

First Quarter Financial Statement And Related Announcement for the Quarter Ended 31 March 2017

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 2017 AND 31 MARCH 2016**

Consolidated Income Statement

	Group 1Q2017	Group 1Q2016	Increase/ (Decrease)
	US\$'000	US\$'000	%
Revenue	260,293	205,709	26.5%
Cost of sales	(246,941)	(193,820)	27.4%
Gross profit	13,352	11,889	12.3%
Other income	49	103	(52.4%)
Sales and distribution costs	(6,786)	(6,811)	(0.4%)
General and administrative expenses	(3,886)	(3,635)	6.9%
Other expenses	(194)	32	N.M.
Interest expense	(837)	(503)	66.4%
Profit before taxation	1,698	1,075	58.0%
Income tax expense	(329)	(228)	44.3%
Profit after taxation	1,369	847	61.6%
Profit attributable to:			
Equity holders of the Company	1,369	847	61.6%

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 2017 AND 31 MARCH 2016 (CONT'D)

Consolidated Statement of Other Comprehensive Income

	Group 1Q2017	Group 1Q2016	Increase/ (Decrease)
	US\$'000	US\$'000	%
Profit after taxation	1,369	847	61.6%
Other comprehensive income			
Foreign currency translation	27	1	N.M.
Net gain on fair value changes of available-for-sale financial assets	385	207	86.0%
Other comprehensive income for the period	412	208	98.1%
Total comprehensive income for the period	1,781	1,055	68.8%
Total comprehensive income attributable to:			
Equity holders of the Company	1,781	1,055	68.8%

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

Notes to the consolidated income and statement of comprehensive income	Group 1Q2017	Group 1Q2016
	US\$'000	US\$'000
Interest income	7	7
Interest on borrowings	(837)	(503)
Allowance for doubtful trade debts written back	35	49
Allowance for doubtful trade debts	(229)	(17)
Reversal of stocks written down	311	687
Stocks written down/ off	(776)	(461)
Depreciation of property, plant and equipment	(216)	(188)
Gain on disposal of club membership	1	–
Net foreign exchange gain	60	108

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 31/03/2017	Group 31/12/2016	Company 31/03/2017	Company 31/12/2016
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets				
Property, plant and equipment	2,507	2,577	–	–
Intangible assets	472	519	–	–
Investments in subsidiaries	–	–	9,878	9,878
Investment securities	2,178	1,793	2,178	1,793
Deferred tax assets	21	18	–	–
Current assets				
Trade debtors	151,091	154,236	8	6
Other debtors	1,640	1,143	–	–
Prepayments	553	353	20	2
Stocks	152,094	131,598	–	–
Amounts due from subsidiaries	–	–	27,396	26,551
Cash and short term deposits	14,126	16,606	2,424	2,841
Total current assets	319,504	303,936	29,848	29,400
Current liabilities				
Trade creditors and accruals	(108,824)	(100,092)	(1,427)	(882)
Other creditors	(12,271)	(13,771)	(13)	(18)
Interest-bearing loans and borrowings	(130,301)	(123,501)	–	–
Provision for taxation	(3,247)	(3,221)	(23)	(16)
Total current liabilities	(254,643)	(240,585)	(1,463)	(916)
Net current assets	64,861	63,351	28,385	28,484
Net assets	70,039	68,258	40,441	40,155
Equity attributable to equity holders of the Company				
Share capital	38,244	38,244	38,244	38,244
Reserves	31,795	30,014	2,197	1,911
	70,039	68,258	40,441	40,155

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

Amount repayable in one year or less, or on demand

At 31/03/2017 (US\$'000)		At 31/12/2016 (US\$'000)	
Secured	Unsecured	Secured	Unsecured
–	130,301	–	123,501

Amount repayable after one year, or on demand

At 31/03/2017 (US\$'000)		At 31/12/2016 (US\$'000)	
Secured	Unsecured	Secured	Unsecured
–	–	–	–

Details of any collateral

There is no collateral on the Group's interest-bearing loans and borrowings as at 31 March 2017.

As at 31 March 2017, the Company has provided corporate guarantees to banks and institutions in connection with credit facilities provided to its subsidiaries, of which US\$130,394,000 (31 December 2016: US\$126,385,000) of the credit facilities have been utilised.

