$	2006 \$
Shares, at cost	267,283	119,183

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2007 %	2006 %
Digital Hub Pte. Ltd. ("DHPL") ¹	Singapore	Distribution of computer peripherals and accessories	100	100
Ban Leong Technologies Sdn Bhd ("BLTM") ²	Malaysia	Distribution of computer hardware	100	100
Ban Leong Chin Inter Co., Ltd (formerly known as Ban Leong Technologies (Thailand) Co., Ltd ("BLCI") ³)	Thailand	Distribution of computer hardware	49	49
Ban Leong Technologies Australia Pty Ltd ("BLTA") ⁴	Australia	Investment holding company	100	100
Digitalblue Limited ("DBL") ⁵	New Zealand	Distribution of computer peripherals and accessories	100	–
Held through a subsidiary				
Audion Innovision Pty Ltd ("Audion") ⁴	Australia	Distribution of computer peripherals and accessories	100	25

¹ Audited by Ernst & Young, Singapore

² Audited by Michael Ng and Associates, Chartered Accountants in Malaysia

³ Audited by Thiwan Auditing Office, Certified Accountant in Thailand

⁴ Audited by Metzke & Allen, Chartered Accountants in Australia

⁵ Unaudited management accounts

* BLCI is deemed to be a subsidiary of the Company by virtue of control of the composition of the Board of Directors of BLCI.

Notes to the Financial Statements

31 December 2007

12. Investment in subsidiaries (cont'd)

Acquisition of subsidiaries

(a) On 9 October 2007, Ban Leong Technologies Ltd acquired 100% equity interest in Digitalblue Limited (DBL). Upon the acquisition, DBL became a subsidiary of the Group.

The fair values of the identifiable assets and liabilities of DBL as at the date of acquisition were:

	Carrying amount before combination and recognised on date of acquisition S
Property, plant and equipment	59,571
Trade and other receivables	560,611
Inventories	641,870
Cash and cash equivalents	166,293
	<hr/>
Trade and other payables	1,428,345
Short term loan	(1,001,358)
	<hr/>
	(308,146)
	<hr/>
Net identifiable assets	(1,309,504)
	<hr/>
	118,841

Total cost of business combination

The total cost of the business combination is as follows:

	S
Consideration for acquisition of 100% equity interest:	
– Cash paid	148,100
	<hr/>
The effect of acquisition on cash flows is as follows:	
Total consideration for 100% equity interest acquired	148,100
Consideration settled in cash	148,100
Less: Cash and cash equivalents of subsidiary acquired	(166,293)
Net cash inflow on acquisition of DBL	(18,193)

The total consideration for the 100% equity interest in DBL was paid by Ban Leong Technologies Ltd on 9 October 2007 and it represented the fair value of the net identifiable assets acquired on that date.

Notes to the Financial Statements

31 December 2007

12. Investment in subsidiaries (cont'd)

Impact of acquisition on income statement

From the date of acquisition, DBL has contributed \$37,624 to the Group's profit net of tax. If the combination had taken place at the beginning of the financial year, the Group's profit from continuing operations, net of tax would have been \$3,811,728 and revenue from continuing operations would have been \$122,538,861.

Goodwill arising on acquisition

Goodwill of \$30,226 arose from the acquisition of 100% equity interest in DBL and is attributable to the significant synergies expected to arise after the acquisition.

(b) On 13 July 2007, the Group's subsidiary company, Ban Leong Technologies Australia Pty Ltd ("BLTA") acquired an additional 75% equity interest in its 25% owned associate, Audion Innovision Pty Ltd ("Audion"). Upon the acquisition, Audion became a subsidiary of the Group.

The carrying amounts of the identifiable assets and liabilities of Audion as at the date of acquisition were:

	Carrying amount on completion date \$
Property, plant and equipment	219,458
Intangible assets	3,636,364
Trade and other receivables	1,432,258
Inventories	3,103,765
Cash and cash equivalents	526,056
	<hr/>
Trade and other payables	8,917,901
Income tax payable	(2,650,811)
	<hr/>
Net identifiable assets	(255,843)
	<hr/>
	6,011,247

Notes to the Financial Statements

31 December 2007

12. Investment in subsidiaries (cont'd)

Total cost of business combination

The total cost of the business combination is as follows:

	\$
Consideration for 25% equity interest previously held :	
– Cash paid	1,464,691
	<hr/>
	1,464,691
Consideration for acquisition of additional 75% equity interest	
– 17,181,818 ordinary shares issued at \$0.22 each	3,780,000
– Cash paid	984,930
	<hr/>
	4,764,930
	<hr/>
	6,229,621

The effect of acquisition on cash flows is as follows:

Total consideration for 75% equity interest acquired	4,764,930
Less: Non-cash consideration	<hr/> (3,780,000)
Consideration settled in cash	984,930
Less: Cash and cash equivalents of subsidiary acquired	<hr/> (526,056)
Net cash outflow on acquisition of Audion	458,874

The total consideration for the 25% equity interest in Audion was paid by BLTA on 11 May 2006 and it represented the fair value of the share of net identifiable assets acquired on that date.

