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Annual Report 2008 Engineering Capabilities

ALANTAC TECHNOLOGY LTD

Annual Report 2008

Engineering Capabilities


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LETTER to Shareholders

Dear Shareholders,

On behalf of the Board of Directors, we are honoured again to have this opportunity to present our Annual Report for the financial year ended 31 December 2008 (“FY2008”).

THE YEAR 2008 IN REVIEW

Despite a very challenging year in 2008, the Group has finally completed the transformation exercise set out at the beginning of 2007. Armed with a strategy of enhancing the Group’s engineering and manufacturing capabilities, we have succeeded in integrating the Group’s operations. It was a bold step and the Group has achieved a remarkable corporate milestone, a paradigm shift, from high dependency on the semiconductor and electronics industries to a sought-after high value-added revenue base in aerospace and oil-and-gas. In addition, the Group now operates within an integrated manufacturing base in Singapore, Suzhou, a new facility in China and Thailand, a reduction from six manufacturing facilities to three.

The year was also filled with challenges and negative impacts from an unprecedented prolonged downturn in the semiconductor and electronics industries and a severe global financial crisis. The continuing weak performance from Getech Industries Pte Ltd (“Getech”) has eroded our performance significantly, and the Board has taken a prudent decision to completely impair this investment and Getech has ceased operations in March 2009.

With the unsettled global financial downturn on the horizon, the Group is not spared. However, this also allows the Management an opportunity to rationalise operations and achieve a balanced cost structure aligned with an optimal operational structure. We will strive to ride out this storm and emerge from it stronger.

FY2008 PERFORMANCE IN PERSPECTIVE

The Group’s revenue increased from S$33.2 million in the year ended 31 December 2007 (“FY2007”) to S$37.7 million in FY2008 with a higher net loss of S$13.9 million compared to a net loss of S$13.4 million in FY2007. This was attributed to significant one-off provisions and expenses of S$5.1 million made in FY2008 and gross margin reduced from 10.2% in FY2007 to 6.9% in FY2008.

The sluggish semiconductor and electronics industries, on which our China operation was highly dependent, and the rapid decline in demand in the 4th quarter of 2008 from the aerospace industry eroded our gross margin from 10.2% in FY2007 to 6.9% in FY2008. This was caused by a higher absorption of manufacturing overhead costs as production hours became idle.

LETTER to Shareholders

On a positive note, the Group has successfully made a paradigm shift in revenue base from the traditional revenue base of semiconductor and electronics to aerospace and oil-and-gas. Revenue from aerospace and oil-and-gas industries of S$15.9 million represented 42.2% (FY2007:12.5%) of the total revenue compared to semiconductor revenue of S$11.9 million or 31.6% (FY2007 : 54.1%) of total revenue.

While JEP Precision Engineering Pte Ltd ("JEP") with its revenue source from aerospace and oil-and-gas industries contributed positively to the Group's results, it was not on par with its FY2007 performance as the global financial crisis has not spared the aerospace industry. Demand from this segment rapidly declined in 4th quarter of 2008.

Total operating expenses in FY2008, after deducting one-off provisions and expenses, amounted to S$10.3 million to S$9.2 million of FY2007. The main reason for the increase was an amortisation charge for intangible assets of S$1.6 million in FY2008, arising from JEP acquisition as JEP was only acquired on September 2007. In fact, overall operating expenses decreased by S$0.5 million as a result of integration and consolidation of the Group's operations. Financial expenses increased from S$1.4 million in FY2007 to S$2.1 million in 2008, attributed to the full-year consolidation of JEP's financial expenses in FY2008 compared to a three-month period in FY2007.

The continuing poor performance of Getech has worsened Group performance and attempts at recovery in the past two years yielded negative results in view of the significant loss of revenue from a major customer. The Board has taken a prudent decision to fully impair the investment of S$4.1 million and restate its balance sheet at a realisable value as of 31 December 2008. This gave rise to a one-off provision related to Getech of S$1.7 million in FY2008. Getech ceased operations in March 2009.

The Group is required to comply with certain financial covenants in respect of certain bank loans. The Group has obtained a waiver from a bank and is currently in discussion with other banks to secure waivers to ensure compliance with those breached covenants. Further details are set out in Independent Auditors' Report and Notes 2.1, 23 and 24 to the Financial Statements. As a result, the outstanding long-term portion of finance leases and loan amounting to S$14.3 million has been reclassified to current liabilities position of S$19.2 million as at 31 December 2008.

The Group completed a rights issue exercise in December 2008 with the issuance of 95,962,947 new shares and proceeds of S$5.2 million to provide working capital for the Group.

The Group is consciously reviewing steps to strengthen its balance sheet as part of its corporate focus in 2009. In addition, the Group will continue to exercise stringent cost control and embark on a focused strategy to strengthen business relationships with existing customers while the unsettled global financial system works its way out of its current crisis to recovery.

LETTER to Shareholders (Continue)

CHALLENGES AND FOCUS IN FY2009

The Group's core vision in providing a seamless manufacturing solution and being an integral part of our customers' success remains the key pillar of our business strategy. Engineering solution is and will be the driver of the Group's ability to engage with customers.

While the on-going global financial crisis continues to cast dark clouds, we stay vigilant in facing the challenges by continuously evolving and building a leaner and more flexible manufacturing structure. High-value machining products from aerospace and oil-and-gas industries will be our focus in Singapore. Our Thailand facility will serve as the supporting outfit to complement the effort. Singapore will remain the central pillar of the Group.

Our new facility in China is emerging stronger as the extended manufacturing base and has become more resilient. It will be the Management's focus to ensure that we leverage on the operation of an extended arm to our high volume and low mix production environment. We will, at the same time, aggressively pursue local demand in China to replace the export oriented customers.

While we strive for corporate excellence and success, it is also important to strengthen our human resource management as well as the principle of transparency and accountability.

The outlook for FY2009 remains a great challenge in the deepening global economic crisis. While the Group is optimistic that the growth from precision engineering content remains intact, external factors will nevertheless have an impact on the Group's performance.

Not withstanding these negative impacts, the Group will continue with the corporate strategy of deploying a lean and flexible operational structure, coupled with a responsive and vigilant stance towards the market. We will be well poised to take on the challenges ahead of us and emerge stronger as a keen competitor in the market and partner for our customers.

IN APPRECIATION

On behalf of the Board, we welcome Dr. Ng Pock Too who has joined the Board on 1 July 2008 and thank Dr. Chew Heng Ching who retired at the last AGM for his support and service to the Group. We would like to express our sincere gratitude to you, our shareholders, for your unwavering support in this testing period of global economic downturn, also not forgetting our staff, customers, professional advisors, business partners and associates who have contributed to the well-being of the Group. We look forward to your continued support as we hold our hands together to ride through this crisis with resilience and be winners at the turn of the recovery.

Mr. Tan Ngee Teck
Executive Chairman and Chief Executive Officer

Mr. Joe Lau
Executive Vice Chairman

OPERATIONAL and Financial Review

An Overview in FY2008

The transformation in the past two years has put the Group on firmer ground to take on a wider spectrum of business opportunities. Operationally, the business structure has been enhanced with a paradigm shift in revenue base.

The increase in Group revenue by 13.7% compared to FY2007 was evidence of a dynamic shift in the Group's focus. This was despite declining revenue from the traditional semiconductor and electronics segments by 33.6% compared to FY2007.

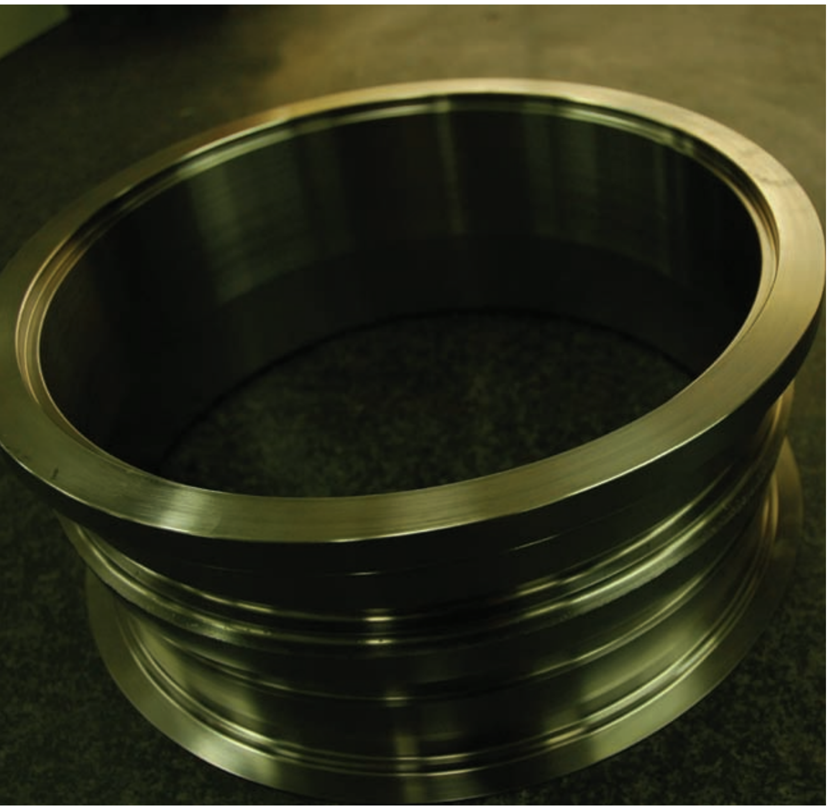
FY2008 marks the end of our consolidation exercise, and the Group is well poised to reap the benefits of this exercise for years to come.

Review of Financial Performance

Group revenue of S$37.7 million in FY2008 represented an increase of 13.7% over FY2007 largely attributed to full-year consolidation of JEP results, despite a decline in revenue of S$7.4 million from the traditional revenue base in the cyclical semiconductor and electronics industry. The Group has successfully realigned its revenue base from semiconductor industry to aerospace and oil-and-gas industries, the latter contributed a total of 42.2% of the Group revenue compared to semiconductor industry of 31.7% (FY2007 : 54.5%).

Pressure from the deteriorating external economic environment impacted gross profit margin, as it decreased significantly from 10.2% in FY2007 to 6.9% in FY2008. Prolonged sluggish semiconductor and electronics industries and the fast decline in demand from the aerospace industry resulted in lower rate of machine utilisation and higher absorption of manufacturing overhead costs relative to a lower revenue base.

Geographically, the Group continues to be heavily dependent on its Singapore operation which accounted for 82.3% of the total Group revenue and this was an increase of 27.8% from FY2007. While the Group made a successful shift in revenue base to aerospace and oil-and-gas industries, it was negatively impacted by the slow progress in the Suzhou operation where we were transforming its revenue base to lessen dependency



OPERATIONAL and Financial Review

on the semiconductor and telecommunication industries in view of the worsening market in these industries. Suzhou registered a decrease in revenue of 30.8% or S$1.3 million over FY2007.

Other operating income was S$1.4 million in FY2008 compared to S$0.9 million in FY2007, mainly due to the increase in sales of scrap metal of S$0.7 million.

Administrative expenses increased substantially from S$7.9 million in FY2007 to S$14.3 million in FY2008.

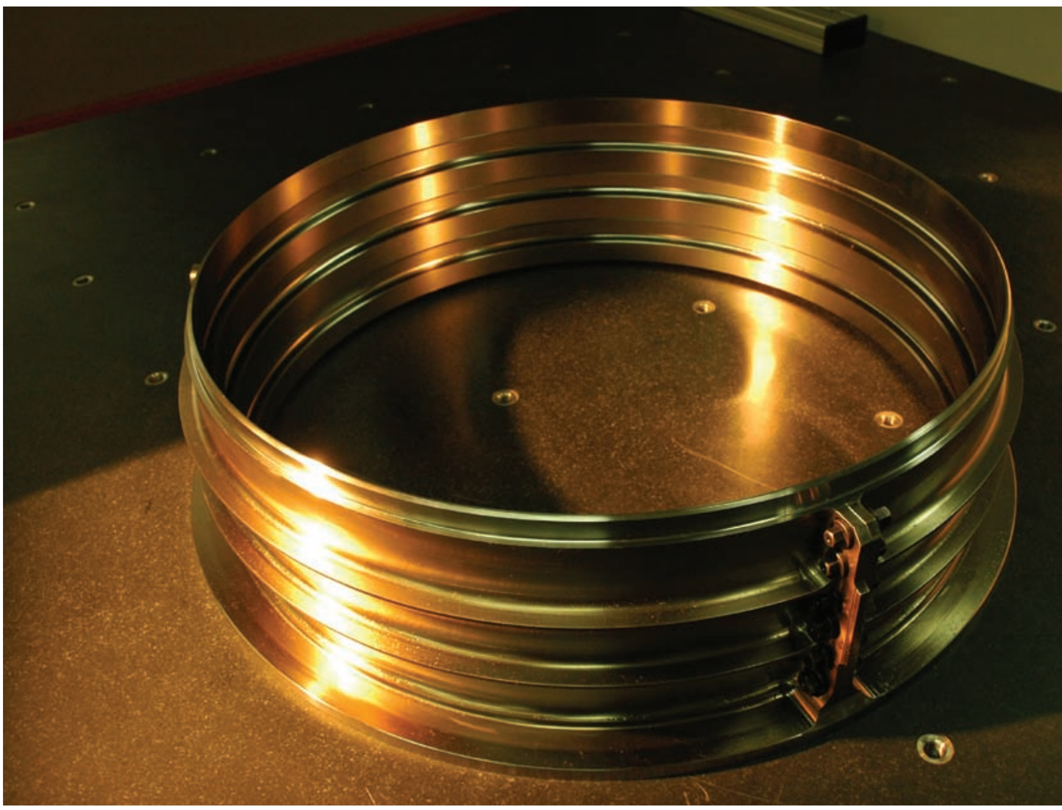
Of the total increase of $6.4 million, S$5.1 million or 34.0% of total administrative expenses was due to one-off provisions and expenses. As the global economic crisis significantly reduced the demand, in particular, from the semiconductor industry, the Group made a provision on impairment of fixed assets of S$2.0 million and inventory obsolescence and write off of S$1.4 million. In view of our plans to cease our mould and die cast manufacturing operations, impairment of S$0.5 million was made in respect of inventories and S$1.0 million was made in respect of machinery. In addition, the remaining intangible assets arising from acquisition of the mould and die cast manufacturing operations of S$0.2 million were written off. An amortisation charge for intangible assets arising from the JEP acquisition increased by S$1.6 million in FY2008 as JEP was only acquired in September 2007.

Financial expenses were higher in FY2008 mainly due to accounting for full-year term loan interest charges incurred by the Company as well as JEP which was acquired in the last quarter of FY2007.

On account of the above, the Group reported a net loss after tax and minority interests of S$13.9 million in FY2008 compared to S$13.4 million in FY2007.

Balance Sheet and Cash Flow

The Group's plant and machinery decreased by S$3.1 million. The decrease was due to depreciation of S$9.1 million and impairment of S$3 million, which was offset by addition of S$8.7 million mainly comprising production machinery for aerospace industry and disposal of S$0.3 million. Goodwill



OPERATIONAL and Financial Review

and intangible assets decreased from S$24.7 million in FY2007 to S$22.9 million in FY2008 as the result of goodwill and intangibles on acquisition of Getech of S$0.6 million being written off, amortisation of S$1.6 million of intangible assets on JEP acquisition and this is offset by an additional S$0.4 million of goodwill arising from the acquisition of additional equity interests in JEP Thailand.

The on-going economic crisis has burdened Group's financial position with lower than expected billings. As a result, trade receivables decreased from S$11.7 million in FY2007 to S$5.9 million in FY2008. Trade payables decreased from S$8.6 million in FY2007 compared to S$4.6 million in FY2008. Total bank borrowings have decreased from S$42.0 million to S$38.8 million, a reduction of S$3.2 million due to repayment made. Consequently, cash and bank balances decreased substantially from S$10.9 million in FY2007 to S$7.4 million in FY2008.

The Group generated a positive operating cash flow of S$3.5 million in FY2008 compared to a negative operating outflow of S$9.1 million in FY2007. Net cash used in investing activities amounted to S$3.7 million mainly due to purchase of production machinery for aerospace industry. Net cash outflow from financing activities was S$3.1 million. This was the result of proceeds from the Rights Issue of S$5.2 million offset by net repayment of bank borrowing of S$7.4 million. As a result, cash and cash equivalent decreased by S$3.3 million.

The Group is required to comply with certain financial covenants in respect of certain bank loans. The Group is currently working with a lending bank to secure waivers to ensure compliance with those covenants. As a result, the outstanding long-term portion of finance leases and loans amounting to S$14.3 million has been reclassified to current liabilities, giving rise to a net current liabilities position of S$19.2 million as at 31 December 2008.

The Group completed a Rights Issue exercise in December 2008 with the issuance of 95,962,947 new shares and proceeds of S$5.2 million to provide working capital for the Group.

The Group used part of the proceeds from Rights Issue for payment of S$0.1 million of expenses relating to the Rights Issue, payroll costs of S$0.8 million and payment of suppliers of S$2.3 million. As at 31 March 2009, the Group has a cash balance of S$2.0 million from the Rights Issue.

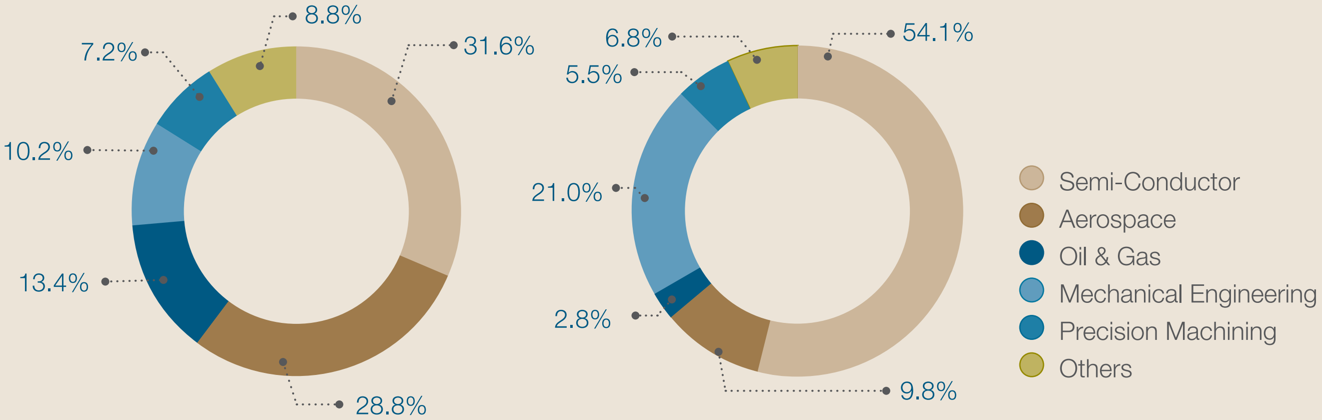
LOOKING AHEAD

While the challenges ahead are real and difficult during this unsettled global financial crisis, the Group will continue to pursue the excellent market opportunities open to us by just being engaged with our customers. The downturn has exerted pressure in streamlining the supply chain and we are poised to leverage on our enhanced engineering capability to strengthen relationships with our customers.