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 1Q2017	Group 1Q2016
	US\$'000	US\$'000
Operating activities		
Profit before taxation	1,698	1,075
Adjustments for:-		
Interest income	(7)	(7)
Interest expense	837	503
Depreciation of property, plant and equipment	216	188
Gain on disposal of club membership	(1)	–
Share based payments under EPSS	–	12
Operating cash flows before changes in working capital	2,743	1,771
(Increase)/ decrease in stocks	(20,496)	12,263
Decrease in trade debtors, other debtors and prepayments	2,448	5,487
Increase/ (decrease) in trade creditors, accruals and other creditors	7,232	(466)
Cash flows (used in)/ generated from operations	(8,073)	19,055
Interest received	7	7
Interest paid	(837)	(503)
Income tax (paid)/ refund	(304)	194
Net cash flows (used in)/ generated from operating activities	(9,207)	18,753
Investing activities		
Purchase of property, plant and equipment	(137)	(162)
Proceed from disposal of club membership	48	–
Net cash flows used in investing activities	(89)	(162)
Financing activities		
Increase/ (decrease) in interest-bearing loans and borrowings	6,800	(18,169)
Net cash flows generated from/ (used in) financing activities	6,800	(18,169)
Net (decrease)/ increase in cash and short-term deposits	(2,496)	422
Effects of exchange rate changes on cash and short-term deposits	16	1
Cash and short-term deposits at beginning of period	16,606	10,724
Cash and short-term deposits at end of period	14,126	11,147

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.

Attributable to equity holders of the Company									
Group	Equity, total US\$'000	Share capital 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	
1Q2017									
Opening balance at 1 January 2017	68,258	38,244	30,014	227	264	25	(1,103)	30,601	
Profit for the period	1,369	–	1,369	–	–	–	–	1,369	
Other comprehensive income									
Items that may be classified subsequently to profit/ loss:									
Foreign currency translation	27	–	27	–	–	–	27	–	
Net gain on fair value changes of available-for-sale financial assets	385	–	385	–	385	–	–	–	
Other comprehensive income for the period	412	–	412	–	385	–	27	–	
Total comprehensive income for the period	1,781	–	1,781	–	385	–	27	1,369	
Closing balance at 31 March 2017	70,039	38,244	31,795	227	649	25	(1,076)	31,970	
Attributable to equity holders of the Company									
Group	Equity, total US\$'000	Share capital 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	
1Q2016									
Opening balance at 1 January 2016	57,183	32,410	24,773	227	263	25	(1,196)	25,454	
Profit for the period	847	–	847	–	–	–	–	847	
Other comprehensive income									
Items that may be classified subsequently to profit/ loss:									
Foreign currency translation	1	–	1	–	–	–	1	–	
Net gain on fair value changes of available-for-sale financial assets	207	–	207	–	207	–	–	–	
Other comprehensive income for the period	208	–	208	–	207	–	1	–	
Total comprehensive income for the period	1,055	–	1,055	–	207	–	1	847	
Contribution by and distribution to owners									
Issuance of new shares	12	12	–	–	–	–	–	–	
Closing balance at 31 March 2016	58,250	32,422	25,828	227	470	25	(1,195)	26,301	

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).

1Q2017						
Attributable to equity holders of the Company						
Company	Equity, total US\$'000	Share capital US\$'000	Reserves, total US\$'000	Other reserve US\$'000	Fair value reserve US\$'000	Revenue reserve US\$'000
Opening balance at 1 January 2017	40,155	38,244	1,911	227	264	1,420
Profit for the period	(99)	-	(99)	-	-	(99)
Other comprehensive income						
Items that may be classified subsequently to profit/ loss:						
Net gain on fair value changes of available-for-sale financial assets	385	-	385	-	385	-
Total comprehensive income for the period	286	-	286	-	385	(99)
Closing balance at 31 March 2017	40,441	38,244	2,197	227	649	1,321

1Q2016						
Attributable to equity holders of the Company						
Company	Equity, total US\$'000	Share capital US\$'000	Reserves, total US\$'000	Other reserve US\$'000	Fair value reserve US\$'000	Revenue reserve US\$'000
Opening balance at 1 January 2016	33,887	32,410	1,477	227	263	987
Profit for the period	50	-	50	-	-	50
Other comprehensive income						
Items that may be classified subsequently to profit/ loss:						
Net gain on fair value changes of available-for-sale financial assets	207	-	207	-	207	-
Total comprehensive income for the period	257	-	257	-	207	50
Contribution by and distribution to owners						
Issuance of new shares	12	12	-	-	-	-
Closing balance at 31 March 2016	34,156	32,422	1,734	227	470	1,037

- 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

	1Q2017		1Q2016	
	No. of shares	US\$'000	No. of shares	US\$'000
Issued share capital				
At beginning of financial year	117,810,940	38,244	102,423,440	32,410
Issuance of EPSS	–	–	60,000	12
At end of financial period	117,810,940	38,244	102,483,440	32,422

Grant of Share Awards Pursuant to the Excelpoint Performance Share Scheme ("EPSS")

In February 2016, the Company issued and allotted 60,000 ordinary shares in the share capital of the Company at the Market Price of US\$0.20 (S\$0.28) under 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 2017 is 117,810,940 (31 March 2016: 102,483,440).