In connection with the acquisition of additional 75% equity interest in Audion, BLTA issued 17,181,818 ordinary shares with a fair value of \$0.22 each, being the published price of the shares at the date of exchange.

Impact of acquisition on income statement

From the date of acquisition, Audion has contributed \$496,412 to the Group's profit net of tax. If the combination had taken place at the beginning of the financial year, the Group's profit from continuing operations, net of tax would have been \$4,028,049 and revenue from continuing operations would have been \$125,382,040.

Goodwill arising on acquisition

The acquisition of 25% equity interest in Audion on 11 May 2006 did not give rise to any goodwill.

The acquisition of 75% equity interest in Audion on 13 July 2007 gave rise to goodwill of \$3,769,910.

Provisional accounting of acquisition

Net cashflow on acquisition of the two subsidiaries amounted to \$440,681.

The purchase price allocation of Audion in the financial year ended 31 December 2007 was provisional as the Group had sought an independent valuation for the fair value of tangible assets and intangible assets arising from this acquisition. The results of this valuation have not been received at the date the financial statements were authorised for issue by management. Goodwill arising from this acquisition, and the carrying amount of the intangible asset will be adjusted accordingly on a retrospective basis when the valuation of the intangible asset is finalised.

Notes to the Financial Statements

31 December 2007

13. Investment in associates

	Group		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Shares, at cost	339,042	1,657,921	339,042	241,901
Share of post-acquisition reserves	58,159	157,439	—	—
	397,201	1,815,360	339,042	241,901

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2007 %	2006 %

Held by the Company

AV Labs International Pte Ltd ("AV Labs") ²	Singapore	Marketing and distribution of computer and hardware	50	25
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Held through a subsidiary

Audion Innovision Pty Ltd ("Audion") ¹	Australia	Distribution of computer hardware	—	25
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1 Audited by Mezake & Allen, Chartered Accountants in Australia

2 Unaudited management accounts

On 13 July 2007, the Company acquired an additional 75% equity interest in its 25%-owned associate, Audion Innovision Pty Ltd ("Audion"). Upon the acquisition, Audion became a subsidiary of the Group (Note 12).

The summarised financial information of the associates are as follows:

	2007 \$	2006 \$
<i>Assets and liabilities:</i>		
Current assets	876,926	4,761,038
Non-current assets	—	3,517,905
Total assets	876,926	8,278,943
Current liabilities representing total liabilities	776,350	1,985,006
<i>Results:</i>		
Revenue	4,258,778	7,840,665
Profit for the year	53,458	629,753

14. Investment in joint ventures

	Company	
	2007 \$	2006 \$
Shares, at cost	110,538	110,538
Impairment losses	(100,303)	—
	10,235	110,538

Notes to the Financial Statements

31 December 2007

14. Investment in joint ventures (cont'd)

The Group has 49% and 50% equity interest in eGear Technologies (HK) Ltd and eGear Inc Ltd, respectively, two jointly-controlled entities with details as follows :

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2007 %	2006 %
<i>Held by the Company</i>				
eGear Technologies (HK) Ltd ("eGear Tech")	Hong Kong	Investment holding company	49	49
eGear Inc Ltd ("eGear Inc")	Hong Kong	Marketing and distribution of products to European markets	50	50

The aggregate amounts of each of current assets, non-current assets, current liabilities, non-current liabilities, income and expenses related to the Group's interests in the jointly-controlled entity are as follows:

	Group	
	2007 \$	2006 \$
<i>Assets and liabilities:</i>		
Current assets	47,370	26,086
Non-current assets	8,375	11,847
Total assets	55,745	37,933
Current liabilities	54,666	979
Non-current liabilities	—	—
Total liabilities	54,666	979
<i>Results:</i>		
Revenue	89,118	—
Expenses for the year	(123,713)	(71,003)
Loss for the year	(34,595)	(71,003)

Notes to the Financial Statements

31 December 2007

15. Deferred tax assets/(liabilities)

	Group		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Deferred tax liabilities				
- excess of net book value over tax written down value of property, plant and equipment	(28,953)	(35,147)	(25,666)	(25,666)
- investment in associate	-	(46,057)	-	-
- others	(11,600)	(237)	-	-
	(40,553)	(81,441)	(25,666)	(25,666)
Deferred tax assets				
- allowance for doubtful trade receivables	6,030	-	-	-
- allowance for inventory obsolescence	137,710	-	-	-
- excess tax written down value over net book value of property, plant and equipment	2,240	-	-	-
	145,980	-	-	-

As at 31 December 2007, there was no recognised deferred tax liability (2006: Nil) for taxes that would be payable on the unremitted earnings of certain of the Company's subsidiaries, as the Company has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future.

16. Goodwill

	Group \$
Cost	
At 1 January 2006 and 1 January 2007	
Acquisition of subsidiaries (Note 12)	3,800,136
At 31 December 2007	3,800,136

As at 31 December 2007, the goodwill amounting to \$3,800,136 has been determined on a provisional basis as the results of the independent purchase price allocation has not been received by the date the financial statements was authorised for issue. Goodwill arising from this acquisition, and the carrying amount of the intangible asset (if any, arising from the purchase price allocation) will be adjusted accordingly on a retrospective basis when the valuation of the intangible asset is finalised.