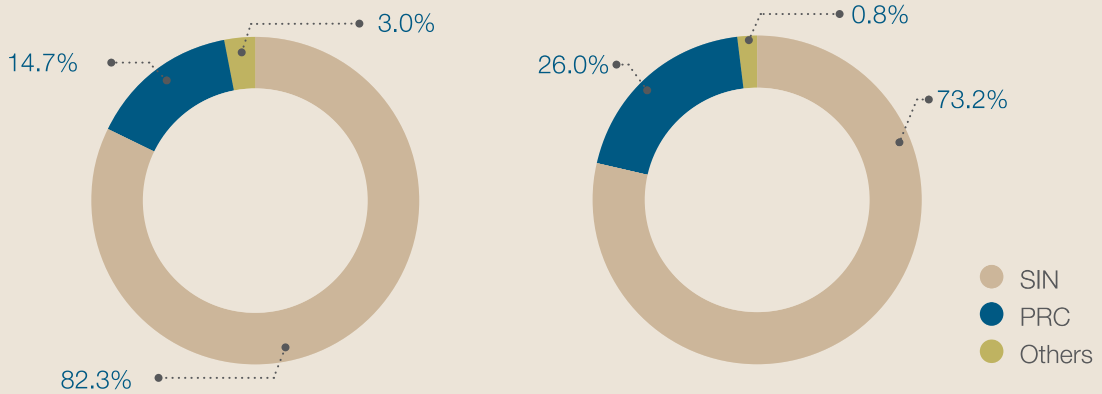
Our manufacturing facilities in Singapore, Thailand and Suzhou, China.

FINANCIAL Highlights

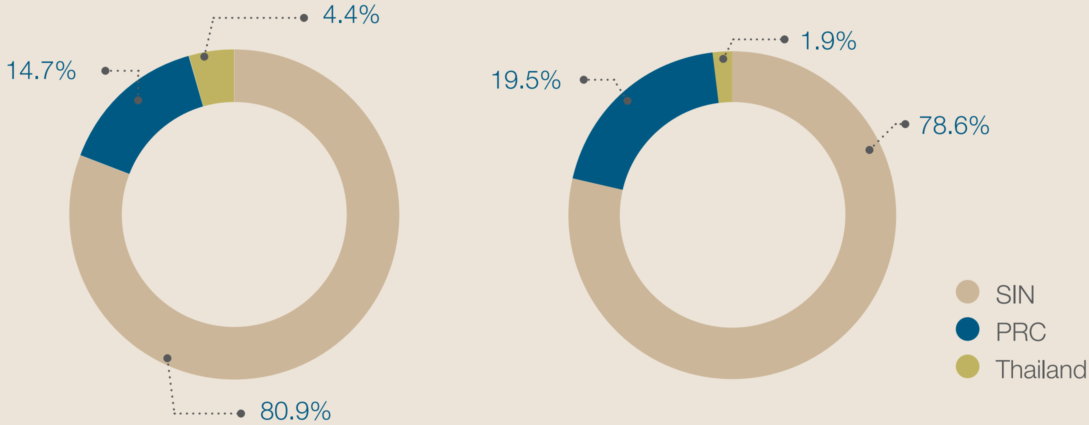
Revenue by Industry
2008 2007



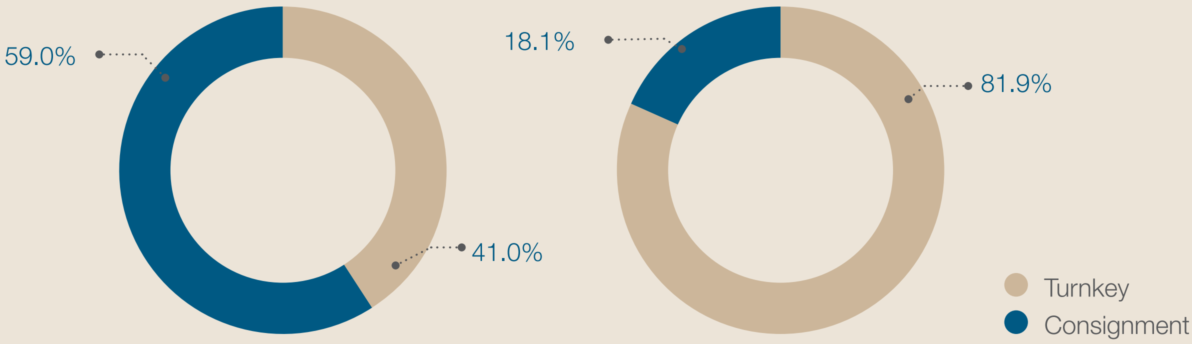
Revenue by Region
2008 2007



Asset by Region
2008 2007



Revenue by Business Division
2008 2007



BOARD OF Directors

Mr. Tan Ngee Teck

Was appointed as the Executive Chairman of the Company on 19th May 2006. He is responsible for the overall management, corporate strategic planning, operations and marketing of the Group. Mr. Tan had been actively involved in the steering of the strategic direction of the Group and provides leadership in charting the course of business initiatives. Prior to joining the Board, he was the Chairman and Chief Executive Officer of AMS Group, a company which he held privately serving the semiconductor industry in equipment design & assembly and consumable materials. Mr. Tan graduated with a Bachelor's Degree major in Finance & Banking and minor in Accountancy from the Northeast Louisiana University, USA.

Mr. Adam Lau Fook Hoong @ Joe Lau

The founder of JEP Precision Engineering Pte Ltd joined us as Executive Vice Chairman on 1 October 2007. With more than 20 years of experience in the precision engineering industry, he drives all operational matters for the Group. Mr. Joe Lau was the recipient of the 2006 Entrepreneur Award and the EYA Innovation Award 2006. He successfully built JEP Precision Engineering Pte Ltd to become an Enterprise 50 award winner in 2007. These awards clearly demonstrate his capability in building a successful business.

Mr. Wong Gang

A partner in law firm, Shook Lin & Bok LLP since 2002, joined us as an Independent Director. With more than 12 years of professional experience advising on a wide range of corporate finance and securities transactions, including stock market flotations, rights issue, securities regulation for public listed companies, mergers and acquisitions, joint ventures, as well as general corporate advisory work, he is also a member of Shook Lin & Bok LLP's China practice group and has advised multinational corporations and Singapore companies on cross border transactions in China, as well as on public offerings of securities in Singapore by companies from China. He has been cited by Chambers Asia as one of Singapore's leading corporate lawyers in the capital markets, and is currently also an Independent Director of several other companies listed on the SGX-ST.

Dr. Ng Pock Too

Is our Independent Director. Dr. Ng began his career in 1968 when he joined the Singapore Economic Development Board (EDB) as a Project Officer, in charge of industrial development planning and attracting foreign investments into Singapore. He rose to become a Deputy Director of EDB in 1979. He was sent by the EDB to attend Harvard Business School's Program for Management Development in the US.

In 1984, Dr. Ng was appointed Political Secretary to the then PM Lee Kuan Yew. He was elected Member of Parliament and was Chairman of the Government Parliamentary Committee for Foreign Affairs and Defense. In this position, he led the committee in its debate in parliament on foreign relations and defense issues.

Dr. Ng was also formerly President of Hamilton Sundstrand Asia Pacific. He used to serve as independent director of Chiwan Wharf Holdings in Shenzhen, a Shenzhen Stock Exchange listed company. He is currently Chairman and CEO of New Board Aerospace & Technology Pte Ltd. He is also a director of Action Information Management Pte Ltd and independent director at Kikkoman (S) Pte Ltd.

Dr. Ng was awarded the Colombo Plan Scholarship. He graduated from University of New Brunswick in Canada with a B. Sc Division One Honors Degree in Mechanical Engineering and was awarded the Lieutenant Governor General Medal as he topped his graduating class. Dr. Ng was also conferred an Honorary Doctor of Law Degree by his Alma Mater, the University of New Brunswick in Canada in 1993 in recognition of his contribution to Singapore's successful economic development. He was awarded the Meritorious Service Award by the National Trades Union Congress (NTUC) in 1996 and the Distinguished Service Award in 2005 for his leadership at NTUC Income.

Ms. Tay Lay Hoon

Was our Independent Director until 31 March 2009 when she was redesignated as an Executive Director with effect from 1 April 2009. As an Executive Director, Ms. Tay takes charge of our Group's Corporate affairs and oversees our finance function. She is also a member of our Group's Executive Committee. She has extensive experience in matters relating to accounting, financial administration, compliance and reporting requirements and was Chief Financial Officer of Amanda Group Service Pte Ltd. Ms. Tay was the Chief Financial Officer of Avalon Worldwide Group Pte Ltd from 2000 – 2004. Prior to that, she was with FJ Benjamin Holdings Ltd for four years as Divisional Director of Regional Finance. She was involved in the preparation of the company for its listing in 1996. Ms. Tay acquired the bulk of her experience as the Financial Controller of Angliss Singapore Pte Ltd (formerly known as The Malayan Refrigerating Co (Pte) Ltd) where she worked for 15 years, moving from Accountant to Chief Accountant and eventually the Financial Controller of the company. Ms. Tay holds a Bachelor of Accountancy from the National University of Singapore, and is a non-practising fellow of the Institute of Certified Public Accountants Singapore and a member of the Singapore Institute of Directors.

CORPORATE Information

Board of Directors
Tan Ngee Teck
Executive Chairman and
Chief Executive Officer

Adam Lau Fook Hoong @ Joe Lau
Executive Vice Chairman

Tay Lay Hoon
Executive Director*

Wong Gang
Independent Director

Ng Pock Too
Independent Director
(appointed on 1/7/2008)

Company Secretary
Chan Shok Hing

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Website: www.alantac-technology.com

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DBS Bank
Standard Chartered Bank
United Overseas Bank
OCBC Bank

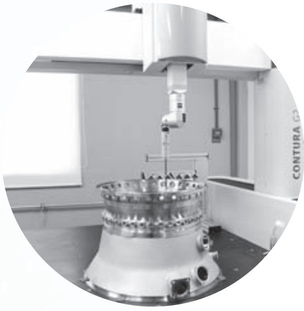
Share Registrar
Boardroom Corporate &
Advisory Services Pte Ltd
3 Church Street
#08-01 Samsung Hub
Singapore 049483

Auditors
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner in charge
Tan Peck Yen
(since financial year ended
31 December 2006)

* Redesignated as Executive Director with effect from 1 April 2009, she has reliquished her position as Chairman of the Audit Committee and as member of the Remuneration Committee and Nominating Committee.

FINANCIAL CONTENTS



CORPORATE Governance

Corporate Governance Statement

The Board of Directors and Management of Alantac Technology Ltd. (the "Company") are committed to observing high standards of corporate governance and transparency and the protection of shareholders' interests. This report describes the processes and measures adopted, where feasible and; the principles set out in the Code of Corporate Governance (the "Code").

Principle 1 – The Board's Conduct of its Affairs

The Company is headed by an effective Board that leads and oversees its operations and affairs.

The Board comprises the following members:

Executive Directors

Tan Ngee Teck
Adam Lau Fook Hoong @ Joe Lau
Tay Lay Hoon (Redesignated as Executive Director with effect from 1 April 2009)

Non-Executive Directors

Chew Heng Ching (Resigned on 25 April 2008)
Wong Gang
Ng Pock Too (Appointed on 01 July 2008)

The Board is responsible for the Company's system of corporate governance, and is ultimately responsible for the Group's activities, strategies and financial performance. It endeavours to enhance long-term value and return for shareholders.

The Board's primary functions include:

- Approving Group business objectives, strategic plans, and key initiatives,
- Overseeing the processes for evaluating adequacy of internal controls, risk management, financial reporting and compliance,
- Approving nomination of directors and appointment of key personnel,
- Approving annual budgets, major capital expenditures and funding proposals, major investment and divestment proposals,
- Approving half-year / full-year result announcements and all other announcements.

In carrying out his duties, each director is expected to consider, at all times, the interest of the company.

The Board delegates certain decision making authorities to the Audit Committee, the Nominating Committee and the Remuneration Committee, and these committees will in turn be monitored by the Board.

The Board has adopted internal guidelines that require Board approval, including appointment of directors, company secretary and appointment of Catalist Sponsor and as well as major transactions, inter alia, capital funding, acquisitions and disposals.

CORPORATE Governance

There will be an orientation of the Company's operational facilities and a meeting with the management staff for newly appointed Directors to familiarise them with the Company's business and governance policies. The Company would also be happy to open this orientation as a refresher for seasoned directors. To keep abreast with developments in financial, legal and accounting requirements, the Company will encourage its directors to attend relevant instructional/training courses at the Company's expense.

The Company Secretary attends all Board meetings and ensures that Board procedures are followed and that applicable rules and regulations are complied with.

To discharge its duties effectively and efficiently, the Board has established three committees, namely, the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"), each of which functions within defined terms of reference and operating procedures which are reviewed on a regular basis.

The Company's Articles of Association allow a board meeting to be conducted by way of teleconference and a resolution in writing signed by the majority of directors.

The Board, as a Group, possesses the necessary competencies to lead and govern the Company effectively.

The number of Board and other committee meetings held in the year and the attendance of each director, where relevant, is set out as follows:

	Board Meeting		Audit Committee Meeting		Nominating Committee Meeting		Remuneration Committee Meeting	
Name of Director	Number Held	Attendance	Number Held	Attendance	Number Held	Attendance	Number Held	Attendance
Tan Ngee Teck [(1)]	2	2	2	2	1	1	1	1*
Adam Lau Fook Hoong @ Joe Lau [(2)]	2	2	2	2	1	1*	1	1*
Tay Lay Hoon [(3)]	2	2	2	2	1	1	1	1
Wong Gang [(4)]	2	2	2	2	1	1	1	1
Ng Pock Too [(5)]	2	1	2	1	1	0	1	0

*- By invitation

[(1)] Mr. Tan Ngee Teck was appointed on 19 May 2006 and last re-elected on 26 April 2007.

[(2)] Mr. Adam Lau Fook Hoong@ Joe Lau was appointed on 1 October 2007 and last re-elected on 25 April 2008.

[(3)] Ms. Tay Lay Hoon was appointed on 26 August 2004 and last re-elected on 22 July 2005.

[(4)] Mr. Wong Gang was appointed on 1 November 2006 and last re-elected on 26 April 2007.

[(5)] Dr. Ng Pock Too was appointed on 1 July 2008.

CORPORATE Governance

Principle 2 – Board Composition and Balance

The Board comprises five Directors, of whom two are independent Directors. There is a strong and independent element on the Board that enables it to exercise objective judgment on corporate affairs independently, in particular, from the management. No individual or small group of individuals are allowed to dominate the Board's decision-making. The independence of each director is reviewed annually by the NC based on guidelines on criteria of independence stated in the Code. The Directors are not related to one another.

The NC is of the opinion that its current Board size and mix of expertise and experience of its members, as a group, provide core competencies necessary to meet the Company's requirements.

Checks have been done to ensure that our Independent Directors are independent, and ensure that no immediate family member of directors is under the employment of the Company or a substantial shareholder in the Company.

The Independent Directors provide an independent and professional element to the Board, enabling the Board to challenge management from an objective perspective, and at the same time, allow for constructive suggestions that will shape the Company's policies. The Independent Directors also aid in the review of management's performance and monitor the management reporting framework. With the redesignation of Ms. Tay Lay Hoon as an Executive Director, the Company is in the process of finding a suitable replacement for the position of an Independent Director.

Principle 3 – Chairman and Chief Executive Officer

The Code stipulates that the roles of Chairman and Chief Executive Officer ("CEO") should, in principle, be separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

The Group's Executive Chairman, Mr. Tan Ngee Teck, assumes the role of both the Chairman and CEO. The Board is of the view that based on the Company's current size and operation, it is in the best interests of the Group to adopt a single leader structure, where the Executive Chairman and the CEO is the same person, so as to ensure that the decision-making process of the Group and implementation of Board's corporate plans and policies would not be unnecessarily hindered.

The role of the Chairman includes ensuring that Board meetings are held when necessary and sets the Board meeting agenda in consultation with the Company Secretary and ensuring that the Board is provided with adequate and timely information.

All major decisions made by the Executive Chairman and CEO are reviewed by the Audit Committee. His performance and appointment to the Board are reviewed periodically by the Nominating Committee and his remuneration package is reviewed periodically by the Remuneration Committee. As such, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority in a single individual.

Principle 4 – Board Membership

The Nominating Committee ("NC"), which was constituted on 26 August 2004, comprises three members; two are Independent Directors and one Executive Director.

Chew Heng Ching	(Resigned as Committee Chairman on 25 April 2008, Independent Director);
Wong Gang	(Appointed Committee Chairman on 25 April 2008, Independent Director);
Tay Lay Hoon	(Independent Director up to and including 31 March 2009, redesignated as an Executive Director with effect from 1 April 2009);
Ng Pock Too	(Independent Director) (appointed on 1 July 2008); and
Tan Ngee Teck	(Executive Director)

The principal roles of the NC are to establish a formal and transparent process for appointments and reappointments to the Board and to review Board effectiveness, structure, size and composition.

The NC shall be responsible for identifying and nominating candidates for the Board, determining annually whether a director is independent, filling Board vacancies as well as to putting in place plans for succession, in particular the positions of Chairman and Chief Executive Officer. The NC is currently in the process of identifying a suitable replacement for the position of Independent Director to replace Ms. Tay Lay Hoon.

In addition, the NC will make recommendations to the Board concerning the continuation of the services of any Director who has reached the age of seventy (70) years. Should a director have multiple board representations, the NC has to decide whether he or she has been adequately carrying out his / her duties as a director of the Company.