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

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

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There was no subsidiary holdings 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's accounting policies adopted are consistent with those disclosed in FY2016 audited financial statements.

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	
	1Q2017	1Q2016
Based on weighted average number of ordinary shares (US cent)	1.16	0.83
Weighted average number of ordinary shares	117,810,940	102,453,770
On a fully diluted basis (US cent)	1.16	0.83
Diluted weighted average number of ordinary shares	117,810,940	102,453,770

The basic and diluted earnings per share of the Group were the same, as there were no share options and warrants granted.

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	
	31/03/2017	31/12/2016	31/03/2017	31/12/2016
Net asset value per ordinary share based on existing issued share capital as at end of period reported on (US cents)	59.45	57.94	34.33	34.08
Number of ordinary shares, excluding treasury shares	117,810,940	117,810,940	117,810,940	117,810,940

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 1Q2017 to 1Q2016

The Group's revenue increased by 26.5% from US\$205.7 million to US\$260.3 million, and gross profit increased by 12.3% from US\$11.9 million to US\$13.4 million, which were due to the higher sales from the Hong Kong and Singapore business units.

Other income decreased by 52.4% from US\$103,000 to US\$49,000 mainly due to lower amount received under the Wage Credit Scheme in Singapore.

Sales and distribution costs remained relatively constant at US\$6.8 million.

General and administrative expenses increased by 6.9% from US\$3.6 million to US\$3.9 million. These were mainly due to higher staff cost and rental.

Included in other expenses were net allowance for doubtful trade debts of US\$194,000 in 1Q2017, and net write-back of allowance for doubtful trade debts of US\$32,000 in 1Q2016 due to claim payment.

Interest expense increased by 66.4% from US\$0.5 million to US\$0.8 million mainly due to higher borrowings arising from the increase in working capital requirements and higher financing cost from the hikes in interest rates.

Overall, the Group reported an increase in profit after taxation by 61.6% from US\$0.8 million to US\$1.4 million.

CASHFLOW AND FINANCIAL POSITION

During the quarter, the Group's net cash flow used in operating activities was US\$9.2 million compared to net cash flow generated from operating activities of US\$18.8 million in 1Q2016, mainly due to increase in the requirement for working capital by US\$10.8 million.

The increase in working capital requirement was mainly due to an increase in stock from US\$131.6 million to US\$152.1 million as at 31 March 2017.

This was partially offset by a decrease in trade debtors from US\$154.2 million to US\$151.1 million as at 31 March 2017, which was due to higher collection and an increase in trade creditors and accruals from US\$100.1 million to US\$108.8 million as at 31 March 2017, which was due to higher purchase of stock.

The Group's net cash flow generated from financing activities was US\$6.8 million compared to net cash flow used in financing activities of US\$18.2 million in 1Q2016, mainly due to interest-bearing loans and borrowings increased from US\$123.5 million to US\$130.3 million as at 31 March 2017 to fund the working capital requirements.

The Group's cash and short term deposits was US\$14.1 million as at 31 March 2017 as compared to US\$16.6 million as at 31 December 2016.

Overall, shareholders' equity increased to US\$70.0 million from US\$68.3 million as at 31 December 2016, mainly due to the profit for the period of US\$1.4 million and net gain on fair value changes of available-for-sale financial assets of US\$0.4 million during 1Q2017.

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.

Infrastructure developments continue to be a key contributor to our business growth across the markets we operate in. With plans in place to strengthen our technical expertise, as well as continuous efforts to value-add to our partners, we are in a good position to capture new business opportunities. The Group will continue to explore new collaborations and relevant product lines to increase our product portfolio.

Overall, challenges remain due to geopolitical uncertainties but we will stay focused on delivering business growth.

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 1Q2017.

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 2017 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. Use of Placement Proceeds as at 31 March 2017

The Company refers to the net proceeds of approximately S\$7,825,000 raised from the placement of 15 million new ordinary shares at S\$0.525 each in the issued and paid-up share capital of the Company on 5 October 2016 (the "Net Proceeds") (as defined in the Company's announcement dated 2 September 2016).

As at the date of this announcement, there has not been utilisation of the Net Proceeds. The Company will make periodic announcements on the utilisation of the Net Proceeds as and when the funds are materially disbursed and whether such use is in accordance with the stated use and in accordance with the percentage allocated.

15. 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 2017 to be false or misleading.

16. Confirmation Pursuant to Rule 720(1) of the Listing Manual

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Wong Yoen Har
Company Secretary
3 May 2017