Notes to the Financial Statements

31 December 2007

17. Inventories

	Group		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
<i>At cost</i>				
Finished goods	21,895,148	13,646,611	13,010,046	9,518,246
<i>At net realisable value</i>				
Finished goods	438,439	333,537	375,012	306,708
Less: Allowance for inventory obsolescence	(438,439)	(333,537)	(375,012)	(306,708)
Total inventories at lower of cost and net realisable value	21,895,148	13,646,611	13,010,046	9,518,246

During the year, the Group and the Company wrote down the value of inventories by \$325,169 and \$287,345, respectively (2006 : \$36,859 and \$35,917 for both Group and Company). The Group and the Company reversed a write-down of inventories made in 2006 amounting to \$220,125 and \$219,040, respectively (2006 : reversed a write-down of inventories made in 2005 amounting to \$139,421 and \$129,592 respectively), as the inventories were sold above the carrying amounts during the year. Both the write-down and the reversal of write-down have been included in the income statement.

18. Trade receivables

	Group		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Trade receivables				
Less: Allowance for doubtful trade receivables	21,262,779	13,352,012	9,338,701	8,163,725
Less: Allowance for doubtful trade receivables	(448,342)	(206,782)	(283,819)	(130,313)
Less: Trade receivables written off	(19,626)	(4,939)	–	–
	20,794,811	13,140,291	9,054,882	8,033,412

Trade receivables are non-interest bearing and on 30 to 90 days' terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

Included in trade receivables of the Group and the Company are amounts denominated in foreign currencies as follows:

United States dollars	1,751,675	1,960,714	1,381,858	1,533,924
Malaysian Ringgit	4,144,155	3,094,878	–	–
Thai Baht	414,833	237,240	–	–
Australian dollars	4,992,505	–	–	–
New Zealand dollars	728,449	–	–	–
	12,031,617	5,292,832	1,381,858	1,533,924

Notes to the Financial Statements

31 December 2007

18. Trade receivables (cont'd)

Receivables that are past due but not impaired

The Group and Company have trade receivables amounting to \$8,744,766 and \$4,387,459 (2006: \$1,908,025 and \$795,867) respectively that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Trade receivables past due:				
Lesser than 30 days	7,327,763	1,404,935	3,732,929	607,669
30-60 days	542,499	283,066	210,739	40,748
61-90 days	313,135	108,921	171,251	51,492
91-120 days	96,874	47,333	46,813	6,524
More than 120 days	464,495	63,770	225,727	89,434
	8,744,766	1,908,025	4,387,459	795,867

Receivables that are impaired

The Group and Company's trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	Collectively and individually impaired			
	Group		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Trade receivables – nominal amounts				
Less: Allowance for impairment	21,262,779	13,352,012	9,338,701	8,163,725
Less: Trade receivables written off	(448,342)	(206,782)	(283,819)	(130,313)
	(19,626)	(4,939)	–	–
	20,794,811	13,140,291	9,054,882	8,033,412
Movement in allowance accounts:				
At 1 January	211,721	138,821	130,313	92,220
Charge for the year	237,491	67,974	153,506	38,093
Exchange differences	(870)	(13)	–	–
At 31 December	448,342	206,782	283,819	130,313

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Notes to the Financial Statements

31 December 2007

19. Other receivables and deposits

	Group		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Other receivables	866,406	465,272	835,437	431,221
Deposits	111,807	154,431	105,553	90,753
	978,213	619,703	940,990	521,974

Other receivables include advances to suppliers and recovery account from suppliers.

19. Due from subsidiaries/associates (trade)

These balances are non-interest bearing and are repayable on demand. They are unsecured and are to be settled in cash.

20. Due from subsidiaries/associates and due from directors (non-trade)

These balances are unsecured, interest-free and repayable on demand. They are to be settled in cash.

22. Cash and bank balances

Cash and cash equivalents comprise :

	Group		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Cash and bank balances	3,546,381	4,067,914	2,349,494	3,141,738

Cash and bank balances earn interest at floating rates based on daily bank deposit rates ranging from 0.05% to 0.11% (2006 : 0.003% to 0.010%) per annum. Fixed deposits were made for varying periods of between one month and six months depending on the immediate cash requirements of the Group, and earned interests at the respective fixed deposit rates.

As at 31 December 2007, the Company had available, \$8,582,828 (2006 : \$14,244,808) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

Included in cash and cash equivalents of the Group and the Company are amounts denominated in foreign currencies as follows :

	Group		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
United States dollars	1,096,112	1,831,932	1,060,726	1,607,504
Malaysian Ringgit	366,404	405,944	—	—
Thai Baht	50,234	73,797	—	—
Australian dollars	386,432	—	28,650	—
New Zealand dollars	276,931	—	—	—
	2,176,113	2,311,673	1,089,376	1,607,504

Notes to the Financial Statements

31 December 2007

23. Trade payables

Trade payables are non-interest bearing and have an average term of 30 to 60 days.