NC will oversee and ensure that at least a third of the Board retires by rotation at every AGM, and every director will be required to submit themselves for re-nomination and re-election on a rotational basis and at least once every 3 years.

The process for selection and appointment of new directors will be led by the NC in the following order: (i) Determining the desirable competencies for the appointment, and after consultation with management, (ii) Consultation with other external professionals like search consultants to beef up potential list of candidates, (iii) Assessment of suitability of candidates and an open dialogue to ensure the candidate is aware of his role and obligation and (iv) a final shortlist for recommendation to the Board.

Principle 5 – Board Performance

Based on the recommendations by the NC, the Board has established processes and objective performance criteria for evaluating the effectiveness of the Board as a whole and the effectiveness of individual directors.

Principle 6 – Access to Information

The Directors are updated regularly on corporate governance, changes in listing rules and regulations and performance of the Group. The Directors have separate and independent access to the senior management, including the Company Secretary of the Group, at all times. The Directors, either individually or as a group, in the furtherance of their duties, can take independent professional advice, if necessary, at Company expense.

The Company makes available to all Directors its half-year and full-year management accounts and where required, other financials statements, budgets and forecasts and other relevant information as necessary. Detailed reports and board papers are sent out to the Directors before meetings so that the Board can have a proper understanding of the issues. With regard to budgets whereby material variances exist between the actual and forecasted numbers, they are reviewed by the Board as well as disclosed and explained by the Management, where required by the Board.

Principle 7– Procedures for Developing Remuneration Policies

The Remuneration Committee ("RC"), which was constituted on 1 November 2006, comprises two members, all of whom are Independent Directors. Ms. Tay Lay Hoon relinquished her position as a member of the Committee with effect from 1 April 2009 and the RC is in the process of identifying a suitable replacement.

Wong Gang	(Appointed Committee Chairman on 25 April 2008, Independent Director);
Tay Lay Hoon	(Independent Director up to and including 31 March 2009 and redesignated as an Executive Director with effect from 1 April 2009); and
Ng Pock Too	(Independent Director)

The RC reviews and recommends to the Board, in consultation with the Management, a framework of remuneration for the Management and key executives in the Company.

Independent and Non-Executive Directors receive directors' fees as determined by the RC, which takes into account their level of contribution and responsibilities.

Currently, the Company does not have any long-term incentive scheme for its Directors. However, the Company is currently working with its independent directors to look into the possibility of adopting incentive schemes. Where appropriate, the board will adopt such recommendations and modifications, if feasible and applicable.

Principle 8 – Level and Mix of Remuneration

The RC is responsible for reviewing and approving specific remuneration packages and terms of employment of Directors and employees related to Executive Directors and controlling shareholders of the Company. The RC also reviews the adequacy and form of remuneration for Directors to ensure that their compensation commensurate with the responsibilities and risks involved in being a Director and the remuneration packages are comparable to companies within similar industry and include a performance-related element with appropriate and meaningful measures of assessing performance. Such remuneration packages include but are not limited to director's fees, salaries, allowances, bonuses and benefits in kind. In case of service contracts, there should be a fixed appointment period for all directors, after which they are subject to re-election. No Director or member of the RC shall be involved in deciding his own remuneration.

Principle 9 – Disclosure on Remuneration

The remuneration of Directors and the top 5 senior executives of the Company for the year ended 31 December 2008 are set out below:

Remuneration band and name	Fees [(1)]	Salary [(2)]	Bonus [(2)]	Others[(3)]	Total
Directors					
S$500,000 and above					
Adam Lau Fook Hoong @ Joe Lau	-	38%	51%	11%	100%
S$250,000 to S$499,999					
Tan Ngee Teck	-	74%	5%	21%	100%
Below S$250,000					
Tay Lay Hoon	100%	-	-	-	100%
Wong Gang	100%	-	-	-	100%
Ng Pock Too	100%	-	-	-	100%
Key Executives					
S$250,000 to S$499,999					
NIL	-	-	-	-	-
Below S$250,000					
Tan Boon Chuan	-	78%	7%	15%	100%
Leong Weng Cheong	-	80%	7%	13%	100%

(1) These fees are subject to approval by shareholders as a lump sum at the forthcoming AGM.

(2) Salaries and bonuses include employer contributions to the Central Provident Fund.

(3) Benefits in kind such as use of company vehicles are included.

In the financial year ended 31 December 2008, no employee of the Group who is related to any Director has an annual remuneration which exceeds S$150,000.

Principle 10 – Accountability

The Board is collectively responsible for the success of the Company and works with management to achieve this. The Company reports its results once every six months.

Through these reports, the Board aims to provide shareholders with clear and balanced assessments of the Group's financial performance, position and prospects.

The Management provides all members of the Board sufficient and timely information on its financial performance and potential issues before all Board meetings.

In line with continuous disclosure obligations of the Company and in accordance to the Catalist Listing Manual of the SGX-ST and the Companies Act, the Board adopts a policy whereby shareholders shall be informed of all major developments of the Company.

Financial information and other price sensitive information are circulated in a timely manner to the shareholders through announcement via SGXNET, press release, the Company's website and media and analyst briefings. The Company's corporate information as well as annual reports are also available on the Company's website.

CORPORATE Governance

The management makes available to all Directors its half-year and full-year management accounts and where required, such other necessary financial information for other periods if applicable. The Group's information on its performance, business and prospects are also available to all the Directors on a half-year and full-year basis and such other periods, if applicable.

Principle 11 – Audit Committee

The Audit Committee ("AC"), which was reconstituted on 1 November 2006, comprised three members who have accounting or related financial expertise or experience to discharge their responsibilities up until 31 March 2009. With the redesignation of Ms. Tay Lay Hoon, it currently comprises two Independent Directors namely Dr. Ng Pock Too and Mr. Wong Gang:

Tay Lay Hoon	(Appointed Committee Chairman on 25 April 2008, Independent Director and redesignated as Executive Director with effect from 1 April 2009);
Wong Gang	(Independent Director); and
Ng Pock Too	(Independent Director)

The duties of the Committee shall be:

a) to review with the external auditors the audit plan, their audit report, their management letter and Management's response.

b) to review the half-year and annual financial statements on significant financial reporting issues and judgments before submission to the Board for approval.

c) to review any formal announcements relating to the Company's financial performance.

d) to discuss problems and concerns, if any, arising from the interim and final audits, in consultation with the external auditors.

e) to meet with the external auditors without the presence of Management, at least annually, to discuss any problems and concerns they may have.

f) to review the assistance given by Management to external auditors.

g) to review and evaluate the adequacy of the Company's internal controls systems by reviewing reports from internal and management recommendations from external auditors.

h) to review the effectiveness of the company's internal audit function

i) to review annually the scope and results of the audit and its cost-effectiveness as well as the independence and objectivity of the external auditors.

j) to review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters within its terms of reference. A lead independent director will lead in all queries as may be raised by the staff of the Company. The AC will have full access to and co-operation by Management and full discretion to invite any director or executive officer to attend its meetings. The AC also has reasonable resources to enable it to discharge its functions properly.

The Company has in place a whistle blowing policy, reviewed and endorsed by the AC, where employees can, in confidence, raise concerns about improper conduct for investigation.

k) to report to the Board its findings from time to time on matters arising and requiring the attention of the Committee.

l) to review interested person transactions (IPTs) falling within the scope of the Catalist Listing Manual of the SGX-ST.

m) to undertake such other reviews and projects as may be requested by the Board.

n) to consider the appointment/re-appointment of external auditors, the audit fee and matters relating to the resignation or dismissal of auditors.

The AC has reviewed the non-audit services provided by the external auditors and is of the opinion that the provision of such services does not affect the independence of the external auditors.

Principle 12 – Internal Controls

The Management has put in place and maintained a sound system of internal control intended to manage business risks with the view of safeguarding shareholders' interests and the Group's assets.

The AC reviews the effectiveness of the measures taken by the Management on the recommendations made by the external auditors.

Principle 13 – Internal Audit

The Board has appointed Howarth First Trust LLP to perform the internal audit functions of the Group. The Internal Auditor's primary line of reporting is to the Chairman of the AC. The AC ensures that the internal audit functions is adequately resourced and has appropriate standing within the Group. The adequacy of the internal audit function is determined at least annually by the AC.

Principle 14 – Communication with Shareholders

The Board is committed to being open and transparent in the conduct of the Company's affairs, whilst preserving the commercial interests of the Company. The Board is mindful of its obligations to provide timely and fair disclosure of material information in accordance with the Corporate Disclosure Policy of the Singapore Exchange. Financial Results, annual reports and other material information are released via SGXNET. Announcements released via SGXNET are also uploaded promptly on the Company's corporate website.

Shareholders are informed of shareholders' meeting through notices published in the newspaper and reports or circulars sent to all shareholders.

CORPORATE Governance

Principle 15 – Shareholder Participation

At general meetings, shareholders are given the opportunity to express their views and ask questions regarding the Group and its businesses. Shareholders may appoint proxies to attend and vote on their behalf.

Each item of special business in the notices of the shareholders' general meetings is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for each distinct issue.

The Chairman of the AC, RC and NC is required to be present during the general meeting to address shareholders' queries. In addition, external auditors are also present at such meetings to assist the Directors in addressing the queries, if required.

SECURITIES TRANSACTIONS

In line with the Singapore Exchange's Best Practice on Dealings in Securities, the Company has issued a policy to its Directors and key officers / employees that there must be no dealings in the securities of the Company one month before the release of the half-year and full-year financial results, or when they are in possession of unpublished material price-sensitive information.

An internal memorandum informing all persons covered by the policy that they are prohibited from dealing in the securities of the Company during the 'closed window' period until after the release of the results.

In view of the process in place, the Board is of the opinion that the Company has complied with the principal corporate governance recommendations set out in the Best Guide issued by the Singapore Exchange Securities Trading Limited ("SGX-ST").

MATERIAL CONTRACTS

No material contracts of the Company and its subsidiaries involving the interest of the CEO or any Director or controlling Shareholder subsisted at the end of the financial year or had been entered into since the end of the previous financial year.

Other Key Information regarding Directors

Name	Age	Designation	Present Directorships Of Listed Companies	Past 5 years Directorships of Listed Companies
Tan Ngee Teck	45	Executive Chairman and CEO	NIL	NIL
Adam Lau Fook Hoong @ Joe Lau	53	Executive Vice Chairman	NIL	NIL
Ng Pock Too	64	Independent Director	NIL	1) Shenzhen Chiwan Wharf Holdings Ltd 2) IHI-Sullair Compression Technology (Suzhou) Co., Ltd 3) Manhattan Resources Limited
Tay Lay Hoon	52	Executive Director	NIL	NIL

Wong Gang	38	Independent Director	1) China Auto Electronics Group Limited 2) China Animal Healthcare Limited 3) Fujian Zhenyun Plastics Industry Co., Ltd 4) Tianjin Zhongxin Pharmaceutical Group Corporation Limited	1) China Jishan Holdings Limited

INTERESTED PERSON TRANSACTIONS

There was no interested person transaction during the financial year under review.

TRANSITION TO CATALIST

On 16 March 2009, the SGX-ST approved the Company's application to transit to Catalist, which will take effect on 13 April 2009 (the "Transition Date") after which the Company will comply with the rules of Catalist on an on-going basis. The Company has appointed Stamford Corporate Services Pte Ltd ("Stamford Corporate Services") as the Company's continuing sponsor. Stamford Corporate Services will commence as our continuing sponsor with effect from the Transition Date.

As at the date of printing of the Annual Report, the Company is in the process of transitioning to the Catalist sponsor-supervised regime.

Directors' Report

The directors present their report to the members together with the audited consolidated financial statements of Alantac Technology Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet, income statement and statement of changes in equity of the Company for the financial year ended 31 December 2008.

Directors

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

Tan Ngee Teck	-	Executive Chairman and Chief Executive Officer
Adam Lau Fook Hoong @ Joe Lau	-	Executive Vice Chairman
Tay Lay Hoon	-	Executive Director
Wong Gang	-	Independent Director
Ng Pock Too	-	Independent Director

Arrangements to enable directors to acquire shares and debentures

Except for the subscription for shares under the rights issue of the Company, 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.

During the financial year ended 31 December 2008, Mr. Tan Ngee Teck and Mr. Adam Lau Fook Hoong @ Joe Lau subscribed for 47,235,758 and 47,902,711 new shares respectively under the rights issue of the Company.

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 and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of director	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Alantac Technology Ltd Ordinary shares				
Tan Ngee Teck	–	–	23,711,800*	70,947,558*
Adam Lau Fook Hoong @ Joe Lau	23,037,975	2,320,586	–	71,517,100**

* 8,000,000 shares by AMS Capital have been pledged to secure Company's borrowings under the Convertible Notes. Further details on the Convertible Notes can be found in page 79 of this report. These shares are held by HSBC (Singapore) Nominees Pte Ltd.

** 71,517,100 shares held by CITIBANK Nominees Singapore Pte Ltd.

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2009.

Except as disclosed in this financial statements, 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 of later, or at the end of the financial year.

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 2008, there were no options on the unissued shares of the Company or its subsidiaries which were outstanding.

Audit committee

The audit committee (AC) carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Cap. 50, including the following:

- Reviews the audit plans of the internal and external auditors of the Company, and reviews the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the external and internal auditors;
- Reviews the half yearly unaudited results announcement and annual financial statements and the auditors' report on the annual financial statements of the Company before their submission to the board of directors;
- Reviews effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
- Meets with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviews the cost effectiveness and the independence and objectivity of the external auditors;
- Reviews the nature and extent of non-audit services provided by the external auditors;
- Recommends to the board of directors the external auditors to be nominated, approves the compensation of the external auditors, and reviews the scope and results of the audit;
- Reports actions and minutes of the AC to the board of directors with such recommendations as the AC considers appropriate; and

Directors' Report

Audit committee (cont'd)

- Reviews interested person transactions in accordance with the requirements of the Catalist Listing Manual of the SGX-ST.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

The AC convened two meetings during the year attended by all members. The AC has also met with external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the audit committee are disclosed in the Report on Corporate Governance.

Auditors

Ernst & Young LLP have expressed their willingness to accept reappointment as auditors of the Company.

On behalf of the board of directors,

Tan Ngee Teck
Director

Adam Lau Fook Hoong @ Joe Lau
Director

Singapore
6 April 2009

Statement by Directors

We, Tan Ngee Teck and Adam Lau Fook Hoong @ Joe Lau, being two of the directors of Alantac Technology Ltd., do hereby state that, in the opinion of the directors,

(i) the accompanying balance sheets, income statements, 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 and of the Company as at 31 December 2008 and the results of the business and changes in equity of the Group and of the Company and the cash flows of the Group 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,

Tan Ngee Teck
Director

Adam Lau Fook Hoong @ Joe Lau
Director

Singapore
6 April 2009

Independent Auditors' Report

To the Members of Alantac Technology Ltd

We have audited the accompanying financial statements of Alantac Technology Ltd. (the Company) and its subsidiaries (collectively, the Group) set out on pages 30 to 96, which comprise the balance sheets of the Group and the Company as at 31 December 2008, the income statements and the statements of changes in equity of the Group and the Company and the consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is 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 devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets; 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 management, 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.

Independent Auditors' Report

To the Members of Alantac Technology Ltd

Opinion

In our opinion,

(i) the consolidated financial statements of the Group and the balance sheet, income statement 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 2008 and the results and changes in equity of the Group and of the Company and cash flows of the Group 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.

Without qualifying our opinion, we draw attention to Note 2.1 to the financial statements. The Group and the Company incurred net losses after tax during the financial year ended 31 December 2008 of $13,916,000 and $12,691,000 respectively. As at that date, the Group's and the Company's current liabilities exceeded the current assets by $19,214,000 and $5,381,000 respectively.

As discussed more fully in Notes 23 and 24 to the financial statements, as at 31 December 2008, the Group and the Company breached certain financial covenants in connection with certain bank loans and finance lease obligations. These breaches will contractually entitle the bankers to demand for full and immediate repayment of these outstanding loans and borrowings. If this were to happen, the Group and the Company may not have sufficient committed funding to meet such demand. As at the date of this report, no such repayment demand has been made to the Group and the Company. To-date, management has obtained a waiver from a banker and is in the process of discussion with other bankers with regards to obtaining waiver of the other breaches.

The matters set out in the paragraphs above indicate the existence of a material uncertainty which may affect the validity of the going concern assumption on which the accompanying financial statements of the Group and the Company are prepared.

As stated in Note 2.1 to the financial statements, the financial statements have been prepared on a going concern basis on the assumptions that the Group and the Company continue to obtain financial support from the bankers and the Group's and the Company's abilities to generate sufficient cash from operations to meet their obligations as and when they fall due. If the support from the bankers is not forthcoming, or the Group and the Company are unable to generate sufficient cash from its operations, the Group and the Company may be unable to continue in operational existence for the foreseeable future. The Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to provide for further liabilities which may arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made to these financial statements.

