

First Quarter Financial Statement And Related Announcement for the Quarter Ended 31 March 2014

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF Q1 RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) **CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTERS ENDED 31 MARCH 2014 AND 31 MARCH 2013**

Consolidated Income Statement

	Group 1Q2014	Group 1Q2013	Increase/ (Decrease)
	US\$'000	US\$'000	%
Revenue	147,749	142,406	3.8%
Cost of sales	(137,363)	(132,277)	3.8%
Gross profit	10,386	10,129	2.5%
Other income	94	67	40.3%
Sales and distribution costs	(6,005)	(5,607)	7.1%
General and administrative expenses	(3,658)	(3,346)	9.3%
Other expenses	195	(85)	N.M
Interest expense	(254)	(241)	5.4%
Profit before taxation	758	917	(17.3%)
Income tax expense	(142)	(184)	(22.8%)
Profit after taxation	616	733	(16.0%)
Profit attributable to:			
Equity holders of the Company	616	733	(16.0%)

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd).

1(a)(i) CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTERS ENDED 31 MARCH 2014 AND 31 MARCH 2013 (CONT'D)

Consolidated Statement of Other Comprehensive Income

	Group 1Q2014	Group 1Q2013	Increase/ (Decrease)
	US\$'000	US\$'000	%
Profit after taxation	616	733	(16.0%)
Other comprehensive income			
Foreign currency translation	10	3	233.3%
Net gain on fair value changes of available-for-sale financial assets	182	203	(10.3%)
Other comprehensive income for the period	192	206	(6.8%)
Total comprehensive income for the period	808	939	(13.9%)
Total comprehensive income attributable to:			
Equity holders of the Company	808	939	(13.9%)
	808	939	(13.9%)

1(a)(ii) NOTES TO THE CONSOLIDATED INCOME AND STATEMENT OF COMPREHENSIVE INCOME

Notes to the consolidated income and statement of comprehensive income	Group 1Q2014	Group 1Q2013
	US\$'000	US\$'000
Interest income	6	4
Interest on borrowings	(254)	(241)
Allowance for doubtful trade debts written back	25	90
Allowance for doubtful trade debts	-	(27)
Bad debts written off	-	(46)
Reversal of stocks written down	876	851
Stocks written down/ off	(705)	(942)
Depreciation of property, plant and equipment	(256)	(195)
Property, plant and equipment written off	-	(1)
Net foreign exchange gain	58	62
Net fair value loss on financial instruments	(302)	-

1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENT OF FINANCIAL POSITION	Group 31/03/2014	Group 31/12/2013	Company 31/03/2014	Company 31/12/2013
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets				
Property, plant and equipment	4,205	4,409	-	-
Intangible assets	326	326	-	-
Investments in subsidiaries	-	-	13,049	13,049
Investment securities	1,927	1,744	1,927	1,744
Deferred tax assets	37	36	-	-
Current assets				
Trade debtors	89,749	94,518	8	4
Other debtors	1,347	1,203	-	-
Prepayments	375	317	22	1
Stocks	76,559	76,404	-	-
Amounts due from subsidiaries	-	-	17,127	18,783
Cash and short term deposits	15,967	10,827	2,603	609
Total current assets	183,997	183,269	19,760	19,397
Current liabilities				
Trade creditors and accruals	(74,375)	(68,846)	(1,040)	(867)
Other creditors	(6,636)	(7,470)	(44)	(41)
Interest-bearing loans and borrowings	(54,595)	(59,326)	-	-
Provision for taxation	(2,218)	(2,282)	(27)	(13)
Total current liabilities	(137,824)	(137,924)	(1,111)	(921)
Net current assets	46,173	45,345	18,649	18,476
Net assets	52,668	51,860	33,625	33,269
Equity attributable to equity holders of the Company				
Share capital	32,294	32,294	32,294	32,294
Treasury shares	(96)	(96)	(96)	(96)
Reserves	20,470	19,662	1,427	1,071
	52,668	51,860	33,625	33,269

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

At 31/03/2014 (US\$'000)		At 31/12/2013 (US\$'000)	
Secured	Unsecured	Secured	Unsecured
-	54,595	-	59,326

Amount repayable after one year, or on demand

At 31/03/2014 (US\$'000)		At 31/12/2013 (US\$'000)	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

The Group's borrowings as at 31 March 2014 consisted of interest-bearing loans and borrowings.