Included in trade payables of the Group and the Company are amounts denominated in foreign currencies as follows:

	Group		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
United States dollars	7,254,251	5,141,014	7,022,001	5,141,014
Malaysian Ringgit	371,253	212,621	—	—
Thai Baht	377,987	—	—	—
Australian dollars	962,050	—	—	—
New Zealand dollars	26,374	—	—	—
	8,991,915	5,353,635	7,022,001	5,141,014

24. Bills payable to banks (unsecured)

Bills payable to banks have repayment terms of approximately 3 months. Bills payable to banks bear interest at cost of funds plus 1.25% to 1.75% (2006: cost of funds plus 1.55% to 1.59%) per annum.

25. Short term loans (unsecured)

These loans bear interest at 4.15% to 4.75% (2006: 5.85% to 5.88%) per annum and are unsecured. The interest rates of these floating rate loans are repriced when due for renewal.

26. Other payables and accruals

	Group		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Other payables	1,950,580	488,159	494,288	239,842
Accrued operating expenses	451,818	1,506,579	599,555	1,430,801
	2,402,398	1,994,738	1,093,843	1,670,643

Other payables include freight payable and marketing fund contribution payable to suppliers and customers.

27. Finance lease obligations

The Group and the Company have finance leases for motor vehicles. There are no restrictions placed upon the Group by entering into these leases. These leases have an average life of between 1 to 7 years (2006: 5 to 7 years) with an option to purchase at the end of the lease term. The weighted average effective interest rate implicit in the leases is about 6.1% to 9.2% (2006: 5.0% to 6.7%) per annum. The outstanding amount of finance lease obligations is secured by way of a legal mortgage on the underlying lease assets.

Notes to the Financial Statements

31 December 2007

27. Finance lease obligations (cont'd)

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group		Company	
	Total minimum lease payments \$	Present value of payments \$	Total minimum lease payments \$	Present value of payments \$
2007				
Within one year	130,641	113,224	67,788	55,524
After one year but not later than five years	305,031	247,538	232,485	190,550
After five years	37,124	32,883	37,124	32,883
Total minimum lease payments	472,796	393,645	337,397	278,957
Less amounts representing finance charges	(79,151)	–	(58,440)	–
Present value of minimum lease payments	393,645	393,645	278,957	278,957
2006				
Within one year	90,932	75,885	70,668	58,816
After one year but not later than five years	204,964	169,573	173,876	143,788
After five years	13,837	11,105	13,837	11,105
Total minimum lease payments	309,733	256,563	258,381	213,709
Less amounts representing finance charges	(53,170)	–	(44,672)	–
Present value of minimum lease payments	256,563	256,563	213,709	213,709

28. Share capital

	Group and Company			
	2007 No. of shares	2007 \$	2006 No. of shares	2006 \$
Issued and fully paid:				
At 1 January	100,000,000	7,393,106	100,000,000	4,000,000
Issued for acquisition of a subsidiary (Note 13)	17,181,818	3,780,000	–	–
Transfer of share premium to share capital	–	–	–	3,393,106
At 31 December	117,181,818	11,173,106	100,000,000	7,393,106

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

In accordance with the Companies (Amendment) Act 2005, on 30 January 2006, the shares of the Company ceased to have a par value and the amount standing in the share premium reserve became part of the Company's share capital.

Notes to the Financial Statements

31 December 2007

29. Translation reserve

The translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

30. Dividends

	Group and Company	
	2007 \$	2006 \$
Declared and paid during the year:		
Dividends on ordinary shares:		
Final one-tier tax exempt dividend for financial year ended 31 December 2006: 2.3 cents (2005: 1.25 cents) per share	2,300,000	1,000,000
Proposed but not recognised as a liability as at 31 December		
Final one-tier tax exempt dividend for financial year ended 31 December 2007: 1.5 cents (2006: 2.3 cents) per share	1,757,727	2,300,000

31. Non-cancellable operating lease commitments – as lessee

The Group has entered into commercial leases for office and warehouse facilities as at 31 December 2007. These leases have remaining non-cancellable lease term of between 12 months to 44 months with options for renewal. There are no restrictions placed upon the Group by entering into these leases. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum lease payments payable under non-cancellable operating leases as at 31 December are as follows:

	Group		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Future minimum lease payments:				
Not later than one year	675,209	442,000	312,000	312,000
Later than one year but not later than five years	678,271	558,000	39,000	351,000
	1,353,480	1,000,000	351,000	663,000

Notes to the Financial Statements

31 December 2007

32. Fair value of financial instruments

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows :

	Group				Company			
	2007		2006		2007		2006	
	\$		\$		\$		\$	
Financial liabilities:								
- Obligations under finance leases	280,421	262,432	180,678	217,716	223,433	239,090	154,893	168,698

Determination of fair value

Finance lease obligations

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rates for similar types of leasing arrangements at the balance sheet date.