Ernst & Young LLP
Public Accountants and
Certified Public Accountants
Singapore
6 April 2009

Income Statements

for the financial year ended 31 December 2008

(In Singapore dollars)

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Revenue	4	37,744	33,208	9,637	16,177
Cost of sales		(35,136)	(29,807)	(10,148)	(14,521)
Gross profit		2,608	3,401	(511)	1,656
Other items of income					
Financial income	8	45	168	36	161
Other operating income	5	1,427	973	914	352
Other items of expense					
Selling and distribution expenses		(1,124)	(1,285)	(290)	(637)
Administrative expenses		(14,301)	(7,916)	(11,648)	(4,492)
Financial expenses	8	(2,092)	(1,453)	(994)	(845)
Other income / (expense)	8	147	(1,038)	147	(1,038)
Other financial charges	8	(121)	(2,645)	(121)	(2,599)
Impairment loss on goodwill on consolidation		(425)	(3,800)	–	–
Impairment loss on investment		–	–	–	(3,800)
Loss before tax	6	(13,836)	(13,595)	(12,467)	(11,242)
Tax (expense) / credit	9	(80)	296	(224)	221
Net loss for the year, attributable to equity holders of the Company		(13,916)	(13,299)	(12,691)	(11,021)
Attributable to :					
Equity holders of the Company		(13,928)	(13,431)		
Minority interests		12	132		
		(13,916)	(13,299)		
Loss per share attributable to equity holders of the Company - basic and diluted (cents)	10	(4.33)	(5.64)		

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

Balance Sheets

as at 31 December 2008

(In Singapore dollars)

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Non-current assets					
Property, plant and equipment	11	39,933	45,394	4,148	4,832
Investment in subsidiaries	12	–	–	37,943	41,566
Goodwill on consolidation	13	12,720	12,761	–	–
Intangible assets	14	10,194	11,966	–	–
		62,847	70,121	42,091	46,398
Current assets					
Property, plant and equipment	11	2,378	–	–	–
Inventories	15	5,807	6,961	3,863	5,145
Trade receivables	16	5,882	11,714	1,230	5,074
Other receivables	17	718	317	–	52
Deposits and prepaid operating expenses	18	193	2,106	193	459
Amount due from subsidiaries	19	–	–	2,573	3,924
Fixed deposits	20	2,000	6,762	2,000	6,541
Cash and bank balances	20	5,361	4,159	2,185	523
		22,339	32,019	12,044	21,718
Total assets		85,186	102,140	54,135	68,116
Equity and liabilities					
Current liabilities					
Trade payables	21	4,643	8,622	1,770	4,914
Other payables and accruals	22	4,169	5,238	1,752	2,548
Tax payable		44	599	–	–
Amount due to subsidiaries (trade)	19	–	–	712	284
Finance lease obligations	23	10,447	7,144	1,512	3,110
Loans and borrowings	24	21,660	8,153	11,649	3,300
Bank overdrafts		590	821	30	305
Derivative financial instrument	24	–	147	–	147
		41,553	30,724	17,425	14,608
Non-current liabilities					
Finance lease obligations	23	2,100	7,735	412	1,242
Loans and borrowings	24	4,047	18,158	1,171	9,609
Deferred tax liabilities	9	3,331	3,301	–	–
		9,478	29,194	1,583	10,851
Total liabilities		51,031	59,918	19,008	25,459
Net current (liabilities) assets		(19,214)	1,295	(5,381)	7,110
Net assets		34,155	42,222	35,127	42,657

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

Balance Sheets

as at 31 December 2008

(In Singapore dollars)

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Equity attributable to equity holders of the Company					
Share capital	25	57,077	51,916	57,077	51,916
Equity component of convertible term loan	24	993	993	993	993
Accumulated losses		(26,033)	(12,105)	(22,943)	(10,252)
Translation reserve		(1,028)	(1,749)	–	–
		31,009	39,055	35,127	42,657
Minority interests		3,146	3,167	–	–
Total equity		34,155	42,222	35,127	42,657
Total equity and liabilities		85,186	102,140	54,135	68,116

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

Statements of Changes in Equity

for the financial year ended 31 December 2008

(In Singapore dollars)

Group	Attributable to equity holders of the parent							
	Share capital (Note 25) $'000	Share premium $'000	Equity component of convertible term loan $'000	Translation reserve $'000	Accumulated profits/ (losses) $'000	Equity attributable to equity holders of the parent, total $'000	Minority interests $'000	Total $'000
At 1 January 2007 as previously stated	8,014	–	–	(451)	1,326	8,889	–	8,889
Currency translation differences	–	–	–	(1,298)	–	(1,298)	–	(1,298)
Net loss recognised directly in equity	–	–	–	(1,298)	–	(1,298)	–	(1,298)
Net loss for the year as restated	–	–	–	–	(13,431)	(13,431)	132	(13,299)
Total recognised income and expenses for the year as restated	–	–	–	(1,298)	(13,431)	(14,729)	132	(14,597)
On acquisition of a subsidiary as restated	–	–	–	–	–	–	3,035	3,035
Placement of shares for cash	8,102	–	–	–	–	8,102	–	8,102
Issuance of shares in relation to acquisition of subsidiaries	16,550	–	–	–	–	16,550	–	16,550
Conversion of convertible notes to shares	19,250	–	–	–	–	19,250	–	19,250
Convertible term loan – equity conversion option	–	–	993	–	–	993	–	993
At 31 December 2007 restated	51,916	–	993	(1,749)	(12,105)	39,055	3,167	42,222
At 1 January 2008 as restated	51,916	–	993	(1,749)	(12,105)	39,055	3,167	42,222
Currency translation differences	–	–	–	721	–	721	(33)	688
Net profit/(loss) recognised directly in equity	–	–	–	721	–	721	(33)	688
Net loss for the year	–	–	–	–	(13,928)	(13,928)	12	(13,916)
Total recognised income and expenses for the year	–	–	–	721	(13,928)	(13,207)	(21)	(13,228)
Rights issue during the year	5,277	–	–	–	–	5,277	–	5,277
Rights issue expenses	(116)	–	–	–	–	(116)	–	(116)
At 31 December 2008	57,077	–	993	(1,028)	(26,033)	31,009	3,146	34,155

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

Statements of Changes in Equity

for the financial year ended 31 December 2008

(In Singapore dollars)

Company	Share capital (Note 25) $'000	Share premium $'000	Equity component of convertible term loan $'000	Accumulated profits/(loss) $'000	Equity, total $'000
At 1 January 2007	8,014	–	–	769	8,783
Net loss for the year	–	–	–	(11,021)	(11,021)
Total recognised income and expenses for the year	–	–	–	(11,021)	(11,021)
Placement of shares for cash	8,102	–	–	–	8,102
Issuance of shares in relation to acquisition of subsidiaries	16,550	–	–	–	16,550
Conversion of convertible notes to shares	19,250	–	–	–	19,250
Convertible term loan – equity conversion option	–	–	993	–	993
Closing balance at 31 December 2007	51,916	–	993	(10,252)	42,657
At 1 January 2008	51,916	–	993	(10,252)	42,657
Net loss for the year	–	–	–	(12,691)	(12,691)
Total recognised income and expenses for the year	–	–	–	(12,691)	(12,691)
Rights issue during the year	5,277	–	–	–	5,277
Rights issue expenses	(116)	–	–	–	(116)
Closing balance at 31 December 2008	57,077	–	993	(22,943)	35,127

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

Consolidated Cash Flow Statement

for the financial year ended to 31 December 2008

(In Singapore dollars)

	2008 $'000	2007 $'000
Cash flows from operating activities		
Loss before tax	(13,836)	(13,595)
Adjustments for:		
Allowance for doubtful receivables	177	236
Allowance for obsolete inventory	928	7
Amortisation of commitment fees of convertible notes	–	1,809
Depreciation of property, plant and equipment	9,112	5,408
Amortization of intangible assets	1,586	397
Loss/(gain) on disposal of property, plant and equipment	6	(160)
Impairment loss on goodwill on consolidation	425	3,800
Impairment of property, plant and equipment	2,995	–
Impairment of intangible assets	186	–
Inventories written off	998	505
Interest income	(45)	(168)
Interest expense	2,092	1,453
Fair value loss on derivative financial instrument	(147)	1,038
Property, plant and equipment written off	14	486
Translation difference	319	(1,418)
Total adjustments	18,646	13,393
Operating cash flows before changes in working capital	4,810	(202)
Changes in working capital		
Decrease (increase) in:		
Trade receivables	5,654	665
Other receivables, deposits and prepaid operating expenses	(536)	1,786
Inventories	1,141	(3,076)
Increase (decrease) in:		
Trade payables	(3,979)	1,183
Other payables and accruals	(1,068)	(8,394)
Total changes in working capital	1,212	(7,836)
Cash generated from (used in) operations	6,022	(8,038)
Interest and other financial charges paid	(2,092)	(1,142)
Interest income received	45	168
Tax paid	(472)	(67)
Net cash generated from (used in) operating activities	3,503	(9,079)

Consolidated Cash Flow Statement

for the financial year ended 31 December 2008

(In Singapore dollars)

	2008 $'000	2007 $'000
Cash flows from investing activities		
Purchase of property, plant and equipment (Note B)	(3,301)	(2,321)
Proceeds from disposal of property, plant and equipment	185	3,447
Net cash outflow on acquisition of minority interest	(580)	–
Net cash outflow on acquisition of subsidiaries (Note C)	–	(18,813)
Net cash used in investing activities	(3,696)	(17,687)
Cash flows from financing activities		
Repayment of finance lease obligations	(7,695)	(6,342)
Proceed from bank term loan	6,751	17,263
Repayment of bank term loan	(7,353)	(620)
Proceed from rights issue	5,277	–
Rights issue expenses	(116)	–
Proceed from issuance of convertible notes	–	16,550
Issue of shares via private placement	–	8,101
Increase in fixed deposits pledged	–	(17)
Net cash (used in) generated from financing activities	(3,136)	34,935
Net (decrease) increase in cash and cash equivalents	(3,329)	8,169
Cash and cash equivalents at beginning of year	10,083	1,914
Cash and cash equivalents at end of year (Note A)	6,754	10,083

Consolidated Cash Flow Statement

for the financial year ended to 31 December 2008

Notes to the Cash Flow Statement

A. Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, unpledged fixed deposits and bank overdrafts which are short term liquid investments readily convertible to cash. Certain fixed deposits are excluded from cash and cash equivalents because they may not be realisable as they are fully pledged to banks for banking facilities granted to a subsidiary.

For the purpose of the consolidated cash flows statement, cash and cash equivalents comprise the following at the balance sheet date:

	Group	
	2008	2007
	$'000	$'000
Cash and bank balances	5,361	4,159
Fixed deposits	2,000	6,762
	7,361	10,921
Bank overdrafts	(590)	(821)
	6,771	10,100
Less: fixed deposits pledged	(17)	(17)
	6,754	10,083

Bank overdrafts are included in the determination of cash and cash equivalents because they form an integral part of the Group's cash management. Bank overdrafts are repayable on demand and bear interest at a range of 5.5% to 5.75% (2007: 5.2% to 6.0%) per annum. Interest rates of bank overdrafts re-price every month.

Cash and bank balances have an effective interest rate of between 0.3375% to 1.15% (2007: 2.12%) per annum in the financial year ended 31 December 2008.

B. Purchase of property, plant and equipment

	2008	2007
	$'000	$'000
Aggregate cost of property, plant and equipment acquired (Note 11)	8,661	5,545
Less :		
Financed by finance lease obligations	(5,360)	(3,224)
Cash payments to acquire property, plant and equipment	3,301	2,321

Consolidated Cash Flow Statement

for the financial year ended 31 December 2008

(In Singapore dollars)

Notes to the Cash Flow Statement (cont'd)

C. Acquisition of subsidiaries

(i) On 28 September 2007, the Company acquired 85% equity interest in JEP Precision Engineering Pte Ltd and its subsidiary ("JEP") for a total purchase consideration of $29,467,000. The purchase consideration was satisfied partly via cash of $20,690,000 (including costs directly attributable to the combination of $299,000) and partly via issuance of 23,037,975 new ordinary shares with a fair value of $0.38 each amounting to $8,777,000.

PPA report was received in October 2008 and the fair values of assets and liabilities of JEP acquired at the date of acquisition were:

	Recognised on date of acquisition $'000	Carrying amount before combination $'000
Property, plant and equipment	25,008	25,597
Customer relationship	12,177	–
Goodwill	–	385
Inventories	1,036	970
Trade and other receivables	8,666	8,666
Cash and bank balances	1,993	1,993
	48,880	37,611
Trade and other payables	7,141	7,141
Interest bearing borrowings	18,007	18,007
Bank overdraft	277	277
Deferred tax liability	3,304	1,096
	28,729	26,521
Net identifiable assets	20,151	11,090
Minority interest	(3,019)	(1,666)
Net identifiable assets	17,132	9,424

Consolidated Cash Flow Statement

for the financial year ended to 31 December 2008

(In Singapore dollars)

Notes to the Cash Flow Statement (cont'd)

C. Acquisition of subsidiaries (cont'd)

Total cost of business combination

The total cost of business combination is as follows:

	Getech $'000	JEP $'000	Total $'000
Group's share of net identifiable assets	3,659	17,132	20,791
Goodwill on consolidation (Note 13)	4,226	12,335	16,561
Total purchase consideration	7,885	29,467	37,352
Satisfied by:			
Cash	112	20,690	20,802
Issuance of shares	7,773	8,777	16,550
Total purchase consideration	7,885	29,467	37,352

The effect of acquisition on cash flows is as follows:

As at 31 December 2007

	Getech $'000	JEP $'000	Total $'000
Cash paid	113	20,690	20,803
Cash and bank balances of subsidiaries	(491)	(1,993)	(2,484)
Bank overdraft	217	277	494
Cash (inflow) outflow on acquisition	(161)	18,974	18,813

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

Notes to the Financial Statements

31 December 2008

1. Corporate information

Alantac Technology Ltd. (the Company) is a limited liability company, which is incorporated in the Republic of Singapore and publicly traded on the Singapore Exchange Securities Trading Limited.

The registered office and the principal place of business of the Company is located at 44 Changi South Street 1, Singapore 486762.

The principal activities of the Company are those of provision of precision machining services and contract manufacture of precision machining parts and components, assembly, integration and commissioning of semi-automated lines. The principal activities of its subsidiaries are as disclosed in Note 12 to the financial statements.

2. Summary of significant accounting policies

2.1 (a) 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 (SGD or $) and all values in the tables are rounded to the nearest thousand ($'000) as indicated.

(b) Fundamental accounting concept

The Group and the Company incurred net losses after tax during the financial year ended 31 December 2008 of $13,916,000 (2007: $13,299,000) and $12,691,000 (2007: $11,021,000) respectively. As at that date, the Group's and the Company's current liabilities exceeded the current assets by $19,214,000 (2007: net current assets of $1,295,000) and $5,381,000 (2007: net current assets of $7,110,000) respectively. As disclosed in Notes 23 and 24, as at 31 December 2008, the Group and the Company breached certain financial covenants in connection with certain bank loans and finance lease obligations. These breaches will contractually entitle the bankers to demand for full and immediate repayment of these outstanding loans and borrowings. If this were to happen, the Group and the Company may not have sufficient committed funding to meet such demand. As at the date of this report, no such repayment demand has been made to the Group and the Company. To-date, management has obtained a waiver from a banker and is in the process of discussion with other bankers with regards to obtaining waiver of the other breaches.

The matters set out in the paragraphs above indicate the existence of a material uncertainty which may affect the validity of the going concern assumption on which the accompanying financial statements of the Group and the Company are prepared.

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

2.1 (b) Fundamental accounting concept (cont'd)

The directors are of the view that the use of the going concern assumption is appropriate for the preparation of these financial statements as they believe that the bankers are supportive and working with the Group and the Company to grant waiver of the covenant breaches. In addition, in the opinion of the directors, the Group, having been transformed from revenue base with high dependency on the semiconductor and electronic industry to a sought-after high value-added aerospace and oil-and-gas industries, is in a better position to generate business that can provide sufficient cash flow to meet the working capital needs of the Group and the Company.

If the support from the bankers is not forthcoming, or the Group is unable to generate sufficient cash from its operations, the Group and the Company may be unable to continue in operational existence for the foreseeable future. The Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group and the Company may have to provide for further liabilities which may arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made to the financial statements.

2.2 Changes in accounting policies

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year, except for the changes in accounting policies discussed below.

The Group adopted the following FRS and INT FRS which have no material impact to the financial statements:

Reference	Description	Effective for annual periods beginning on or after
INT FRS 111	FRS 102 - Group and Treasury Share Transactions	1 March 2007
INT FRS 112	Service Concession Agreements	1 January 2008
INT FRS 114	FRS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction	1 January 2008

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

2.3 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 for annual periods beginning on or after
FRS 1	Presentation of Financial Statements – Revised presentation	1 January 2009
FRS 1	Presentation of Financial Statements – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 23	Borrowing Costs	1 January 2009
FRS 27	Consolidated and Separate Financial Statements – Amendments relating to Cost of an Investment in a subsidiary, Jointly Controlled Entity or Associate	1 January 2009
FRS 32	Financial Instruments: Presentation – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 July 2009
FRS 39	Financial Instruments: Recognition and measurement – Amendments relating to Eligible Hedge Items	1 July 2009
FRS 101	First-time Adoption of Financial Reporting Standards – Amendments relating to Cost of an Investment in a Subsidiary, Joint Controlled Entity or Associate	1 January 2009
FRS 102	Share-based payment – Vesting conditions and cancellations	1 January 2009
FRS 108	Operating Segments	1 January 2009
INT FRS 113	Customer Loyalty Programme	1 July 2008
INT FRS 116	Hedge of a Net Investment in a Foreign Operation	1 Oct 2009
INT FRS 117	Distribution of Non-Cash Assets to Owners	1 July 2009

The directors expect that the adoption of the above pronouncements will have no material impact on the financial statements in the period of initial application, except for FRS 1, FRS 23 and FRS 108 as indicated below.

FRS 1 Presentation of Financial Statements – Revised presentation

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt.

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

2.3 Future changes in accounting policies (cont'd)

FRS 23 Borrowing Cost

FRS 23 has been revised to require capitalisation of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements in the Standard, the Group will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after 1 January 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.

FRS 108 Operating Segments

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 and results of the Group when implemented in 2009.

2.4 Functional and foreign currency

(a) Functional currency

The management has determined the currency of the primary economic environment in which the Company and the subsidiaries operate i.e. functional currency, to be SGD (also for the subsidiaries in Singapore), Renminbi ("RMB") (for subsidiaries in the PRC) and Thai Baht (for the subsidiary in Thailand). Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in the functional currency.

(b) Foreign currency transactions

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 closing 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 a separate component of equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated income statement on disposal of the subsidiary. In the Company's separate financial statements, such exchange differences are recognised in the income statement.

Notes to the Financial Statements

31 December 2008

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

2.4 Functional and foreign currency (cont'd)

(c) *Foreign currency translation*

The results and financial positions of foreign operations are translated into SGD using the following procedures:

- Assets and liabilities for each balance sheet presented are translated at the closing rate ruling at the balance sheet date; and

- Income and expenses for each income statement are translated at average exchange rates for the year, which approximate the exchange rates at the dates of the transactions.

All resulting exchange differences are recognised in a separate component of equity as foreign currency translation reserve.

On disposal of a foreign operation, the cumulative amount of exchange differences deferred in equity relating to that foreign operation is recognised in the income statement as a component of the gain or loss on disposal.

2.5 Subsidiaries and basis of consolidation

(a) *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. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

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

(b) *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 the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

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

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

2.5 Subsidiaries and basis of consolidation (cont'd)

(b) 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.

(c) 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 parent entity extension 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 recognised in goodwill. Gain or loss on disposal to minority interests 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 stated at cost less accumulated depreciation and any impairment losses.

