WILLAS-ARRAY™
威雅利電子(集團)有限公司
Willas-Array Electronics (Holdings) Limited

FOR IMMEDIATE RELEASE

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Willas-Array achieves strong turnaround with record revenue and net profit for FY2010

- *Posts net profit attributable to shareholders of HK$70.5 million; turnaround from a loss of HK$19.7 million in FY2009*
- *Sterling results firmly demonstrate the rewards from strong financial discipline and focused strategy in China*

Recommends a first and final dividend of 1.8 Singapore cents

Financial Highlights in HK$'m	**12 months ended 31 March**		
	FY2010	**FY2009**	**% Change**
Revenue	**2,940.8**	**2,351.0**	**25.1**
Gross profit	**314.2**	**242.5**	**29.6**
Operating profit/(loss)	**83.5**	**(10.8)**	**872.0**
Impairment losses on intangible assets and goodwill	**-**	**(15.5)**	**NM**
Profit/(loss) before tax	**83.5**	**(26.3)**	**417.7**
Group's net profit/(loss)	**71.5**	**(26.9)**	**365.3**
Net profit/(loss) attributable to shareholders	**70.5**	**(19.7)**	**458.8**

SINGAPORE – 26 May 2010 – Willas-Array Electronics (Holdings) Limited ("Willas-Array" or "The Group"), one of the largest Hong Kong-based distributors of electronics components in the Asia Pacific region, is back in the black with a record set of results, reporting an impressive net profit attributable to shareholders of HK$70.5 million for the full year ended 31 March 2010 ("FY2010"). This compares with a loss of HK$19.7 million in the previous full year ("FY2009").

This was achieved on the back of a 25.1% surge in revenue, from HK$2.4 billion in FY2009 to HK$2.9 billion this year. Gross profit margin increased from 10.3% to 10.7% over the same period.

This sterling set of results underscores Willas Array's strong fundamentals as well as the rewards of its strong financial discipline and effective management strategies, which had enabled the Group to overcome the business challenges in the past year.

Unwavering focus on China

In recent years, Willas-Array has focused its resources in expanding its market presence in China, investing significantly in sales and marketing activities and keeping its headcount strong, even at a time of global economic slowdown last year.

"Despite the uncertain business outlook last year, we stood firm in our investment in China and our belief in its immense potential and opportunities. The fruits of our labour are now evident. The Chinese government's 4 trillion yuan stimulus package has created a real domestic demand for consumer products, and the positive effects have filtered down to many industries, including the electronic components market. We have witnessed a proportionately larger increase in sales orders from our China customers in FY2010 as compared with previous years. With the rise in domestic consumption, our customers have also experienced an increase in sales to end-consumers in the more remote areas, which in turn benefited us," said Mr Lawrence Leung, Chairman of Willas-Array.

Based on the latest set of full-year results, earnings per share for FY2010 rose to 22.75 HK cents, from a loss of 6.34 HK cents in FY2009. Net asset value per share as at 31 March 2010 stood at 132.54 HK cents, as compared to 110.51 HK cents as at 31 March 2009.

To reward loyal shareholders, the Directors have recommended a first and final dividend of 1.8 Singapore cents per share which, if approved at the Annual General Meeting to be held on 29 July 2010, will be paid to shareholders on 18 August 2010.

Strong financial discipline

The Group's swift turnaround was also the result of its strong financial discipline, with a firm emphasis on tight capital management, ensuring a healthy cash balance and strong cash flow, regardless of the business environment.

"Our strong cash position and working capital have allowed the Group to quickly stock up on our inventory when the economy picks up and be amongst the first to benefit from the market turnaround," explained Mr Leung.

During the year in review, the Group witnessed a shortage in the market for certain electronic components as some suppliers downsized their operations. This in turn eased earlier price competitions and benefited Willas-Array which had maintained an optimal inventory level, enabling the Group to sell the components at healthier margins.

"In spite of the challenging operating landscape last year, we have not reduced our headcount as we strongly believe that people are our assets. Instead, we opted for a more flexible wage structure via shorter working hours and no pay leave. Again, the rationale is to ensure the Group has sufficient resources to cope with the increase in demand and operating activities when the market rebounds," he added.

The Group's firm commitment to its cost control measures have also contributed to the positive results this year. Despite the 25.1% increase in sales, distribution costs only increased marginally by 1.9% while administrative expenses declined by 1.8%.

Outlook

Looking ahead, the Group will continue to focus its resources in the China market where it aims to further cement its presence.

"China is, and will continue to be, our growth driver as it remains one of the fastest growing economies in the world. We will continue to keep our eyes peeled and ears open for business opportunities and avenues to expand our reach in China," said Mr Leung.

Notwithstanding the increasing optimism in the global economy ahead, the Group remains prudent.

"Despite an improvement in business conditions, we will continue to approach our expansion plans with prudence as any volatility in raw material prices, foreign currency fluctuations and uncertainty in the continuation of the PRC government's stimulus programs will negatively impact the economy, and indirectly affect us. As a Group, we need to continue to stay close to our customers, maintain a wide product offering and provide a range of creative product solutions to cater to their needs. It is imperative that we continue to sharpen our material and resource planning, as well as tighten cost, credit and inventory controls. At the same time, we will continue to maintain a healthy liquidity position, and be agile to respond to the changing market situation and capitalise on avenues for growth," concluded Mr Leung.

About Willas-Array Electronics (Holdings) Limited

Established in the early 1980s and listed on the Main Board of the Singapore Exchange in 2001, Hong Kong-based Willas-Array is principally engaged in the distribution of active and passive components for use in the audio/video, telecommunications, industrial, consumer and computer segments. Backed by long-standing relationships with over 20 reputable Principals, Willas-Array carries a wide product mix, distributing and marketing in excess of 10,000 product items which cater to over 2,000 active customers. Its main markets are in Hong Kong and China.

In China, Willas-Array has established a network of offices strategically located in Beijing, Tianjin, Qingdao, Shanghai, Chengdu, Xiamen, Zhongshan, Shenzhen and Guangzhou. It has subsidiaries in the Free Trade Zones in Shanghai and Shenzhen, both of which serve as logistics centres for the Group in North and South China respectively.

Willas-Array also has a wholly-owned subsidiary in Taipei to tap on the growing number of large electronic manufacturers in Taiwan doing business in China.

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