MANAGEMENT DISCUSSION AND ANALYSIS

Due to difficult economic background and the weakness of Euro currency, the Group had a more subdued performance, both in terms of turnover and net profit. However, the Group's gross profit margin was improved from 40% to 43% because the Group had changed the product mix of an increase in proportion of sales that were having relatively higher profit margin. Credit control period granted to debtors was slightly relaxed from 60 days to 62 days, which still remained ahead of the peers in the industry. The Group maintained a current ratio of 1.4x, which is above the industry yardstick of 1x. With sound financing measures, our interest cover has consistently maintained above the market expectation of 3x. The net debt to tangible assets was 0.6x, which allows the Group to gear up its borrowing level for future expansion.