Depreciation of an asset begins when it is available for use and is computed based on cost on a straight-line basis over the estimated useful life of the asset. The estimated useful life of fixed assets of the Group are as follows:

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

2.6 Property, plant and equipment (cont'd)

		Years
Freehold factory building	–	20
Leasehold factory buildings	–	30
Machinery and equipment	–	5 to 10
Electrical installations and renovations	–	5 to 10
Furniture, fittings and office equipment	–	3 to 10
Computers	–	1 to 5
Motor vehicles	–	5

Construction-in-progress is stated at cost. Construction-in-progress is not depreciated until such time it is completed and is available for use.

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 values, 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 arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

During the financial year, the directors reviewed the useful lives of the machinery of a subsidiary acquired in the previous financial year ended 31 December 2007 during the finalisation of the purchase price allocation exercise. This was to better reflect their economic useful lives. The useful lives were adjusted from 8 years to 2 to 5 years. The change in estimates was adjusted prospectively from the date of acquisition of the subsidiary and resulted in the increase in depreciation charges and decrease in profit before tax of the Group by $1,065,000 during the financial year ended 31 December 2008. The impact of the change on the post acquisition results of the subsidiary was to increase the depreciation charges and decrease the profit before tax of the Group by $336,000 for the financial year ended 31 December 2007.

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.

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

2.7 Intangible assets (cont'd)

(a) Goodwill (cont'd)

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 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 accounting policy set out in Note 2.4.

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

Customer relationships

The customer relationships are acquired in business combinations. The customer relationships are amortised over their estimated useful lives of 5 or 10 years.

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 or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in the income statement except for assets that are previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses 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 increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognised previously. Such reversal is recognised in the income statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.9 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.

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

2.9 Financial assets (cont'd)

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 the income statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

2.10 Cash and cash equivalents

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

2.11 Impairment of financial assets

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

If there is objective evidence that an impairment loss on loans and receivables 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 assets 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 amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statement.

Notes to the Financial Statements

31 December 2008

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

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Costs incurred in bringing the inventories to their present location and condition is accounted for as follows:

- Raw materials are determined on a weighted average basis.
- Finished goods and work-in-progress comprise direct materials (cost is determined on a first-in, first-out basis) and labour and a proportion of manufacturing overheads based on normal operating capacity.

2.13 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 recognised initially 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.

2.14 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtors fails to make payment when due.

Financial guarantees are recognised initially at fair value. Subsequently to initial recognition, financial guarantees are recognised as income in the income statement over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the income statement.

2.15 Borrowing costs

Borrowing costs are generally expensed as incurred. 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 being incurred. Borrowing costs are capitalised until the assets are ready for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

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

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 embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.17 Employee benefits

(a) *Defined contribution plans*

Singapore

The Group makes contribution to the Central Provident Fund (CPF) Scheme in Singapore, a defined contribution pension scheme. CPF contributions are recognised as an expense in the period in which the related service is performed.

People's Republic of China ("PRC")

The subsidiaries which are registered and operating in the People's Republic of China ("PRC") is required to provide certain staff pension benefits to its employees under existing PRC regulations. Contributions are provided at rates stipulated by PRC regulations and are contributed to a pension fund managed by government agencies, which are responsible for administering these amounts for the subsidiary's PRC employees.

Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

Thailand

The subsidiary which is registered and operating in Thailand is required to make contribution to the Social Security Fund. This is an authorized pension scheme under the Thailand law and costs are recognized 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 the balance sheet date.

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

2.18 Convertible term loan

When convertible term loan is drawdown, the total proceeds are allocated to the liability component and the equity component, which are separately presented on the balance sheet.

The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible term loan. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the term loan.

The difference between the total proceeds and the liability component is allocated to the conversion option (equity component), which is presented in equity net of deferred tax effect. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, its carrying amount will be transferred to share capital account. When the conversion option lapses, its carrying amount will be transferred to retained earnings.

2.19 Convertible notes

The equity conversion option of convertible notes exhibits characteristics of an embedded derivative and is separated from its liability component. On initial recognition, the embedded equity conversion option is measured at its fair value and presented as part of derivative financial instruments. The difference between total proceeds and the fair value of the equity conversion option is recognized as the liability component.

The equity conversion option is subsequently carried at its fair value with fair value changes recognised in the income statement. The liability component is carried at amortised cost until the liability is extinguished on conversion or redemption.

When an equity conversion option is exercised, the carrying amounts of the liability components and the equity conversion option are derecognised with a corresponding recognition of share capital.

2.20 Leases

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.

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item, are classified as operating leases. 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. Summary of significant accounting policies (cont'd)

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.

(b) Interest income

Interest income is recognised as interest accrues (using the effective interest method) unless collectability is in doubt.

2.22 Income taxes

(a) Current tax

Current tax assets and liabilities 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 item 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 assets and liabilities are recognised for all 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;

- In respect of 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; and

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

2.22 Income taxes (cont'd)

(b) Deferred tax (cont'd)

- 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 tax asset 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 tax asset to be utilised. Unrecognised deferred 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 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.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) or Value-added-tax (VAT) except:

- Where the GST/VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the 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 GST/VAT included.

The net amount of GST/VAT 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. Summary of significant accounting policies (cont'd)

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 Treasury shares

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of treasury shares.

2.26 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 judgements and estimates

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.

(a) Judgements made in applying accounting policies

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

(i) Income taxes

The Group has exposure to income taxes in numerous 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 tax payable and deferred tax liabilities at 31 December 2008 were $44,000 (2007: $599,000) and $3,331,000 (2007: $3,301,000) respectively.

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

(a) Judgements made in applying accounting policies (cont'd)

(i) Income taxes (cont'd)

The Group recognises deferred tax assets on carried forward tax losses on the basis that the Group will elect for group tax relief whereby the unabsorbed capital allowances and tax losses of certain companies in Singapore will be utilised for offsetting of taxable profits of another subsidiary. The deferred tax assets recognised in arriving at the tax payable of the taxable subsidiary as of 31 December 2008 amounted to $269,000 (2007: $ Nil). If the tax authority regards the group entities as not satisfying the criteria for such group tax relief, the income tax payable of the taxable subsidiary will be higher by the said amount.

(ii) Capitalisation of labour and overheads

The Group has adopted a system to quantify and capitalise direct labour and direct overheads to work-in-progress held at the end of the financial year. Direct labour, depreciation of property, plant and equipment and other directly attributable production costs form a pool of the qualifying cost from which these costs are allocated to be included in the total cost of the inventory at year end and this is based on machine hours incurred for each product. Based on the above, the total overheads capitalised is $636,000 (2007: $399,632). The machine hours worked is based on best estimates by the production department. This estimation is approved by the management.

(b) 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 are discussed below.

(i) Useful lives of machinery and equipment

Machinery and equipment are depreciated on a straight-line basis over their estimated economic useful lives. Management estimates the useful lives of these assets to be within 5 to 10 years. 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 machinery and equipment at the balance sheet date is disclosed in Note 11 to the financial statements. A 10% difference in the expected useful lives of these assets from management's estimates would result in approximately 7% (2007: 5%) variance in the Group's loss for the year.

(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. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

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

(b) Key sources of estimation uncertainty (cont'd)

(ii) Impairment of non-financial assets (cont'd)

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 the balance sheet date is disclosed in Note 16 to the financial statements.

(iv) Valuation of assets, liabilities and contingent liabilities acquired in business combinations

Judgement is exercised in determining the fair values of the assets, liabilities and contingent liabilities acquired in business combinations and the discount rates, estimate of future cash flows and other factors are used in the valuation process. The assumptions used and estimates made can materially affect the fair value estimates.

(v) Valuation of assets and liabilities of Getech Industries Pte Ltd ("Getech (S)") and Ningbo Getech Precision Industries Co., Ltd. ("Getech Ningbo")

Management stated the assets and liabilities of Getech (S) and Getech Ningbo included in the Group's balance sheet as at 31 December 2008 at estimated realisable/settlement values. This was because Getech (S) has commenced members' voluntary liquidation whilst Getech Ningbo has ceased operations subsequent to 31 December 2008.

Judgement is exercised in determining the estimated realisable values of the assets and estimated liabilities of the assets and estimated settlement amounts of the liabilities of the subsidiaries. The final actual realisable/settlement values of the assets and liabilities may differ from the estimated amounts depending on inter alia, the selling prices reached for assets such as plant and machinery, the eventual claims in connection with liquidation etc.

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4. Revenue

Revenue represents the sale of goods in the normal course of business. Intra-group transactions have been excluded from Group revenue.

5. Other operating income

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Gain on disposal of property, plant and equipment	–	401	–	165
Sale of scrap waste metal	1,326	494	242	103
Others	101	78	672	84
	1,427	973	914	352

6. Loss before tax

This is determined after charging (crediting) items in Notes 5 and 8 and the following:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Allowance for obsolete inventories	928	7	825	–
Allowance for doubtful receivables	177	236	1	–
Allowance for doubtful intercompany balances	–	–	2,537	–
Amortisation of intangible assets	1,586	397	–	–
Depreciation of property, plant and equipment	9,112	5,408	1,028	1,194
Directors' remuneration	1,207	606	1,037	508
Directors' fees	140	125	100	100
Decommissioning costs of property, plant and equipment	–	47	–	–
Foreign exchange (gain) loss, net	(76)	(411)	253	567
Impairment of intangible assets	186	–	–	–
Impairment of goodwill on consolidation	425	3,800	–	–
Impairment of property, plant and equipment	2,995	–	–	–
Impairment of investment in subsidiaries	–	–	285	3,800
Inventories written off	998	505	289	–
Loss (gain) on disposal of property, plant and equipment	6	(160)	(6)	(165)
Non-audit fees paid / payable to auditor of the Company	85	54	53	49
Operating lease expenses	637	1,156	421	617
Personnel expenses (non directors)	11,149	9,655	3,706	5,466
Property, plant and equipment written off	14	486	–	–

7. Personnel expenses

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Salaries and bonus	10,557	8,610	4,352	5,223
Central Provident Fund and other pension contributions	1,131	891	391	506
Other personnel costs	668	760	–	245
	12,356	10,261	4,743	5,974

Personnel expenses include directors' remuneration as disclosed in Note 6.

8. Financial expenses (income)/other financial charges/other expense (income)

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Financial expenses				
Interest expense				
- bank term loan	1,364	568	734	405
- bank overdrafts	140	72	35	52
- finance lease	485	740	224	388
- factoring charges	91	23	–	–
- others	12	50	1	–
	2,092	1,453	994	845
Financial income				
Interest income on fixed deposits	(45)	(168)	(36)	(161)
Other financial charges				
Amortisation of commitment fees of convertible notes	–	1,809	–	1,809
Amortisation of structured fees of convertible notes	–	615	–	615
Bank charges	121	221	121	175
	121	2,645	121	2,599
Other expense/(income)				
Fair value (gain)/loss on derivative financial instrument	(147)	1,038	(147)	1,038

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9. Taxation

Major components of income tax (credit) expense were as follows:

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Current tax				
- Current financial year	–	273	–	–
- Underprovision in respect of prior year	50	46	224	–
Deferred tax				
- Current financial year	30	(94)	–	–
- (Over)/underprovision in respect of prior years	–	(521)	–	(221)
	80	(296)	224	(221)

A reconciliation between tax expense and the product of loss before tax multiplied by the applicable tax rate for the year ended 31 December 2008 and 2007 was as follows:

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Loss before tax	(13,836)	(13,595)	(12,467)	(11,242)
Tax at the domestic rates applicable to profits in the countries concerned [1]	(3,420)	(2,447)	(2,244)	(2,024)
Adjustments:				
Effect of reduction in tax rate	–	(11)	–	(11)
Non-deductible expenses	1,397	505	945	392
Income not subject to tax	–	(42)	–	–
(Over) underprovision in respect of prior years				
- Current tax	50	46	224	–
- Deferred tax	–	(521)	–	(221)
Deferred tax assets not recognised	2,167	2,177	1,338	1,560
Effect of partial tax exemption	(27)	(7)	–	–
Tax exemption under the Development and Expansion Incentive Status	–	(61)	(39)	–
Others	(87)	65	–	83
	80	(296)	224	(221)

[1] This is prepared by aggregating separate reconciliations for each national jurisdiction.

9. Taxation (cont'd)

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Deferred tax liabilities				
Deferred tax liabilities				
Excess of net book value over tax written down value of property, plant and equipment	(1,637)	(1,275)	–	–
Fair value adjustments on acquisition of subsidiaries	(1,730)	(2,198)	–	–
Others	36	172	–	–
	(3,331)	(3,301)	–	–

Based on the Income Tax Law of the PRC for Enterprises with Foreign Investment, the subsidiary in the PRC, Alantac Technology (Suzhou) Co., Ltd ("ATS"), is entitled to an exemption from PRC Enterprise Income Tax ("EIT") of 24% for two years commencing from its first profit-making year of operation and a 50% relief from PRC EIT for the following three years. The financial year ended 2006 is ATS' first profitable year.

In accordance with the Guofa [2007] No. 39, dated 26 December 2007, the PRC Corporate Income Tax Law ("the New CIT") was approved and became effective on 1 January 2008. The New CIT introduces a wide range of changes which include, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%.

JEP Precision Engineering Pte Ltd has been granted the Development and Expansion Incentive ("DEI") Status for 7 years commencing from 1 January 2007. The base income under the DEI will be taxed at 18% while qualifying income in excess of the income base will be taxed at 10% concessionary rate.

The corporate tax rate applicable to the Company and Getech Industries Pte Ltd is 18% while Ningbo Getech Precision Industries Co., Ltd and JEP Precision Engineering Co., Ltd are subject to tax at rates of 25% (2007: 15%) and 25% (2007: 30%) respectively.

Unrecognised tax losses

At the balance sheet date, the Group has tax losses and unutilised capital allowances of approximately $4,722,000 (2007: $2,272,000) and $2,355,000 (2007: $2,798,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Group tax relief

The Group recognises deferred tax assets on carried forward tax losses on the basis that the Group will elect for group tax relief whereby the unabsorbed capital allowances and tax losses of certain companies in Singapore will be utilised for offsetting of taxable profits of another subsidiary. The deferred tax assets recognised in arriving at the tax payable of the taxable subsidiary as of 31 December 2008 amounted to $269,000 (2007: $ Nil).

10. Loss per share

Basic (loss) earnings per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

The following table reflects the income statement and share data used in the computation of basic earnings per share for the years ended 31 December:

	Group	
	2008	2007
Loss for the year attributable to ordinary equity holders of the Company ($'000)	(13,928)	(13,431)
Weighted average number of ordinary shares for basic earnings per share computation ('000)	321,980	238,086

The convertible term loan has an anti-dilutive effect on the basic earnings per share for the year ended 31 December 2008 and were ignored in the calculation of diluted earnings per share.

As at 31 December 2007 and 2008, the remaining undiscounted convertible notes of $1,450,000 cannot be converted as the maximum number of shares which the convertible notes can be converted into has been reached. The maximum number of shares was based on 50% of existing issued shares of the Company prior to issuance of the convertible notes.

Accordingly, diluted loss per share is the same as basic loss per share.

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11. Property, plant and equipment

Group	Freehold Land $'000	Freehold factory building $'000	Leasehold factory building $'000	Machinery and equipment $'000	Electrical installations and renovations $'000	Furniture, fittings and office equipment $'000	Computers $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
Cost										
At 1 January 2007 as previously stated	–	–	–	26,871	2,725	534	519	700	4	31,353
Acquisition of subsidiaries	–	–	9,770	29,634	1,953	998	660	631	–	43,646
Additions	–	–	43	5,024	69	31	297	81	–	5,545
Disposals	–	–	(2,516)	(940)	(2,479)	(937)	(2)	(676)	(4)	(7,554)
Written off	–	–	–	–	(662)	–	–	–	–	(662)
Translation difference	–	–	29	113	5	3	1	3	–	154
At 31 December 2007 as restated	–	–	7,326	60,702	1,611	629	1,475	739	–	72,482
Additions	–	–	374	6,431	633	518	298	–	407	8,661
Disposals	–	–	–	(1,828)	(53)	(1)	(300)	(45)	–	(2,227)
Written off	–	–	–	(14)	–	–	–	–	–	(14)
Translation difference	–	–	(142)	852	39	8	(4)	(3)	1	751
Reclassification	287	1,006	(964)	1,129	234	(84)	(38)	(11)	2	1,561
At 31 December 2008	287	1,006	6,594	67,272	2,464	1,070	1,431	680	410	81,214
Accumulated depreciation and impairment loss										
At 1 January 2007 as previously stated	–	–	–	10,454	1,745	305	315	337	–	13,156
Acquisition of subsidiaries	–	–	998	9,546	530	468	495	306	–	12,343
Charge for the year as restated	–	–	65	4,526	388	117	211	101	–	5,408
Disposals	–	–	(791)	(423)	(1,872)	(749)	(2)	(430)	–	(4,267)
Impairment loss as restated	–	–	–	590	–	–	–	–	–	590
Written off	–	–	–	–	(176)	–	–	–	–	(176)
Translation difference	–	–	3	29	–	1	–	1	–	34
At 31 December 2007 as restated	–	–	275	24,722	615	142	1,019	315	–	27,088
Charge for the year	–	–	270	7,787	448	200	292	114	1	9,112
Disposals	–	–	–	(1,652)	(30)	(1)	(298)	(56)	–	(2,037)
Impairment loss	–	–	–	2,974	–	–	21	–	–	2,995
Translation difference	–	–	(12)	176	20	(1)	2	(3)	1	183
Reclassification	–	84	(73)	1,598	(24)	(12)	47	(57)	(1)	1,562
At 31 December 2008	–	84	460	35,605	1,029	328	1,083	313	1	38,903
Net carrying amount										
At 31 December 2008*	287	922	6,134	31,667	1,435	742	348	367	409	42,311
At 31 December 2007 as restated	–	–	7,051	35,980	996	487	456	424	–	45,394

* Property, plant and equipment with carrying amount of $2,378,000 (2007: $ Nil) are stated at estimated realisable values as disclosed in Note 2.1 (b).