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group 1Q2014	Group 1Q2013
	US\$'000	US\$'000
Operating activities		
Profit before taxation	758	917
Adjustments for:-		
Interest income	(6)	(4)
Interest expense	254	241
Depreciation of property, plant and equipment	256	195
Property, plant and equipment written off	-	1
Fair value loss on financial instrument	302	-
Operating cash flows before changes in working capital	1,564	1,350
Increase in stocks	(155)	(5,935)
Decrease in trade debtors, other debtors and prepayments	4,264	2,902
Increase / (decrease) in trade creditors, accruals and other creditors	4,695	(8,069)
Cash flows generated from/ (used in) operations	10,368	(9,752)
Interest received	6	4
Interest paid	(254)	(241)
Income tax paid	(207)	(151)
Net cash flows generated from/ (used in) operating activities	9,913	(10,140)
Investing activities		
Purchase of property, plant and equipment	(52)	(66)
Net cash flows used in investing activities	(52)	(66)
Financing activities		
(Decrease)/ increase in interest-bearing loans and borrowings	(4,731)	4,679
Net cash flows (used in)/ generated from financing activities	(4,731)	4,679
Net increase/ (decrease) in cash and short-term deposits	5,130	(5,527)
Effects of exchange rate changes on cash and short-term deposits	10	3
Cash and short-term deposits at beginning of period	10,827	13,774
Cash and short-term deposits at end of period	15,967	8,250

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

1Q2014	Attributable to equity holders of the Company								
Group	Equity, total US\$'000	Share capital US\$'000	Treasury shares US\$'000	Reserves, total US\$'000	Other reserve US\$'000	Fair value reserve US\$'000	Statutory reserve US\$'000	Foreign currency translation reserve US\$'000	Revenue reserve US\$'000
Opening balance at 1 January 2014	51,860	32,294	(96)	19,662	103	380	25	(1,176)	20,330
Profit for the period	616	-	-	616	-	-	-	-	616
<u>Other comprehensive income</u>									
Foreign currency translation	10	-	-	10	-	-	-	10	-
Net gain on fair value changes of available-for-sale financial assets	182	-	-	182	-	182	-	-	-
Other comprehensive income for the period	192	-	-	192	-	182	-	10	-
Total comprehensive income for the period	808	-	-	808	-	182	-	10	616
					-				
Closing balance at 31 March 2014	52,668	32,294	(96)	20,470	103	562	25	(1,166)	20,946

1Q2013	Attributable to equity holders of the Company								
Group	Equity, total US\$'000	Share capital US\$'000	Treasury shares US\$'000	Reserves, total US\$'000	Other reserve US\$'000	Fair value reserve US\$'000	Statutory reserve US\$'000	Foreign currency translation reserve US\$'000	Revenue reserve US\$'000
Opening balance at 1 January 2013	48,420	32,294	(201)	16,327	-	85	25	(1,159)	17,376
Profit for the period	733	-	-	733	-	-	-	-	733
<u>Other comprehensive income</u>									
Foreign currency translation	3	-	-	3	-	-	-	3	-
Net gain on fair value changes of available-for-sale financial assets	203	-	-	203	-	203	-	-	-
Other comprehensive income for the period	206	-	-	206	-	203	-	3	-
Total comprehensive income for the period	939	-	-	939	-	203	-	3	733
					-				
Closing balance at 31 March 2013	49,359	32,294	(201)	17,266	-	288	25	(1,156)	18,109

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd).

1Q2014		Attributable to equity holders of the Company					
Company	Equity, total US\$'000	Share capital US\$'000	Treasury shares US\$'000	Reserves, total US\$'000	Other reserve US\$'000	Fair value reserve US\$'000	Revenue reserve US\$'000
Opening balance at 1 January 2014	33,269	32,294	(96)	1,071	103	380	588
Profit for the period	174	-	-	174	-	-	174
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	182	-	-	182	-	182	-
Other comprehensive income for the period	182	-	-	182	-	182	-
Total comprehensive income for the period	356	-	-	356	-	182	174
Closing balance at 31 March 2014	33,625	32,294	(96)	1,427	103	562	762

1Q2013		Attributable to equity holders of the Company					
Company	Equity, total US\$'000	Share capital US\$'000	Treasury shares US\$'000	Reserves, total US\$'000	Other reserve US\$'000	Fair value reserve US\$'000	Revenue reserve US\$'000
Opening balance at 1 January 2013	32,442	32,294	(201)	349	-	85	264
Profit for the period	89	-	-	89	-	-	89
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	203	-	-	203	-	203	-
Other comprehensive income for the period	203	-	-	203	-	203	-
Total comprehensive income for the period	292	-	-	292	-	203	89
Closing balance at 31 March 2013	32,734	32,294	(201)	641	-	288	353

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

In addition to the disclosure in Note 1(d)(i) above, the changes to the company's treasury shares during the period were as follows:-

	1Q2014		1Q2013	
	No. of shares	US\$'000	No. of shares	US\$'000
Treasury shares				
At beginning of financial period	2,444,000	96	5,363,000	201
At end of financial period	2,444,000	96	5,363,000	201

In November 2013, the Company transferred 2,919,000 treasury shares to its employees at a weighted average exercise price of \$0.036 each pursuant to the Excelpoint Performance Share Scheme.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued shares excluding treasury shares as at the end of 31 March 2014 is 507,578,200 (31 December 2013: 507,578,200).

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, disposal, cancellation and/or use of treasury share during the current financial period reported on.

- 2. Whether the figures have been audited or reviewed, in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by our auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

N.A.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2013.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

N.A.

