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## **Willas-Array reports lower 1H2012 net profit of HK\$30.5 million amidst challenging times; maintains healthy working capital**

- *Revenue declined by 10.1% due to a general slowdown in global economies, which has led to weaker demand for electronic goods*
- *Strategies to curtail expenses and tighten operational management will help the Group tide through the challenging times*

<i>Financial Highlights in HK\$'m</i>	<b>6 months ended 30 September</b>		
	<b>1H2012</b>	<b>1H2011</b>	<b>% Change</b>
<b>Revenue</b>	<b>1,786.3</b>	1,987.2	↓ 10.1
<b>Gross profit</b>	<b>158.6</b>	204.9	↓ 22.6
<b>Profit before tax</b>	<b>38.8</b>	65.8	↓ 41.0
<b>Profit attributable to shareholders</b>	<b>30.5</b>	50.5	↓ 39.5

**SINGAPORE – 14 November 2011** – SGX mainboard-listed **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, today reported a 39.5% decline in net profit attributable to shareholders to HK\$30.5 million for the first six months ended 30 September 2011 (“1H2012”), from HK\$50.5 million in the previous corresponding half year (“1H2011”).

The drop in net profit was largely attributable to the 10.1% dip in 1H2012 revenue to HK\$1.8 billion due to demand-side slowdown caused by weak consumer buying sentiments as a result of Europe’s sovereign debt crisis and the faltering US economy.

Consequently, gross profit margin for the six months ended 30 September 2011 also fell to 8.88% as compared to 10.31% in the previous corresponding period.

Commenting on the financial performance, Willas-Array Chairman, Mr Lawrence Leung, said, "FY2011 was a bumper year for Willas-Array and it is hard to match the results considering the challenges we have encountered since the beginning of this financial year. The economic woes of Europe and the US have had widespread consequences on other economies worldwide. In China, the government has tightened money supply to curb rising inflation. All these have had an adverse impact on consumer buying sentiments as customers anticipate tougher times ahead. Industry-wide, there was also a disruption to the supply chain that followed the earthquake and tsunami in Japan in March. These situations have heightened the level of competition in an already highly competitive components market and affected our performance both directly and indirectly."

As at 30 September 2011, the Group had strong working capital of HK\$385.4 million, which included a cash balance of HK\$413.8 million, as compared to HK\$360.0 million and HK\$417.1 million as at 31 March 2011.

Based on the latest set of half-year results, basic earnings per share for 1H2012 fell to 8.25 HK cents, down from 15.75 HK cents in 1H2011. Net asset value per share as at 30 September 2011 stood at 138.66HK cents, as compared to 152.6 HK cents as at 31 March 2011.

### **Outlook**

With Europe and the US still grappling with their long-drawn economic problems, which are impacting the rest of the world, and key supply markets in Asia struggling to recover from natural disasters, the Group expects the second half to be equally challenging.

Mr Leung explained, "The recent flooding in Thailand forced some of the electronic components suppliers to close their factories and halt production. This has disrupted the global electronics supply chain of certain electronic components and the recovery of which will depend on how fast these suppliers can restore the damaged factories. In addition, the volatility in raw material prices, foreign currency fluctuations, the rippling effects from the troubled US and European economies as well as rising staff costs and

inflation in China will have an impact on our industry and lead to a more competitive operating environment.”

Moving forward, Willas-Array will remain vigilant about changing market conditions. The Group is optimistic about China’s resilience and will bank on its familiarity with this key market to drive its performance in the long term.

Commenting on the China market, Mr Leung said, “Our focus, experience and in-depth knowledge of the market have enabled us to interpret, to an extent, the market indicators in China and take actions to effectively respond to the competitive electronic components industry. We will continue to use our market know-how to our advantage to expand our sales and marketing efforts.”

Operationally, the Group will continue to sharpen its material and resource planning, ensuring an optimal inventory level that aligns supply with demand. Willas-Array will also continue with its prudent capital management by tightening cost and credit controls and maintaining a healthy liquidity position. At the same time, the Group will concentrate on maintaining strong relationships with quality principals and delivering higher level of service to its customers via a wide range of creative product solutions to cater to their needs.

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***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 and 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 Mainland China and Hong Kong.*

*In China, Willas-Array has established a network of offices strategically located in Beijing, Chengdu, Guangzhou, Qingdao, Shanghai, Shenzhen, Tianjin, Xiamen, and Zhongshan. It has a subsidiary in the Free Trade Zone in Shanghai which serves as a logistics centre for the Group in North China.*

*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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