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11. Property, plant and equipment (cont'd)

Company	Machinery and equipment $'000	Electrical installations and renovations $'000	Furniture, fittings and office equipment $'000	Computers $'000	Motor vehicles $'000	Total $'000
Cost						
At 1 January 2007	14,579	2,072	510	490	552	18,203
Additions	201	27	2	220	–	450
Disposals	(4,272)	(1,802)	(366)	–	(467)	(6,907)
At 31 December 2007	10,508	297	146	710	85	11,746
Additions	48	174	–	204	–	426
Disposals	(369)	(54)	–	–	(45)	(468)
At 31 December 2008	10,187	417	146	914	40	11,704
Accumulated depreciation						
At 1 January 2007	9,358	1,578	302	311	303	11,852
Charge for the year	804	155	32	148	55	1,194
Disposals	(4,059)	(1,483)	(306)	–	(284)	(6,132)
At 31 December 2007	6,103	250	28	459	74	6,914
Charge for the year	772	51	16	182	7	1,028
Disposals	(312)	(29)	–	–	(45)	(386)
At 31 December 2008	6,563	272	44	641	36	7,556
Net carrying amount						
At 31 December 2008	3,624	145	102	273	4	4,148
At 31 December 2007	4,405	47	118	251	11	4,832

The carrying amounts of property, plant and equipment purchased under finance leases were as follows:

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Machinery and equipment	19,461	20,905	2,009	3,398
Motor vehicles	213	213	–	–
Computers	62	145	62	134
	19,736	21,263	2,071	3,532

In addition to the assets under finance leases, the Group's building and machinery and equipment with carrying amount of $6,729,000 (2007: $7,051,000) and $6,318,000 (2007: $6,742,000) are pledged as security to secure certain loans of the Group (Note 24).

12. Investment in subsidiaries

	Company 2008 $'000	Company 2007 $'000
Unquoted equity shares at cost		
Beginning of financial year	41,566	6,488
Increase in paid-up capital of a subsidiary during financial year via injection of property, plant and machinery and capitalisation of amounts due from a subsidiary	462	1,526
Acquisition of subsidiaries during financial year	–	37,352
End of financial year	42,028	45,366
Impairment in investment in subsidiaries	(4,085)	(3,800)
	37,943	41,566

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation and place of business	Effective equity interest held by the Group 2008 %	Effective equity interest held by the Group 2007 %
Held by the Company				
Alantac Technology (Suzhou) Co., Ltd ("ATS") (1)	Contract manufacture of precision machining parts and components, assembly and integration of equipment/ automated assembly lines	The People's Republic of China	100	100
Getech Industries Pte Ltd ("Getech Industries") (2)	Industries dealing in mechanical engineering works	Singapore	100	100
JEP Precision Engineering Pte Ltd ("JEP") (2)	Precision engineering works for parts used mainly in the aerospace, oil and gas industries, and other general engineering and machinery works	Singapore	85	85
Held through subsidiaries				
Ningbo Getech Precision Industries Co., Ltd. ("Ningbo Getech") (3)	Industries dealing in mechanical engineering works	The People's Republic of China	100	100
Getech Mold & Tooling (Shanghai) Co., Ltd.	Industries dealing in mechanical engineering works (dormant)	The People's Republic of China	100	100
JEP Precision Engineering Co., Ltd ("JEP Thailand") (4)/(5)	Manufacturing of high-technology products	Thailand	84.7	43.3

(1) Audited by Welsen Certified Public Accountant Co., Ltd, Certified Public Accountants in PRC in 2007 and by Ernst & Young, PRC in 2008.

(2) Audited by Ernst & Young, Singapore

(3) Audited by Zhe Jiang Zhenda Certified Public Accountants Co., Ltd, Certified Public Accountants in PRC in 2007 and audited by Ernst & Young, PRC in 2008.

(4) Audited by Grant Thornton Ltd, Certified Public Accountant in Thailand in 2007 and by Ernst and Young, Thailand in 2008.

(5) Held as to 99.66% (2007: 51%) by JEP Precision Engineering Pte Ltd

ATS and Ningbo Getech were audited by Ernst & Young Singapore for consolidation purposes in 2007.

12. Investment in subsidiaries (cont'd)

Acquisition of subsidiaries

Getech Industries Pte Ltd

On 18 January 2007, the Company acquired 100% interest in Getech Industries Pte Ltd and its subsidiaries for a purchase consideration of $7,885,000 (including costs directly attributable to the combination of $112,000) satisfied via issuance of 34,545,656 ordinary shares with a fair value of $0.225 each, being the published price of the shares at the date of exchange to the vendors. Fair value of identifiable net assets at the date of acquisition amounted to $3,659,000 and this gave rise to goodwill of $4,225,000.

JEP Precision Engineering Pte Ltd

On 28 September 2007, the Company acquired 85% interest in JEP Precision Engineering Pte Ltd and its subsidiary for a purchase consideration of $29,467,000. The purchase consideration was satisfied partly via cash of $20,690,000 (including costs directly attributable to the combination of $299,000) and partly via issuance of 23,037,975 ordinary shares with a fair value of $0.38 each, being published price of the shares at the date of exchange to the vendors. The acquisition gave rise to recorded initial goodwill of $20,042,000. Fair value of identifiable net assets at the date of acquisition amounted to $17,132,000 and this gave rise to goodwill of $12,335,000. Details of identifiable net assets acquired are disclosed in the consolidated cash flow statement.

From the date of acquisition to 31 December 2007, Getech Industries group and JEP group have contributed $1,882,000 (loss) and $1,052,000 (profits) respectively to the net loss of the Group. If the business combination has taken place at the beginning of the financial year, the net loss and revenue of the Group would have been $9,995,000 and $50,671,000 respectively.

Impairment

During the financial year, the Group recognised an impairment loss of $611,000 (2007: $3,800,000) in respect of goodwill on acquisition and intangible assets arising on the acquisition of Getech Industries Pte Ltd and its subsidiaries. This is to reflect the write down in the carrying value of the investment after taking into account its recoverable amount.

13. Goodwill on consolidation

	Group 2008 $'000	Group 2007 $'000
At beginning of year	12,761	–
Goodwill arising on acquisition of 100% equity interests in Getech Industries Pte Ltd	–	4,226
Goodwill arising on acquisition of 85% equity interests in JEP Precision Engineering Pte Ltd	–	12,335
Goodwill arising on acquisition of an additional 48.7% share in JEP Precision Engineering Co., Ltd by JEP Precision Engineering Pte Ltd	384	–
End of financial year	13,145	16,561
Less: Impairment loss	(425)	(3,800)
	12,720	12,761

Impairment testing of goodwill

Getech Industries Pte Ltd

Goodwill of $4,225,000 is allocated to Getech Industries and Getech Ningbo, which are also the cash generating units.

The recoverable amount of Getech Industries and Getech Ningbo are determined based on a value in use calculation using cash flow projections based on financial budgets approved by management covering a 5-year period. The pre-tax discount rate adjusted to the cash flow projections is 10.0%.

Management has considered and determined the factors applied in these financial budgets which include budgeted gross margins and average growth rates. The budgeted gross margins are based on past performances and the expectation of market developments for each entity.

The discount rate applied to the cash flow projections is derived from the borrowing rate plus a reasonable risk premium.

Upon considering these factors, an impairment of $425,000 (2007: $3,800,000) has been included in the income statement for the financial year ended 31 December 2008. The impairment charge for the financial year ended 31 December 2008 mainly arises from management's intention to voluntarily liquidate Getech Industries Pte Ltd and to cease the operations of Ningbo Getech Precision Industries Co. Ltd. in the next financial year. Accordingly, goodwill is stated net of impairment at a carrying amount of $Nil (2007: $425,000) as at 31 December 2008.

Changes to the assumptions used by the management to determine the impairment required, particularly the discount rate, can significantly affect the results.

13. Goodwill on consolidation (cont'd)

JEP Precision Engineering Pte Ltd

Goodwill of $12,335,000 is allocated to JEP Precision Engineering Pte Ltd and JEP Precision Engineering Co., Ltd, which are also the cash generating units.

The recoverable amount of JEP Precision Engineering Pte Ltd and JEP Precision Engineering Co., Ltd are determined based on a value in use calculation using cash flow projections based on financial budgets approved by management covering a 5-year period. The pre-tax discount rate adjusted to the cash flow projections is 10.0%.

Management has considered and determined the factors applied in these financial budgets which include budgeted gross margins and average growth rates. The budgeted gross margins are based on past performances and the expectation of market developments for each entity.

The discount rate applied to the cash flow projections is derived from the borrowing rate plus a reasonable risk premium.

Upon considering these factors, no impairment has been included in the income statement of financial year ended 31 December 2008.

Changes to the assumptions used by the management to determine the impairment required, particularly the discount rate, can significantly affect the results.

14. Intangible assets

	Group $'000
Cost	
At 1 January 2007	–
Additions – customer relationship	12,362
At 31 December 2007 and 31 December 2008	12,362
Accumulated amortisation and impairment	
At 1 January 2007	–
Amortisation	(396)
Impairment loss	–
At 31 December 2007 and 1 January 2008	(396)
Amortisation	(1,586)
Impairment loss	(186)
At 31 December 2008	(2,168)
At 31 December 2007	11,966
At 31 December 2008	10,194

14. Intangible assets (cont'd)

Customer relationship

This relates to customers relationship arising from the acquisition of Getech Industries Pte Ltd and its subsidiaries and JEP Precision Engineering Pte Ltd and its subsidiaries. The useful life and remaining amortisation period of the customer relationship range from 4 years to 8 years.

Amortisation expense

The amortisation of customer relationship is included in the "Administrative expenses" line items in the income statement.

Impairment loss recognised

During the financial year, an impairment loss was recognised to write-down the carrying amount of customer relationship arising from the acquisition of Getech Industries Pte Ltd and its subsidiaries. The impairment loss of $186,000 (2007: $Nil) has been recognised in the "Administrative expenses" line items in the income statement.

15. Inventories

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Finished goods	1,038	976	606	364
Raw material	1,623	4,095	2,610	3,978
Work-in-progress	2,271	1,353	647	803
Consumables	849	493	–	–
Goods-in-transit	26	44	–	–
	5,807	6,961	3,863	5,145
Income statement:				
Administrative expenses include the following charge:				
- Inventories written off	(998)	(505)	(289)	–

16. Loans and receivables

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Trade receivables	6,295	11,950	1,230	5,074
Less: Allowance for doubtful receivables	(413)	(236)	–	–
	5,882	11,714	1,230	5,074
Other receivables	718	317	–	52
Amount due from subsidiaries	–	–	2,573	3,924
Fixed deposits	2,000	6,762	2,000	6,541
Cash and bank balances	5,361	4,159	2,185	523
	13,961	22,952	7,988	16,114

Trade receivables denominated in foreign currencies at 31 December are as follows :

Renminbi dollar	931	1,471	–	–
United States dollar	2,778	7,474	1,178	4,853
Japanese Yen	13	23	–	12
Thai Baht	339	294	–	–

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to $2,546,000 (2007: $3,252,000) 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	
	2008	2007
	$'000	$'000
Trade receivables past due:		
Less than 30 days	926	2,799
30 to 60 days	613	202
61-90 days	196	156
91-120 days	136	92
More than 120 days	675	3
	2,546	3,252

16. Loans and receivables (cont'd)

Receivables that are impaired

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

	Group Individually impaired	
	2008	2007
	$'000	$'000
Trade receivables – nominal amounts	413	248
Less: Allowance for impairment	(413)	(236)
	–	12
Movement in allowance account:		
At 1 January	236	–
Charge for the year	177	236
At 31 December	413	236

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.

17. Other receivables

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Tax recoverable	138	135	–	–
Other receivables	580	182	–	52
	718	317	–	52

18. Deposits and prepaid operating expenses

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Deposits	62	1,535	62	57
Prepaid operating expenses	131	571	131	402
	193	2,106	193	459

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19. Amount due from/(to) subsidiaries

The amount due from/(to) subsidiaries is unsecured, interest-free and repayable within the next twelve months.

	Company	
	2008	2007
	$'000	$'000
Non trade	68	3,717
Trade	1,793	(77)
	1,861	3,640

20. Fixed deposits / Cash and bank balances

Fixed deposits bear interest at rates ranging from 1% to 1.15% (2007: 1% to 4.5%) per annum and have an average maturity period of 1 month (2007: 1 month).

Cash and bank balances denominated in foreign currencies at 31 December are as follow:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Renminbi dollar	606	1,625	–	–
United States dollar	1,163	1,771	42	506
Japanese Yen	53	20	–	–
Thai Baht	18	2	–	–

21. Trade payables/financial liabilities at amortised cost

Trade payables are non-interest bearing and are normally settled on 60 to 120 days terms.

Trade payables are denominated in the following currencies:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Renminbi dollar	1,719	682	–	–
United States dollar	882	2,499	798	937
Japanese Yen	14	226	–	–
GBP	–	1	–	–
CHF	21	1	21	7
Euro	–	23	–	22
Thai Baht	366	285	–	–

21. Trade payables/financial liabilities at amortised cost (cont'd)

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Financial liabilities at amortised cost comprise:				
Trade payables	4,643	8,622	1,770	4,914
Other payables and accruals	4,169	5,238	1,752	2,548
Amount due to subsidiaries	–	–	712	284
Finance lease obligations				
- current	10,447	7,144	1,512	3,110
- non-current	2,100	7,735	412	1,242
Bank overdrafts	590	821	30	305
Loans and borrowings				
- current	21,660	8,153	11,649	3,300
- non-current	4,047	18,158	1,171	9,609
	47,656	55,871	19,008	25,312

22. Other payables and accruals

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Other payables	1,484	1,715	720	1,043
Accrued personnel costs	559	862	25	185
Other accrued operating expenses	1,618	1,598	613	944
VAT and other tax expenses	103	105	54	–
Deferred income	265	791	240	376
Accrual for decommissioning costs	–	73	–	–
Advance from customers	–	13	–	–
Provision for directors' fee	140	81	100	–
	4,169	5,238	1,752	2,548

Other payables are non-interest bearing and are due within 30 to 365 days.

Other payables denominated in foreign currency at 31 December are as follows :

Renminbi	579	519	–	–
Thai Baht	402	265	–	–

23. Finance lease obligations

The Group has finance leases for certain items of property, plant and equipment. These leases have terms of renewal but no purchase options and escalation clauses. There are no restrictions placed upon the Group by entering into these leases. Renewals are at the option of the specific entity that holds the lease. The range of discount rate implicit in the leases is 2.6% to 4.9% (2007: 2.6% to 4.9%) per annum.

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

	Group			
	Total minimum payments 2008 $'000	Present value of payments 2008 $'000	Total minimum payments 2007 $'000	Present value of payments 2007 $'000
Not later than one year	11,262	10,447	7,866	7,144
Later than one year but not later than five years	2,240	2,100	8,213	7,735
Total minimum lease payments	13,502	12,547	16,079	14,879
Less: amounts representing finance charges	(955)	–	(1,200)	–
Present value of minimum lease payments	12,547	12,547	14,879	14,879

Except for an amount of $160,000 denominated in Thai Baht and is repayable within one year from 31 December 2008, the finance lease obligations are denominated in SGD.

	Company			
	Total minimum payments 2008 $'000	Present value of payments 2008 $'000	Total minimum payments 2007 $'000	Present value of payments 2007 $'000
Not later than one year	1,621	1,512	3,379	3,110
Later than one year but not later than five years	446	412	1,339	1,242
Total minimum lease payments	2,067	1,924	4,718	4,352
Less: amounts representing finance charges	(143)	–	(366)	–
Present value of minimum lease payments	1,924	1,924	4,352	4,352

23. Finance lease obligations (cont'd)

As at 31 December 2008, the Company and one of its subsidiaries, JEP Precision Engineering Pte Ltd, did not fulfil certain covenant requirements to maintain the debt service coverage ratio at certain levels in respect of certain lease arrangements with certain banks. The non-current finance lease obligations of the Company and of the Group amounting to $378,000 and $4,650,000 respectively are presented as current liabilities at balance sheet date. The banks had not demanded for immediate payment of the outstanding lease amounts as at the date when these financial statements are authorised for issue. Management has commenced discussion with the bank with regards to the covenant requirement in February and March 2009. As of the date of the financial statements, the discussion is still in progress.

24. Loans and borrowings

	Maturity	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Current:					
Short-term SGD bank loan (1)	2009	500	–	500	–
Short-term SGD bank loan (1)	2009	500	–	500	–
Short-term SGD bank loan (1)	2008	–	500	–	500
Current portion of long term SGD convertible term loan (Note a) (2)	2010	9,649	2,800	9,649	2,800
Current portion of long term USD bank loan (3)	2010	1,280	1,311	–	–
Current portion of long term SGD bank loan (4)	2009	41	76	–	–
Current portion of long term SGD term loan (5)	2010	35	20	–	–
Short term RMB bank loan (6)	2009	421	–	–	–
Short term RMB bank loan (6)	2008	–	591	–	–
Current portion of SGD machinery loan (7)	2009	16	46	–	–
Current portion of long term SGD bank term loan (8)	2010	91	97	–	–
Current portion of long term SGD bank term loan (9)	2009	172	209	–	–
Current portion of long term SGD bank term loan (10)	2021	2,178	215	–	–
Current portion of long term SGD bank term loan (11)	2022	2,271	222	–	–
Current portion of long term SGD bank term loan (12)	2009	149	142	–	–
Current portion of long term SGD bank term loan (13)	2010	227	178	–	–
Current portion of USD factoring loan (14)	2009	359	–	–	–
Current portion of USD factoring loan (14)	2008	–	1,440	–	–
Current portion of long term Thai Baht bank land loan (15)	2011	34	46	–	–
Current portion of long term Thai Baht bank machinery loan (16)	2010	34	42	–	–
Current portion of long term Thai Baht bank factory building loan (17)	2015	81	142	–	–
Current portion of long term Thai Baht bank machinery loan (18)	2011	57	76	–	–
Short-Term SGD bank loan (19)	2009	1,000	–	1,000	–
Current portion of long term SGD Bank term loan (20)	2011	1,775	–	–	–
Current portion of long term SGD Bank term loan (21)	2010	790	–	–	–
		21,660	8,153	11,649	3,300

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24. Loans and borrowings (cont'd)

	Maturity	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Non-current:					
Long term portion of SGD convertible term loan (Note a) [2]	2010	–	8,518	–	8,518
Long term portion of SGD convertible notes (Note b)	2012	1,171	1,091	1,171	1,091
Long term portion of USD bank loan [3]	2010	1,496	2,809	–	–
Long term portion of SGD bank loan [4]	2009	–	41	–	–
Long term portion of SGD bank loan [5]	2010	–	35	–	–
Long term portion of SGD machinery loan [7]	2009	–	15	–	–
Long term portion of long term SGD bank term loan [8]	2010	94	160	–	–
Long term portion of long term SGD bank term loan [9]	2009	–	133	–	–
Long term portion of long term SGD bank term loan [10]	2021	–	2,004	–	–
Long term portion of long term SGD bank term loan [11]	2022	–	2,097	–	–
Long term portion of long term SGD bank term loan [12]	2009	–	130	–	–
Long term portion of long term SGD bank term loan [13]	2010	–	203	–	–
Long term portion of long term Thai Baht bank land loan[15]	2011	29	66	–	–
Long term portion of long term Thai Baht bank machinery loan[16]	2010	1	36	–	–
Long term portion of long term Thai Baht bank factory building loan[17]	2015	555	682	–	–
Long term portion of long term Thai Baht bank machinery loan[18]	2011	76	138	–	–
Long term portion of SGD Bank loan [21]	2010	625	–	–	–
		4,047	18,158	1,171	9,609

(1) The loan bears interest at 5.28%, 2.5% and 2.5% per annum over the Bank's prevailing cost of funds and fully repayable by 22 January 2008, 30 January 2009 and 20 February 2009 respectively. The term loans are unsecured.