Amounts due from subsidiaries, associates and directors, Trade receivables, Other receivables and deposits, Trade payables, Other payables and accruals, Bills payable and Short term loans.

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are repriced to market interest rates on or near the balance sheet date.

33. Financial risk management objectives and policies

The Group's principal financial instruments, comprise finance leases and hire purchase contracts, cash and bank loans. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade, bills and other payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risks, foreign currency risk, liquidity risk, and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

(a) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their bills payable and short term loans. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually repriced at intervals of less than 6 months (2006: less than 6 months) from the balance sheet date.

Sensitivity analysis for interest rate risk

At the balance sheet date, if SGD interest rates had been 15 (2006: 15) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been \$19,000 (2006: \$6,000) higher/lower, arising mainly as a result of lower/higher interest expense on bills payable and short term loans.

Notes to the Financial Statements

31 December 2007

33. Financial risk management objectives and policies (cont'd)

(b) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily Malaysian Ringgit (Ringgit), Thai Baht (Baht), Australian Dollar (AUD) and New Zealand Dollar (NZD). The foreign currencies in which these transactions are denominated are mainly United States Dollar (USD). Approximately 15% (2006: 26%) of the Group's sales are denominated in foreign currencies whilst almost 31% (2006: 24%) of costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the balance sheet date have similar exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the balance sheet date, such foreign currency balances (mainly in USD) amount to \$1,096,112 and \$1,060,726 for the Group and the Company respectively.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia, Thailand, New Zealand and Australia. The Group's net investments in Malaysia, Thailand, New Zealand and Australia are not hedged as currency positions in these respective currencies are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the USD, AUD, NZD, Ringgit and Baht exchange rates (against SGD), with all other variables held constant, on the Group's profit net of tax and equity.

		2007		2006	
		Profit net of tax \$	Equity \$	Profit net of tax \$	Equity \$
USD	– strengthened by 3% (2006: 3%)	(132,000)	(132,000)	(27,000)	(27,000)
	– weakened by 3% (2006: 3%)	132,000	132,000	27,000	27,000
AUD	– strengthened 3% (2006: Nil%)	133,000	133,000	–	–
	– weakened by 3% (2006: Nil%)	(133,000)	(133,000)	–	–
NZD	– strengthened by 3% (2006: Nil%)	29,000	29,000	–	–
	– weakened by 3% (2006: Nil%)	(29,000)	(29,000)	–	–
Ringgit	– strengthened 3% (2006: 3%)	124,000	124,000	99,000	99,000
	– weakened 3% (2006: 3%)	(124,000)	(124,000)	(99,000)	(99,000)
Baht	– strengthened 3% (2006: 3%)	3,000	3,000	9,000	9,000
	– weakened 3% (2006: 3%)	(3,000)	(3,000)	(9,000)	(9,000)

Notes to the Financial Statements

31 December 2007

33. Financial risk management objectives and policies (cont'd)

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with different banks.

At the balance sheet date, approximately 98% (2006: 96%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements. 98% (2006: 96%) of the Company's loans and borrowings will mature in less than one year at the balance sheet date.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on contractual undiscounted payments.

	2007				2006			
	1 year or less \$	1 to 5 years \$	Over 5 years \$	Total \$	1 year or less \$	1 to 5 years \$	Over 5 years \$	Total \$
Group								
Trade and other payables	17,120,985	–	–	17,120,985	11,422,419	–	–	11,422,419
Loans and bills payable	12,815,383	–	–	12,815,383	4,139,692	–	–	4,139,692
Finance lease obligations	113,224	247,538	32,883	393,645	75,885	169,573	11,105	256,563
	30,049,592	247,538	32,883	30,330,013	15,637,996	169,573	11,105	15,818,674
Company								
Trade and other payables	13,844,863	–	–	13,844,863	10,879,526	–	–	10,879,526
Loans and bills payable	12,815,383	–	–	12,815,383	4,139,692	–	–	4,139,692
Finance lease obligations	55,524	190,550	32,883	278,957	58,816	143,788	11,105	213,709
	26,715,770	190,550	32,883	26,939,203	15,078,034	143,788	11,105	15,232,927

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Notes to the Financial Statements

31 December 2007

33. Financial risk management objectives and policies (cont'd)

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade at the balance sheet date is as follows:

	2007		2006	
	\$	% of total	\$	% of total
Group				
By country:				
Singapore	9,627,925	46	8,926,779	68
Malaysia	4,144,155	20	3,109,977	24
Thailand	414,833	2	237,240	2
New Zealand	728,449	4	—	—
Australia	4,895,982	23	—	—
Others	983,467	5	866,295	6
	20,794,811	100	13,140,291	100

At the balance sheet date, approximately:

- 18% (2006: 15%) of the Group's trade receivables were due from 5 major customers who are retailers and supermarket operators in the multi media and IT accessories industry located in Singapore, Malaysia and Australia.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 18.

34. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2007 and 31 December 2006.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, other liabilities, less cash and cash equivalents. Capital includes equity attributable to the equity holders of the parent.