6. **Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	1Q2014	1Q2013
Based on weighted average number of ordinary shares (US cent)	0.12	0.15
On a fully diluted basis (US cent)	N.A.	N.A.

Earnings per share excluding treasury shares for 1Q2014 computed based on weighted average number of ordinary shares of 507,578,200 (1Q2013: 504,659,200).

7. **Net asset value (for the issuer and Group) per ordinary share based on the total number of issued share excluding treasury shares of the issuer at the end of the:-**

- (a) **current financial period reported on; and**
(b) **immediately preceding financial year.**

	Group		Company	
	31/03/2014	31/12/2013	31/03/2014	31/12/2013
Net asset value per ordinary share based on existing issued share capital as at end of period reported on (US cents)	10.38	10.22	6.62	6.55

The Group's and the Company's net asset value per ordinary share have been computed based on the share capital of 507,578,200 (4Q2013: 507,578,200) ordinary shares, excluding treasury shares.

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-**

- (a) **any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
(b) **any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

INCOME STATEMENT

Comparing 1Q FY2014 to 1Q FY2013

The Group reported revenues of US \$147.7 million in the first quarter of FY2014 (1Q FY2014) compared to US\$142.4 million in the corresponding quarter last year. Revenue rose marginally by 3.8% this quarter despite slower business activities during the festive holidays in China, Hong Kong and Singapore. Compared to 1Q FY2013, gross profit margin remained relatively stable at 7.0% this quarter. Other income reported a 40.3% increase, rising from US\$67,000 to US\$94,000 due mainly to wage credits from tax incentives. Net profit after tax amounted to US\$0.6 million compared US\$0.7 million in the same period last year. This is due to the higher operating costs this quarter. Net profit margin decreased slightly from 0.5% to 0.4% in 1Q FY2014.

Total operating expenses rose by 4.8% from US\$9.3 million to US\$9.7 million. Sales and distribution costs rose by 7.1% from US\$5.6 million to US\$6.0 million due to costs arising from the relocation of warehouses in Singapore and China. General and administrative expenses saw an increase of 9.3%, rising from US\$3.3 million to US\$3.7 million. This is due to wage increments that took effect from July 2013 and were only reflected in subsequent periods following the increments. Other expenses, comprising mainly net write-back of allowance for doubtful trade debts, net stocks write back and net fair value loss on financial instruments totaled a net gain of US\$0.2 million compared to the net loss of US\$0.1 million in the corresponding quarter last year.

Total comprehensive income for the quarter totaled US\$0.8 million compared to US\$0.9 million last year. This represents a decrease of 13.9% due to the lower net profit after tax and lower fair value changes of available-for-sale financial assets in 1Q FY2014.

BALANCE SHEET

Net current assets rose from US\$45.3 million to US\$46.1 million due primarily to:

- Lower trade debtors balance, which decreased from US\$94.5 million to US\$89.7 million. Trade debtors' turnover in 1Q FY2014 stood at 57 days (1Q FY2013: 50 days)
- Higher trade creditors' balance, which rose from US\$68.8 million to US\$74.4 million. Trade creditors' turn in 1Q FY2014 stood at 47 days (1Q FY2013: 41 days).
- Marginally higher stock balance, which increased from US\$76.4 million to US\$76.6 million. Stock turnover was 51 days this quarter compared to 47 days in 1Q FY2013.
- Lower Interest-bearing loans and borrowings, which decreased from US\$59.3million to US\$54.6 million.
- Higher cash and short term deposits, which increased from US\$10.8 million (FY2013) to US\$16.0 million.

SHAREHOLDERS' EQUITY

Shareholders' equity rose from US\$51.9 million to US\$52.7 million due to higher reserve balance at the close of the quarter.

WORKING CAPITAL

Operating activities generated US\$10.4 million compared to US\$9.8 million used in the same quarter last year. This is primarily due to a US\$0.2 million increase in stocks, US\$4.3 million decrease in trade debtors, other debtors and prepayments and US\$4.7 million increase in trade creditors, accruals and other creditors.

- 9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

N.A.

- 10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

Compared to the slow first quarter, the second quarter started on a stronger note. Business sentiments were more positive as the economic outlook for China and South East Asian countries remains positive. Barring unforeseen circumstances, the Group is cautiously optimistic about its prospects in 2Q FY 2014.

- 11. Dividend**

- (a) Current Financial Period Reported On**

Any dividend recommended for the current financial period reported on? **No.**

- (b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? **No.**

(c) Date payable

N.A.

(d) Books closure date

N.A.

12. If no dividend has been declared/ recommended, a statement to that effect.

No dividend has been declared for 1Q2014.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained.

The aggregate value of all interested person transactions during the financial period ended 31 March 2014 were as follows:-

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Description of the transaction entered into with the interested person during the financial year under review	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Nil	N.A.	N.A.	N.A.

14. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

The Board of Directors of the Company hereby confirm to the best of their knowledge that nothing has come to their attention which may render the financial statements for the first quarter ended 31 March 2014 to be false or misleading.

BY ORDER OF THE BOARD

Wong Yoen Har
Company Secretary
12 May 2014