(2) The convertible term loan bears interest at 1.5% per annum over the Bank's Cost of Funds and is repayable over 12 staggered quarterly instalments commencing 6 months from date of first drawdown (28 September 2007). Please refer to Note a below for further details on the convertible term loan.

(3) The term loan bears interest at 6.54-7.06% per annum and is repayable over 36 equal instalments commencing October 2007. The term loan is secured against certain machinery of a subsidiary.

(4) The term loan bears interest at 2% per annum above the prevailing bank's prime rate and is repayable over 48 instalments from 1 June 2005. The term loan is secured against a fixed and floating charge on all of a subsidiary's assets and undertaking, both present and future.

(5) The term loan bears interest at 6.0% and is repayable over 59 monthly instalments from 6 September 2005. The term loan is secured by joint and several personal guarantees by certain vendors of a subsidiary of the Group.

(6) The term loans bear interest at 7.89% and 7.25% per annum and are repayable by 13 November 2008 and 10 July 2009 respectively. The term loans are secured against certain property, plant and equipment of a subsidiary.

(7) The term loan bears interest at 5% per annum and is repayable over 47 instalments from 25 December 2005. The term loan is secured against 2 machineries and corporate guarantee by the Company.

24. Loans and borrowings (cont'd)

(8) The loan is repayable in monthly instalment over a period of 5 years from 20 July 2005 and interest is charged at the bank's prevailing commercial financial rate.

(9) The loan is repayable in monthly instalments over a period of 3 years from 1 November 2006 and interest is charged based on the prevailing interest rate of 5.25% per annum.

A first fixed charge is secured over the equipment and personal guarantee from a director.

(10) The loan is repayable in monthly instalments over a period of 15 years from 17 October 2006.

The interest is charged at a 3.25% per annum for the first year, 4% per annum for the second year and 0.5% per annum below the enterprise financing rate for the subsequent years.

(11) The loan is repayable in monthly instalments over a period of 15 years from 14 February 2007.

Interest is charged at 3.68% per annum for the first year, 4.1% per annum for the second year and enterprise financing rate for the subsequent years.

(12) The loan is repayable in monthly instalments over a period of 3 years from 17 October 2006.

Interest is charged at 3.25% per annum for the first year, 4% per annum for the second year and 0.5% per annum below the enterprise financing rate for the subsequent years.

(13) The loan is repayable in monthly instalments over a period of 3 years from 13 March 2007. Interest is charged at 0.25% per annum above prevailing prime rate.

(14) The factoring loan bears interest at 1.5% per annum above the bank's prevailing Los Angeles prime lending rate for advances less than US$150,000 and interest is charged at a 2% per annum above the bank's prevailing Los Angeles prime lending rate for advances more than US$150,000. The facility is secured by the property located at 44 & 46 Changi South Street 1 as well as corporate guarantee by the Company. The facility is repayable on demand and the bank has a right of recourse in the event of non-payment by customers.

(15) The loan is repayable in monthly instalments over a period of 7 years from 21 June 2004. Interest is charged at the bank's minimum retail rate ("MRR") for the first and second year. Thereafter, interest is charged at 1% above the bank's MRR. The loan is secured by a mortgage of a subsidiary's freehold land and a joint and several personal guarantee provided by ex-directors of the subsidiary and a director of the Company.

(16) The loan is repayable in monthly instalments over a period of 5 years from 28 March 2005. Interest is charged at minimum retail rate ("MRR") for the first and second year. Thereafter, interest is charged at 1% above the bank's MRR. The loan is secured by a mortgage of a subsidiary's machinery and a joint and several personal guarantee provided by ex-directors of the subsidiary and a director of the Company.

24. Loans and borrowings (cont'd)

(17) The loan is repayable in monthly instalments over a period of 10 years from 18 November 2005. Interest is charged at the bank's minimum lending rate ("MLR"). This loan is secured by a mortgage of a subsidiary's freehold land and a joint and several personal guarantee provided by ex-directors of the subsidiary and a director of the Company.

(18) The loan is repayable in monthly instalments over a period of 5 years from 1 October 2006. Interest is charged at minimum retail rate ("MRR") for the first and second year. Thereafter, interest is charged at 1% above the bank's MRR. This loan is secured by a mortgage of a subsidiary's machinery and a joint and several personal guarantee provided by ex-directors of the subsidiary and a director of the Company.

(19) The loan bears interest at 1.5% per annum over the Bank's Cost of Funds and fully repayable by 2 January 2009. The term loan is unsecured.

(20) The loan is repayable in monthly instalment over a period of 3 years from 30 November 2008 and interest is charged at prevailing Prime Lending Rate.

(21) The loan bears interest at 3% per annum above the Cost of Funds and is repayable on 13 January 2009. The facility is secured by a corporate guarantee from the Company.

Note a - Convertible term loan

On 28 September 2007, the Company obtained a convertible term loan ("convertible term loan") of $12,000,000 from the United Overseas Bank. The convertible term loan bears interest at 4.18% per annum and is repayable over 12 staggered quarterly instalments commencing 6 months from date of first drawdown, 28 September 2007. The Bank shall have the rights during the duration of the loan to convert up to $6,000,000 of the principal loan outstanding under the convertible term loan into new ordinary shares of the Company at the Conversion Ratio. The Conversion Ratio shall be at a 10% premium over the volume-weighted average share closing price of first 5 trading days of Alantac Technology Ltd. on the Singapore Exchange calculated from the date of first drawdown of the convertible term loan.

The convertible term loan recognised in the balance sheet is analysed as follows:

	2008 $'000	2007 $'000
Face value of convertible term loan drawdown on 28 September 2007	12,000	12,000
Embedded equity conversion option	(993)	(993)
Liability component as at initial recognition, 28 September 2007	11,007	11,007
Less: Repayment made during the financial year	(2,000)	–
Add: Interest expense		
- Opening balance at 1 January	311	–
- Interest expense recognised during the financial year	331	311
- Closing balance at 1 January	642	311
Liability component at end of financial year	9,649	11,318
Comprises : current portion	9,649	2,800
non-current portion	–	8,518

24. Loans and borrowings (cont'd)

Note b - Convertible notes

On 27 April 2007, the Company entered into a subscription agreement with Pacific Capital Investment Management Limited ("Pacific Capital") to issue up to $27,000,000 0% equity linked structured convertible notes in nine equal tranches of S$3,000,000 each at an issue price of 100% of the principal amount of the convertible notes.

Pacific Capital undertakes to subscribe for Tranche 1-6 convertible notes of $18,000,000 provided the closing share price on any day during the tenure is at least $0.14. The Company likewise undertakes to issue a minimum of $18,000,000 convertible notes.

For Tranche 7-9 convertible notes, the Company shall have the call option to call upon the remaining $9,000,000 convertible notes at anytime from and including the completion of conversion of the preceding tranches.

The convertible notes are convertible into a variable number of shares. The price at which each share shall be issued upon conversion (the "Conversion Price") shall be either:

(a) Fixed Conversion Price

125% of the average of the traded Closing Day Price per Share for the 30 Business Days immediately prior to (i) in respect of the 1st tranches of the Tranche 1-6 convertible notes, the date of the Agreement; or (ii) in respect of the subsequent tranches of the Tranche 1-6 convertible notes and the Tranche 7-9 convertible notes, the respective Closing Date

(b) Floating Conversion Price

90% of the average of the Closing Day Price per Share on any 5 consecutive Business Days during the 30 Business Days immediately preceding the relevant Conversion Date.

Pacific Capital has the discretion anytime from and including the respective Closing Dates of the tranches up to the close of business on the day falling one week prior to the final maturity date, to decide on the dates to convert the convertible notes.

Upon entering the agreement, a commitment fee is recognised. This commitment is an option given as consideration of the commitment. The commitment fee is amortised over the period of the commitment.

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24. Loans and borrowings (cont'd)

Note b - Convertible notes (cont'd)

(b) *Floating Conversion Price (cont'd)*

The derivative financial instrument recognised in the balance sheet is analysed as follows:

	2008 $'000	2007 $'000
Derivative financial instrument recognised on 27 April 2007, as at initial recognition	1,809	1,809
Add: Fair value loss		
- Opening balance at 1 January	1,038	–
- Fair value (gain)/loss recognised during the year	(147)	1,038
- Closing balance at 31 December	891	1,038
Amount transferred to share capital upon conversion	(2,700)	(2,700)
Derivative financial instrument at year end	–	147

As of 31 December 2007 and 2008, the Company has drawdown S$18,000,000 of convertible notes and converted S$16,550,000 to equity. The remaining undiscounted convertible notes of $1,450,000 cannot be converted as the maximum number of shares which the convertible notes can be converted into has been reached. The maximum number of shares was based on 50% of existing issued shares of the Company prior to issuance of the convertible notes.

Note c - Breach of financial covenants

During the financial year, the Company did not fulfil certain financial covenant requirements in respect of certain loans from a bank. The non-current portion of the loans of $4,173,000 is presented as current liabilities at balance sheet date. The bank is contractually entitled to demand for immediate repayment of the outstanding loan amount in the event of breach of covenants. The bank has not demanded for the immediate payment of the outstanding amount as at the date when these financial statements are authorised for issue. The Company has obtained from the bank a letter of waiver for the breach in November 2008 with a validity period of up to 30 June 2009.

As at 31 December 2008, a subsidiary of the Company, JEP Precision Engineering Pte Ltd, did not fulfil certain covenant requirements in respect of loans from certain banks. The non-current portion of loan obligations of $5,431,000 is presented as current liabilities at the balance sheet date. The bank had not demanded for immediate payment of the outstanding loan amounts as at the date when these financial statements are authorised for issue. Management has commenced discussion with the bank with regards to the covenant requirement in February 2009. As of the date of the financial statements, the discussion is still in progress.

As at 31 December 2008, a subsidiary of the Company, Getech Industries Pte Ltd, has breached a covenant in respect of a renovation loan. The outstanding loan amount of $41,000 is due in June 2009 and has been classified as current liabilities at the balance sheet date. The loan has been fully settled as at the date when these financial statements are authorised for issue.

25. Share capital

	Group and Company			
	2008		2007	
	Number of shares	$'000	Number of shares	$'000
At 1 January	319,876,491	51,916	108,346,860	8,014
Issued for acquisition of subsidiaries (Note 12)	–	–	57,583,631	16,550
Conversion of convertible notes	–	–	98,946,000	19,250
Placement of shares			55,000,000	8,102
Rights issue	95,962,947	5,277	–	–
Rights issue expenses	–	(116)	–	–
At end of year	415,839,438	57,077	319,876,491	51,916

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.

The Company issued 95,962,947 new shares on the basis of 10 shares to 3 right shares during the financial year ended 31 December 2008. The rights issue was completed on 23 December 2008 with total gross proceeds of $5.3 million.

26. Related party disclosure

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 common significant influence.

In addition to the related party information disclosed elsewhere in the financial statements the following transactions between the Group and related parties took place during the year at terms agreed between the parties:

(a) Sale and purchase of services

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Rental and utilities paid to a subsidiary	–	–	842	–
Subcontract fees received from a subsidiary	–	–	215	–
Sale of spare parts to a subsidiary	–	–	486	1
Purchase of spare parts from subsidiaries	–	–	317	26
Purchase of plant and equipment from a subsidiary	–	–	–	144
Technical assistance fee to subsidiary	–	–	–	207

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26. Related party disclosure (cont'd)

(b) *Compensation of key management personnel*

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Salaries and bonus	1,664	990	1,187	785
Central Provident Fund contributions and other pension contributions	72	88	34	70
Other personnel expenses	163	135	146	120
Total compensation paid to key management personnel	1,899	1,213	1,367	975
Comprise amounts paid to:				
Directors of the Company	1,213	606	1,048	508
Other key management personnel	686	607	319	467
	1,899	1,213	1,367	975

27. Commitments and contingencies

(a) *Operating lease commitments*

The Group and the Company have various operating lease commitments in respect of rental of office premises and factory space. These non-cancellable leases have remaining non-cancellable lease terms of between 1 to 5 years with an option to renew the lease at market rate. There are no restrictions placed upon the Group or the Company by entering into these leases. Operating lease payments recognised in the consolidated income statement during the year amount to $637,000 (2007: $1,156,000).

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

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Future minimum lease payments				
- within 1 year	736	1,394	252	350
- after 1 year but not more than 5 years	2,949	2,581	–	330
More than 5 years	5,810	6,360	–	–
	9,495	10,335	252	680

27. Commitments and contingencies (cont'd)

(b) Bankers' guarantees

As at 31 December 2008, the banks issued letter of guarantees on behalf of the Company to the lessor of premises and utilities provider amounting to $Nil and $Nil (2007: $Nil and $66,000) respectively. The Company has provided corporate guarantee to certain banks for loans granted to certain subsidiaries.

(c) Capital commitments

Capital expenditure contracted for as at the balance sheet date but not recognised in the financial statements are as follows:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Capital commitments in respect of property, plant and equipment	2,895	–	–	–

28. Financial risk management objectives and policies

The Group's principal financial instruments comprise bank loans and overdrafts, finance leases and cash and short term deposits. 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 and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risks (both fair value and cash flow), 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.

The Group does not deal in derivatives or apply hedge accounting.

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 loans and borrowings.

Notes to the Financial Statements

31 December 2008

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

The following tables sets out the carrying amount, by maturity, of the Group's and the Company's financial instruments that are exposed to interest rate risk:

31 December 2008 Group	Within 1 year $'000	1 – 2 years $'000	2 – 3 years $'000	3 – 4 years $'000	4 – 5 years $'000	More than 5 years $'000	Total $'000
Fixed rate							
Obligations under finance leases	(5,796)	(3,938)	(2,188)	(603)	(22)	–	(12,547)
Loans and borrowings	(12,055)	(7,219)	(2,638)	(540)	(546)	(2,709)	(25,707)
Fixed deposits	2,000	–	–	–	–	–	2,000
Floating rate							
Cash assets	5,361	–	–	–	–	–	5,361
Bank overdrafts	(590)	–	–	–	–	–	(590)

31 December 2008 Company	Within 1 year $'000	1 – 2 years $'000	2 – 3 years $'000	3 – 4 years $'000	4 – 5 years $'000	More than 5 years $'000	Total $'000
Fixed rate							
Obligations under finance leases	(1,134)	(790)	–	–	–	–	(1,924)
Loan and borrowings	(7,476)	(4,173)	(1,171)	–	–	–	(12,820)
Fixed deposits	2,000	–	–	–	–	–	2,000
Floating rate							
Cash assets	2,185	–	–	–	–	–	2,185
Bank overdrafts	(30)	–	–	–	–	–	(30)

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

The following tables sets out the carrying amount, by maturity, of the Group's and the Company's financial instruments that are exposed to interest rate risk:

31 December 2007 Group	Within 1 year $'000	1 – 2 years $'000	2 – 3 years $'000	3 – 4 years $'000	4 – 5 years $'000	More than 5 years $'000	Total $'000
Fixed rate							
Obligations under finance leases	(7,144)	(4,305)	(2,284)	(1,079)	(67)	–	(14,879)
Loans and borrowings	(8,153)	(7,282)	(6,955)	(770)	(580)	(2,571)	(26,311)
Fixed deposits	6,762	–	–	–	–	–	6,762
Floating rate							
Cash assets	4,159	–	–	–	–	–	4,159
Bank overdrafts	(821)	–	–	–	–	–	(821)

31 December 2007 Company	Within 1 year $'000	1 – 2 years $'000	2 – 3 years $'000	3 – 4 years $'000	4 – 5 years $'000	More than 5 years $'000	Total $'000
Fixed rate							
Obligations under finance leases	(3,110)	(830)	(222)	(190)	–	–	(4,352)
Loan and borrowings	(3,300)	(4,400)	(5,209)	–	–	–	(12,909)
Fixed deposits	6,541	–	–	–	–	–	6,541
Floating rate							
Cash assets	523	–	–	–	–	–	523
Bank overdrafts	(305)	–	–	–	–	–	(305)

Interest rate risk

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months. Interest on financial instruments at fixed rates is fixed until the maturity of the instrument. The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risks.

Sensitivity analysis for interest rate risk

At the balance sheet date, if SGD interest rates had been 20 (2007: 20) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $74,000 (2007: $147,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings, lower/higher interest income from bank balances.

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

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 that not more than 55% (2007: 55%) of loans and borrowings (including overdrafts and convertible term loan) should mature in the next one year period, and that to maintain sufficient liquid financial assets and stand-by credit facilities with three different banks. At the balance sheet date, approximately 47% (2007: 33%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements, based on the contractual maturity profile. However, as disclosed in Notes 23 and 24 to the financial statements, the Group has breached certain covenants relating to finance lease obligations and loans and borrowings. Non-current portion of the liabilities amounting to $14,254,000 and $4,551,000 of the Group and the Company respectively have been reclassified to current liabilities accordingly. The banks and financial institutions are contractually entitled to demand for immediate repayment of the outstanding loan amounts. As at the date of the financial statements, the banks and financial institutions have not requested for immediate repayment and management is in the process of discussion with them.

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.