Notes to the Financial Statements

31 December 2007

34. Capital management (cont'd)

	Group	
	2007 \$	2006 \$
Bills payable to banks (unsecured)	10,315,383	3,139,692
Short-term loan (unsecured)	2,500,000	1,000,000
Trade payables	14,718,587	9,427,681
Finance lease obligations (Note 27)	393,645	256,563
Less: Cash and cash equivalents	(3,546,381)	(4,067,914)
Net debt	24,381,234	9,756,022
Equity attributable to the equity holders of the parent representing total capital	22,562,680	17,514,423
Capital and net debt	46,943,914	27,270,445
Gearing ratio	52%	36%

35. Segment information

Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Business segments

The Group's primary format for reporting segment information is business segments, with each segment representing a product line. The Group's business segments are organised as follows:

- Multimedia (Audio and visual JT products, such as speakers, LCD monitors, graphic cards, MP3 players and sound cards)
- Data Storage (Products that are used in the storage of data such as tape storage, HDD cases, Blu-ray and DVD-Roms)
- IT accessories (PC-related accessories such as mice, keyboards and networking products such as switches, routers and wireless cards)

There are no sales between business segments.

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

Allocation basis and transfer pricing

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Assets and liabilities cannot be directly attributable to individual segments and it is impractical to arbitrarily allocate them to the segments. Accordingly, it is not meaningful to disclose assets and liabilities by business segments.

Notes to the Financial Statements

31 December 2007

35. Segment information (cont'd)

Business segments

	Multimedia		Data storage		IT accessories		Eliminations		Total
	2007	2006	2007	2006	2007	2006	2007	2006	2006
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	89,332,996	59,934,768	33,872,039	27,386,818	34,207,909	28,623,641	(36,728,329)	(25,565,582)	120,684,615
Segment results	3,124,414	2,550,224	951,941	1,013,879	1,360,319	1,221,310	(100,005)	(31,531)	5,336,669
Financial expenses							(363,652)	(172,887)	
Financial income							19,242	14,129	
Share of results of associate							151,109	157,439	
Profit before tax							5,143,368	4,752,563	
Tax expense							(1,364,759)	(1,065,734)	
Profit after tax							3,778,609	3,686,829	
Depreciation							353,025	299,810	
Capital expenditure							800,029	590,514	
Other non-cash expenses							397,307	(56,380)	

Notes to the Financial Statements

31 December 2007

35. Segment information (cont'd)
Geographical segments

	Singapore		Malaysia		Thailand		Asia ⁽¹⁾	
	2007	2006	2007	2006	2007	2006	2007	2006
Revenue :								
Sales to external customers	70,109,868	55,776,770	22,391,295	18,405,474	3,365,828	1,889,259	12,626,494	12,912,573
Inter-segment sales	12,700,752	11,176,557	17,324,357	13,219,017	1,421,508	1,170,010	—	—
Segment revenue	82,810,620	66,953,327	39,715,652	31,624,491	4,787,336	3,059,269	12,626,494	12,912,573
Assets	29,509,939	25,838,856	7,880,002	5,909,958	1,341,274	920,270	55,745	37,933
Capital expenditure	293,298	517,777	82,714	12,056	73,669	45,873	—	14,808

	Australia		Others ⁽²⁾		Eliminations		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
Revenue :								
Sales to external customers	9,682,838	—	2,508,291	1,395,569	—	—	120,684,614	90,379,645
Inter-segment sales	4,580,633	—	701,080	—	(36,728,330)	(25,565,584)	—	—
Segment revenue	14,263,471	—	3,209,371	1,395,569	(36,728,330)	(25,565,584)	120,684,614	90,379,645
Assets	13,004,871	—	2,192,428	1,568,761	—	—	53,984,259	34,275,778
Capital expenditure	347,882	—	2,466	—	—	—	800,029	590,514

(1) Asia includes the People's Republic of China, Vietnam, Taiwan, Korea, Mongolia, Pakistan, India, Bangladesh, Nepal and ASEAN member countries excluding Singapore, Malaysia and Thailand.
(2) Others include countries in Africa, the Americas, Europe, Saudi Arabia, United Arab Emirates and Syria.

36. Events after the balance sheet date

(a) The directors of the Company recommended that a final one-tier tax exempt dividend of 1.50 cents per ordinary share less tax of 18%, amounting to approximately \$1,757,727 to be paid in respect of the financial year ended 31 December 2007. The proposed dividend, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company, has not been accrued as liability for the current financial year.
(b) On 9 January 2008, the Company has entered into a share sale agreement to acquire 51% of the issued share capital of Keen High Mediatech Limited ("KeenHigh"), a company incorporated in The British Virgin Islands. The aggregate consideration for the proposed acquisition of 102,000 ordinary shares of US\$1 each is US\$68,164.

37. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2007 were authorised for issue in accordance with a resolution of the directors on 17 March 2008.

Statistics of Shareholdings

As at 10 March 2008

Issued and Fully paid up capital: S\$11,173,106
 Class of Shares: Ordinary Shares with equal voting rights

Distribution of shareholdings

Range of Shareholdings	No. of Shareholders	Percentage	No. of Shares	Percentage
1 – 999	0	0.00	0	0.00
1,000 – 10,000	199	47.95	1,012,000	0.86
10,001 – 1,000,000	198	47.71	21,160,000	18.06
1,000,001 and above	18	4.34	95,009,818	81.08
Total	415	100.00	117,181,818	100.00

Twenty largest shareholders

No.	Name of Shareholdings	No. of Shares	Percentage
1	Teng Woo Boon	38,900,000	33.20
2	Sheffield Trading Pty Ltd	11,710,442	9.99
3	Teng Kin Chong	7,951,000	6.78
4	Dainton Nominees Pty Ltd	5,471,376	4.67
5	Kim Seng Holdings Pte Ltd	4,999,000	4.27
6	Lim Siew Eng	4,126,000	3.52
7	Dollar Tree Inc Pte Ltd	3,700,000	3.16
8	DBS Vickers Securities (S) Pte Ltd	2,356,000	2.01
9	DBS Nominees Pte Ltd	2,315,000	1.98
10	HSBC (Singapore) Nominees Pte Ltd	1,900,000	1.62
11	Teo Su Ching	1,875,000	1.60
12	DMG & Partners Securities Pte Ltd	1,574,000	1.34
13	Yeo Siong Chan	1,509,000	1.29
14	Christine Anne McGregor	1,478,000	1.26
15	Peh Beng Yong	1,379,000	1.18
16	OCBC Securities Private Limited	1,372,000	1.17
17	Teng Kim Sui	1,314,000	1.12
18	Merrill Lynch (Singapore) Pte Ltd	1,080,000	0.92
19	Tan You Hong	935,000	0.80
20	Ang Chai Ling (Hong Cailing)	885,000	0.76
		96,829,818	82.64

Statistics of Shareholdings

Substantial shareholders' interests in the Company's shares

The Shareholdings of the Substantial Shareholders as recorded in the Registers of Substantial Shareholders' as at 10 March 2008:-

Substantial Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
1. Teng Woo Boon ⁽¹⁾	38,900,000	33.20	1,875,000	1.60
2. Teo Su Ching ⁽²⁾	1,875,000	1.60	38,900,000	33.20
3. Boyd Dainton ⁽³⁾	—	—	18,659,818	15.92
4. Christine Anne McGregor ⁽⁴⁾	1,478,000	1.26	17,181,818	14.66
5. Teng Kin Chong	7,951,000	6.78	—	—

Notes

- (1) Mr. Teng Woo Boon's deemed interest arose through 1,875,000 shares held by his spouse, Teo Su Ching.
- (2) Ms. Teo Su Ching's deemed interest arose through 38,900,000 shares held by her spouse, Teng Woo Boon.
- (3) Mr. Boyd Dainton's deemed interest arose through 5,471,376 held by Dainton Nominees Pty Ltd, 11,710,442 shares held by Sheffield Trading Pty Ltd and 1,478,000 shares held by his spouse, Christine Anne McGregor.
- (4) Ms. Christine Anne McGregor's deemed interest arose through 5,471,376 held by Dainton Nominees Pty Ltd and 11,710,442 shares held by Sheffield Trading Pty Ltd.

Shareholdings in hands of public

The percentage of shareholdings in the hand of public was approximately 34.27% as at 10 March 2008 and hence the Company has complied with Rule 723 of the SGX-ST Listing Manual.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of BAN LEONG TECHNOLOGIES LIMITED (the "Company") will be held at the Registered Office, 150 Ubi Avenue 4 Level 4, Singapore 408825 on Thursday, 24 April 2008 at 3.30 p.m. for the following purposes:

As Ordinary Business:

1. To receive and adopt the Directors' Report and Financial Statements of the Company for the year ended 31 December 2007 and the Independent Auditors' Report thereon. **[Resolution No. 1]**
2. To re-elect the following directors who are retiring under the Company's Articles of Association:
Rotation under the Article 107: -
 - i) Mr. Neo Gim Kiong **[Resolution No. 2]**
 Retirement under the Article 108: -
 - ii) Mr. Boyd Dainton **[Resolution No. 3]**
3. To pass a resolution pursuant to Section 153(6) of the Companies Act, Cap 50 to appoint Mr. Ch'ng Jit Koon as a Director of the Company to hold office until the next annual general meeting of the Company. **[Resolution No. 4]**
4. To pass a resolution pursuant to Section 153(6) of the Companies Act, Cap 50 to appoint Mr. Tan Eng Bock as a Director of the Company to hold office until the next annual general meeting of the Company. **[Resolution No. 5]**
5. To approve the payment of directors' fees of \$90,000/- for the year ended 31 December 2007. **[Resolution No. 6]**
6. To approve the payment of a final one-tier tax-exempt dividend of 1.5 cents per ordinary share for the year ended 31 December 2007. **[Resolution No. 7]**
7. To appoint auditors and to authorise the directors to fix their remuneration. **[Resolution No. 8]**