	2008				2007			
	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	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other payables	8,812	–	–	8,812	13,860	–	–	13,860
Finance lease obligations, loans and borrowings	18,667	17,833	2,709	39,209	16,840	27,407	–	44,247
	27,479	17,833	2,709	48,021	30,700	27,407	–	58,107
Company								
Trade and other payables	3,522	–	–	3,522	7,462	–	–	7,462
Other liabilities	712	–	–	712	284	–	–	284
Finance lease obligations, loans and borrowings	8,719	6,168	–	14,887	6,984	11,990	–	18,974
	12,953	6,168	–	19,121	14,730	11,990	–	26,720

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

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 USD. These transactions which are mainly denominated in USD amounted to $23,494,000 (2007: $22,279,000). Approximately 73% (2007: 67%) of the Group's sales whilst almost 35% (2007: 20%) of the Group's costs are denominated in foreign currencies other than 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 to foreign currency risk as disclosed in Notes 16 and 21.

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 $1.2 million and $0.04 million for the Group and the Company respectively.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the USD and RMB (against SGD), with all other variables held constant, of the Group's profit net of tax.

		Group	
		2008	2007
		$'000	$'000
USD	- strengthened 5% (2007: 5%)	(6)	(253)
	- weakened 5% (2007: 5%)	7	279
RMB	- strengthened 5% (2007: 5%)	(109)	91
	- weakened 5% (2007: 5%)	109	(91)

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 investment securities, cash and cash equivalents and derivatives), 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.

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.

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

Credit risk

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

	Group			
	2008		2007	
	$'000	% of total	$'000	% of total
By country:				
Singapore	4,613	78%	9,787	83%
People's Republic of China	930	16%	1,633	14%
Thailand	339	6%	294	3%
	5,882	100%	11,714	100%
By industry sectors:				
Electronics	1,230	21%	5,074	43%
Aerospace	1,469	25%	1,359	12%
Oil and gas	1,335	23%	1,280	11%
Others	1,848	31%	4,001	34%
	5,882	100%	11,714	100%

At the balance sheet date, approximately 48% (2007: 23%) of the Group's trade receivables were due from Aerospace and Oil and Gas industries.

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, investment securities and derivatives 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 16 (Trade receivables).

29. Capital management

The primary objectives of the Group's capital management are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure 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 or convertible loan / notes. No changes were made in the objectives, policies or processes during the years ended 31 December 2008 and 31 December 2007.

The PRC subsidiaries of the Group are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. For the financial year ended 31 December 2008, these subsidiaries incurred losses and are thus not required to make the appropriations.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 30% and 55%. The Group includes within net debt, loans and borrowings and finance lease obligations, less cash and cash equivalents. Capital includes convertible term loan of the Company of $6,000,000 convertible into equity.

	Group	
	2008 $'000	2007 $'000
Loans and borrowings (Note 24)	25,707	26,311
Finance lease obligations (Note 23)	12,547	14,879
Less: - Cash and cash equivalents	(6,754)	(10,083)
- Amortised cost of $6,000,000 of convertible term loan	(5,649)	(5,318)
Net debt	25,851	25,789
Equity attributable to the equity holders of the parent	31,009	39,055
Add: Amortised cost of $6,000,000 of convertible term loan	5,649	5,318
Total capital	36,658	44,373
Capital and net debt	62,509	70,162
Gearing ratio	41%	37%

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30. Fair value of financial instruments

Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments carried at fair value

As at 31 December 2008, the Group has no financial instruments that are classified as held for trading, available-for-sale financial assets, or derivative financial instrument, which would have been carried at their respective fair values as required by FRS 39.

Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of cash and short term deposits, current trade and other receivables, bank overdrafts, current trade and other payables, current bank loans based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently. The carrying amounts of finance lease obligations approximate fair values as the average implicit discount rate approximates market interest rate.

Methods and assumptions used to determine fair values

Fair value has been determined using discounted estimated cash flows. The discount rates used are the current market incremental lending rates for similar types of leasing arrangements.

A fair value gain of $147,000 (2007: loss of $1,038,000) has been recognised in the income statement in relation to the change in fair value of financial liabilities estimated using a valuation technique for the financial year ended 31 December 2008.

31. 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 segment that offers different products and serves different markets.

Business segments

The two main operating divisions of the Group are namely:

- Turnkey projects

  For Turnkey projects, the Group will procure materials, provide precision machining and the assembly, integration and commissioning of semi-automated lines.

- Consignment projects

  For consignment projects, the Group provides precision machining services.

Segment accounting policies are the same as the policies described in Note 2.

Geographical segments

The Group's main geographical segments are in Singapore and PRC. In presenting information on the basis of geographical segments, segment revenue is based on the location of the customers.

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

There are no inter-segment sales.

Notes to the Financial Statements

31 December 2008

31. Segment information (cont'd)

Business segments

31 December 2008	Turnkey projects $'000	Consignment projects $'000	Total $'000
Revenue	15,459	22,285	37,744
Segment results	(14,200)	2,810	(11,390)
Financial expenses			(2,092)
Financial income			45
Impairment of goodwill on consolidation			(425)
Other financial charges			(121)
Other income			147
Tax expense			(80)
Net loss for the year			(13,916)
Depreciation	3,187	5,925	9,112
Segment assets	23,097	30,902	53,999
Unallocated assets			31,187
Total assets			85,186
Segment liabilities	6,545	10,645	17,190
Unallocated liabilities			33,841
Total liabilities			51,031
Capital expenditure	1,426	7,235	8,661

31. Segment information (cont'd)

Business segments

31 December 2007	Turnkey projects $'000	Consignment projects $'000	Total $'000
Revenue	27,205	6,003	33,208
Segment results	(6,037)	1,210	(4,827)
Financial expenses			(1,453)
Financial income			168
Impairment of goodwill on consolidation			(3,800)
Other financial charges			(2,645)
Other expenses			(1,038)
Tax credit			296
Net loss for the year			(13,299)
Depreciation	4,342	1,066	5,408
Segment assets	33,827	30,242	64,069
Unallocated assets			38,071
Total assets			102,140
Segment liabilities	12,780	10,619	23,399
Unallocated liabilities			36,519
Total liabilities			59,918
Capital expenditure	3,126	2,419	5,545

31. Segment information (cont'd)

Geographical segments

Revenue is based on the location of customers regardless of where the goods are produced. Assets and capital expenditure are based on the location of those assets.

	Revenue		Assets		Capital expenditure	
	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$'000	$'000
Singapore	22,318	19,789	68,795	80,302	6,401	3,635
PRC	5,589	8,845	12,621	19,924	982	1,633
USA	2,463	1,803	–	–	–	–
Others	7,374	2,771	3,770	1,914	1,278	277
	37,744	33,208	85,186	102,140	8,661	5,545

* Others include countries such as Southeast Asia.

32. Events occurring after the balance sheet date

(a) Liquidation of Getech Industries Pte Ltd

On 10 March 2009, the Company has placed one of its wholly owned subsidiaries, Getech Industries Pte Ltd into members' voluntary liquidation. Mr Chia Soo Hien & Mr Leow Quek Shiong have been appointed as the provisional Liquidators of Getech Industries Pte Ltd, pending a creditors' meeting to be convened in accordance with applicable laws.

The provisional liquidators were approved as liquidators at the creditors' meeting held on 20 March 2009,

The assets and liabilities of Getech Industries Pte Ltd as at 31 December 2008 included in the Group's balance sheet have been stated at estimated realisable/settlement values. Judgement is exercised by management in determining the estimated realisable values of the assets and estimated settlement values of the liabilities of the subsidiary. The final actual realisable/settlement values of the assets and liabilities may differ from the estimated amounts.

The liquidation however will not affect other subsidiaries of the Group as neither the Company nor any of its other subsidiaries have provided any corporate guarantee or assumed any financial obligations on behalf of Getech Industries Pte Ltd.

(b) Cessation of operations of Ningbo Getech Precision Industries Co., Ltd

Getech Industries Pte Ltd's wholly owned subsidiary, Ningbo Getech Precision Industries Co., Ltd, has ceased its operation subsequent to 31 December 2008. The assets and liabilities of the subsidiary as at 31 December 2008 included in the Group's balance sheet have been stated at estimated realisable/settlement values. Judgement is exercised by management in determining the estimated realisable values of the assets and estimated settlement values of the liabilities of the subsidiary. The final actual realisable/settlement values of the assets and liabilities may differ from the estimated amounts.

32. Events occurring after the balance sheet date (cont'd)

(c) Litigation against the vendors from whom the Company acquired Getech Group

The Company is in the process of seeking compensation from Koh Pang An, Loh Yook Lin and Toh Choon Kim, the vendors from whom the Company acquired Getech Group. The directors represented that the Company was not aware and the vendors did not divulge that Getech Group had lost its major customer, PCA Technology, upon finalisation of the Sale and Purchase Agreement ("S&P") in relation to the acquisition of Getech Group. The Company intends to recover from the vendors compensation as such non-disclosure is tantamount to withholding pertinent information relating to Getech Group and is in breach of the terms of the S&P agreement.

A claim has been filed against the vendors in February 2009. However, no proposal for settlement has been received at this stage and on 20 March 2009, writ action was commenced for recovery of the debt.

33. Comparatives

Comparatives in the financial statements have been restated from the previous year to reflect adjustments to fair values of a subsidiary acquired in prior year, for which purchase price allocation was completed in current year.

Income statement	Group	
	As previously stated	As restated
	2007	2007
	$'000	$'000
Cost of sales	(29,742)	(29,807)
Gross profit	3,466	3,401
Administrative expenses	(7,183)	(7,916)
(Loss) profit before tax	(12,797)	(13,595)
Tax credit (expense)	180	296
Net (loss) profit for the year, attributable to equity holders of the Company	(12,617)	(13,299)
Attributable to :		
Equity holders of the Company	(12,339)	(13,431)
Minority interests	(278)	132
(Loss) earnings per share attributable to equity holders of the Company - basic and diluted (cents)	(5.18)	(5.64)

Notes to the Financial Statements

33. Comparatives (cont'd)

Balance sheet

	Group	
	As previously stated	As restated
	2007	2007
	$'000	$'000
Non-current assets		
Property, plant and equipment	46,320	45,394
Goodwill on consolidation	20,853	12,761
Intangible assets	186	11,966
Non-current liabilities		
Deferred tax liabilities	1,227	3,301
Equity attributable to equity holders of the Company		
Accumulated losses	(11,013)	(12,105)
Minority interests	1,387	3,167

Consolidated cash flow statement

	As previously stated	As restated
	2007	2007
	$'000	$'000
Cash flows from operating activities		
Loss before tax	(12,797)	(13,595)
Depreciation of property, plant and equipment	5,073	5,408
Amortization of intangible assets	–	397
Decrease (increase) in inventories	(3,142)	(3,076)

34. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2008 were authorised for issue in accordance with a resolution of the directors on 6 April 2009.

STATISTICS OF SHAREHOLDINGS

AS AT 13 MARCH 2009

DISTRIBUTION OF SHAREHOLDINGS

Size Of Shareholdings	No. Of Shareholders	%	No. Of Shares	%
1 - 999	4	0.16	1,309	0.00
1,000 - 10,000	633	25.09	4,859,760	1.17
10,001 - 1,000,000	1,862	73.80	131,781,045	31.69
1,000,001 and above	24	0.95	279,197,324	67.14
TOTAL	2,523	100.00	415,839,438	100.00

SHARE CAPITAL

Issued and fully paid-up capital	: S$46,342,670
Class of equity security	: Ordinary Shares
Voting rights of ordinary shareholdings	: On a show of hands: One vote for each member
On a poll	: One vote for each ordinary share

There are no treasury shares held in the capital of the Company.

SUBSTANTIAL SHAREHOLDERS

	Direct Interest	%	Deemed Interest	%
CITIBANK NOMINEES SINGAPORE PTE LTD [1]	71,527,100	17.20	-	-
AMS CAPITAL PTE LTD [3]	62,947,558	15.14	8,000,000	1.92
TAN NGEE TECK [3]	-	-	70,947,558	17.06
LIM & TAN SECURITIES PTE LTD [2]	31,999,000	7.70	-	-
KOH PANG AN	23,800,000	5.72	-	-
ADAM LAU FOOK HOONG @ JOE LAU [1]	2,320,586	0.56	71,517,100	17.20
LUONG ANDY [2]	-	-	31,631,000	7.61

(1) Adam Lau Fook Hoong @ Joe Lau is deemed to have an interest in 71,517,100 ordinary shares held by CITIBANK Nominees Singapore Pte Ltd

(2) Luong Andy is deemed to have an interest in 31,631,000 ordinary shares held by Lim & Tan Securities Pte Ltd

(3) 8,000,000 shares by AMS Capital have been pledged to secure Company's borrowings under the Convertible Notes. Further details on the Convertible Notes can be found in page 79 of this report. These shares are held by HSBC (Singapore) Nominees Pte Ltd. Tan Ngee Teck is deemed to have an interest in the ordinary shares held by AMS Capital Pte Ltd and HSBC (Singapore) Nominees Pte Ltd.

STATISTICS OF SHAREHOLDINGS

AS AT 13 MARCH 2009

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. Of Shares	%
1.	CITIBANK NOMINEES SINGAPORE PTE LTD [(1)]	71,527,100	17.20
2.	AMS CAPITAL PTE LTD [(3)]	62,947,558	15.14
3.	LIM & TAN SECURITIES PTE LTD [(2)]	31,999,000	7.70
4.	KOH PANG AN	23,800,000	5.72
5.	YAP TIONG WAH	14,415,420	3.47
6.	OCBC SECURITIES PRIVATE LTD	13,786,000	3.32
7.	CIMB-GK SECURITIES PTE LTD	11,187,000	2.69
8.	HSBC (SINGAPORE) NOMINEES PTE LTD [(3)]	8,000,000	1.92
9.	PHILLIP SECURITIES PTE LTD	6,757,000	1.62
10.	HONG LEONG FINANCE NOMINEES PTE LTD	5,493,000	1.32
11.	GOH LIK TUAN	4,000,000	0.96
12.	LEE TIAM NAM	3,602,000	0.87
13.	UNITED OVERSEAS BANK NOMINEES PTE LTD	3,002,000	0.72
14.	NG LIN CHENG	2,808,060	0.68
15.	ADAM LAU FOOK HOONG @JOE LAU [(1)]	2,320,586	0.56
16.	LOW KOON POO EDMUND	1,950,000	0.47
17.	KIM ENG SECURITIES PTE LTD	1,887,000	0.45
18.	DBS NOMINEES PTE LTD	1,848,000	0.44
19.	OCBC NOMINEES SINGAPORE PTE LTD	1,840,600	0.44
20.	YEO SENG BUCK	1,378,000	0.33
	TOTAL	274,548,324	66.02

[(1)] Adam Lau Fook Hoong @ Joe Lau is deemed to have an interest in 71,517,100 ordinary shares held by CITIBANK Nominees Singapore Pte Ltd

[(2)] Luong Andy is deemed to have an interest in 31,631,000 ordinary shares held by Lim & Tan Securities Pte Ltd

[(3)] 8,000,000 shares by AMS Capital have been pledged to secure Company's borrowings under the Convertible Notes. Further details on the Convertible Notes can be found in page 79 of this report. These shares are held by HSBC (Singapore) Nominees Pte Ltd. Tan Ngee Teck is deemed to have an interest in the ordinary shares held by AMS Capital Pte Ltd and HSBC (Singapore) Nominees Pte Ltd.

PRECENTAGE OF SHAREHOLDING IN PUBLIC HANDS

51.85% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the ListingManual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Alantac Technology Ltd. ("the Company") will be held at 44 Changi South Street 1, Singapore 486762 on Wednesday, 29 April 2009 at 2.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2008 together with the Auditors' Report thereon. (Resolution 1)

2. To re-elect the following Directors of the Company retiring pursuant to Articles 91 and 97 of the Company's Articles of Association.

Ms Tay Lay Hoon	(Retiring under Article 91)	(Resolution 2)
Dr Ng Pock Too	(Retiring under Article 97)	(Resolution 3)

Ms Tay Lay Hoon will, upon re-election as a Director of the Company, be redesignated as an Executive Director and will remain as a member of the Company's Executive Committee.

Dr Ng Pock Too will, upon re-election as a Director of the Company, remain as a member of the Audit Committee, Nominating Committee and Remuneration Committee and will be considered independent.

3. To approve the payment of Directors' fees of S$100,000 for the year ended 31 December 2008 (previous year: S$100,000). (Resolution 4)

4. To re-appoint Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. (Resolution 5)

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. **Authority to issue shares in the capital of the Company**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of Section B of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST"): Rules of Catalist, (the "Catalist Rules"), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued (including shares to be issued pursuant to the Instruments) other than on a pro rata basis to existing shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares (including shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (1) above, the percentage of shares that may be issued shall be based on the total number of issued shares in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
(b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and
(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by SGX-ST) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or (ii) the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (i)] (Resolution 6)

By Order of the Board

Chan Shok Hing
Secretary
Singapore,
9 April 2009

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) The Ordinary Resolution 6 in item 6 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or the date such authority is revoked by the Company in a general meeting, whichever is the earliest, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 100% of the issued shares in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to existing shareholders.

For determining the aggregate number of shares that may be issued, the percentage of shares that may be issued (including shares that are to be issued pursuant to the Instruments) will be calculated based on the issued shares in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of passing of this Ordinary Resolution and any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 44 Changi South Street 1, Singapore 486762 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

*This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd (the "**Sponsor**"), for compliance with the relevant rules of the SGX-ST. The Sponsor (whose effective date of appointment is 13 April 2009) has not independently verified the contents of this notice.*

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice including the correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Sponsor is Mr. Ng Joo Khin.
Telephone number: 6389 3000 Email: jookhin.ng@stamfordlaw.com.sg

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ALANTAC TECHNOLOGY LTD.

[Company Registration No. 199401749E]

(Incorporated In The Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. For investors who have used their CPF monies to buy Alantac Technology Ltd's shares, this Report is forwarded to them at the request of the CPF Approved Nominees 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.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, ____

of ____

being a member/members of Alantac Technology Ltd (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on 29 April 2009 at 2.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [•] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 December 2008		
2	Re-election of Ms Tay Lay Hoon as a Director		
3	Re-election of Dr Ng Pock Too as a Director		
4	Approval of Directors' fees amounting to S$100,000		
5	Re-appointment of Ernst & Young LLP as Auditors		
6	Authority to allot and issue new shares		

Dated this ______________day of ______________ 2009

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

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

*Delete where inapplicable

Notes :

1. 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 registered in 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, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 44 Changi South Street 1, Singapore 486762 not less than forty-eight (48) hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of 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 seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

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. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.