As Special Business:

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:

8. That pursuant to Section 161 of the Companies Act, Cap 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the directors to issue shares in the capital of the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that: -
 - i) the aggregate number of shares to be issued pursuant to this Resolution does not exceed 50 per cent (50%) of the issued share capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20 per cent (20%) of the issued share capital of the Company (as calculated in accordance with sub-paragraph (ii) below);
 - ii) notwithstanding the provisions of Article 5 of the Articles of Association of the Company but subject to such manner of calculation as may be prescribed by the SGX-ST, for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time this Resolution is passed, after adjusting for:-
 - a. new shares arising from the conversion or exercise of any convertible securities or share options which are outstanding or subsisting at the time this Resolution is passed; and
 - b. any subsequent consolidation or subdivision of shares; and
 - iii) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. **[Resolution No. 9]**
9. To transact any other business which may be properly transacted at an Annual General Meeting.

By Order of the Board
Eliza Lim Bee Lian
Company Secretary
9 April 2008

Notice of 2008 Annual General Meeting

Note:

A member entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a member of the company. The instrument appointing a proxy must be deposited at the Company's Registered Office at 150 Ubi Avenue 4 Level 4, Singapore 408825, not less than 48 hours before the time for holding of the meeting.

Explanatory Notes on Ordinary Business to be transacted: -

- a) Mr. Neo Gim Kiong is an Executive Director.
- b) Mr. Boyd Dainton was appointed on 17 July 2007 and he is an Executive Director.
- c) Mr. Ch'ng Jit Koon is a Non-Executive Director and if re-appointed, he will remain as member of the Audit Committee, Nominating Committee and Remuneration Committee.
- d) Mr. Tan Eng Bock is an Independent Director and if re-appointed, he will remain as Chairman of the Nominating Committee and member of the Audit Committee and Remuneration Committee.
- e) The Audit Committee has recommended that Ernst & Young be re-appointed as Auditors.

Explanatory Notes on Special Business to be transacted: -

Resolution 9 is to empower the Directors to issue shares in the capital of the Company up to an amount not exceeding in total 50 per cent (50%) of the issued share capital of the Company, with a sub-limit of 20 per cent (20%) for shares issued other than on a pro rata basis to shareholders.

BAN LEONG TECHNOLOGIES LIMITED

150 Ubi Avenue 4, Level 4
Singapore 408825

PROXY FORM**Important:**

1. For investors who have used their CPF monies to buy Ban Leong Technologies Limited's shares, the Annual Report is forwarded to them at the request of their CPF Approved nominee and is sent solely for information only.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We _____ (Name)

of (Address) being a
member/members of Ban Leong Technologies Limited ("the Company") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at 150 Ubi Avenue 4 Level 4, Singapore 408825 on Thursday, 24 April 2008 at 3.30 p.m. and at any adjournment thereof.

I/We have indicated with an "X" in the appropriate box against such item how I/we wish my/our proxy/proxies to vote. If no specific direction as to voting is given, my/our proxy/proxies may vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.

	Resolutions relating to:	For	Against
1.	Adoption of Reports and Accounts for the year ended 31 December 2007		
2.	Re-election of Mr. Neo Gim Kiong as a Director		
3.	Re-election of Mr. Boyd Dainton as a Director		
4.	Re-appoint of Mr. Ch'ng Jit Koon as a Director		
5.	Re-appoint of Mr. Tan Eng Bock as a Director		
6.	Payment of Directors' fees		
7.	To approve the Final Dividend for the year ended 31 December 2007		
8.	Appointment of Ernst & Young as Auditors		
9.	Authority to Issue Shares pursuant to Section 161 of the Companies Act, Cap. 50		

Signed this _____ day of April 2008

Total Number of Shares Held in:	
CDP Register	
Register of Member	

Signature(s) of Shareholder(s)
or Common Seal of Corporate Shareholder

Important: Please read notes overleaf



AFFIX
STAMP

To: The Company Secretary
BAN LEONG TECHNOLOGIES LIMITED
150 Ubi Avenue 4, Level 4
Singapore 408825

Fold along dotted line

Fold along dotted line

NOTES:

- a. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares entered against your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this instrument of proxy will be deemed to relate to all the Shares held by you.
- b. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint no more than two proxies to attend and vote on his behalf and such proxy need not be a member of the Company. Where a member appoints two proxies, the appointment shall be deemed to be alternative unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
- c. A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy by resolution of its directors or other governing body such person as it thinks fit to vote on its behalf.
- d. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 150 Ubi Avenue 4 Level 4, Singapore 408825 not less than 48 hours before the time appointed for the Annual General Meeting.
- e. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.
- f. In the case of members whose Shares are deposited with The Central Depository (Pte) Limited ("CDP"), the Company shall be entitled to reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Annual General Meeting as certified by the CDP to the Company.
- g. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
- h. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.



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Ban Leong

Technologies Limited

150 Ubi Ave 4 Level 4
Singapore 408825
Tel: (65) 6512 9221 Fax: (65) 6741 9295
www.banleong.com