

Excelpoint Technology Ltd (Co. Reg. No. 200103280C)

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF Q1 RESULTS

1(a) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) STATEMENT OF PROFIT AND LOSS
FOR THE QUARTER ENDED 31 MARCH 2005 AND 31 MARCH 2004

	Group		
	1Q2005	1Q2004	Increase / (Decrease)
	S\$'000	S\$'000	%
Revenue	190,949	258,662	(26.2)
Cost of sales	(177,807)	(242,149)	(26.6)
Gross profit	13,142	16,513	(20.4)
Other income	304	285	6.7
Sales and distribution costs	(6,061)	(5,059)	19.8
General and administrative expenses	(5,184)	(4,273)	21.3
Other expenses	(431)	(1,049)	(58.9)
Operating profit	1,770	6,417	(72.4)
Finance costs	(716)	(961)	(25.5)
Profit before taxation	1,054	5,456	(80.7)
Taxation	(526)	(1,101)	(52.2)
Net profit	528	4,355	(87.9)

1(a)(ii) NOTES TO THE PROFIT AND LOSS STATEMENT

Notes to the profit and loss account	1Q2005	1Q2004
	S\$'000	S\$'000
Write back of provision for doubtful trade debts	70	1
Write back of provision for stock obsolescence	63	14
Interest on borrowings	(716)	(961)
Provision for doubtful trade debts	(7)	(90)
Provision for stock obsolescence	(364)	(989)
Loss on disposal of fixed assets	(2)	-
Depreciation and amortization	(389)	(364)
(Loss)/gain on foreign exchange	(221)	9
Overprovision of tax in respect of prior years	5	-

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

Balance sheets	GROUP		COMPANY	
	31/03/05	31/12/04	31/03/05	31/12/04
	S\$'000	S\$'000	S\$'000	S\$'000
Non current assets				
Fixed assets	10,126	10,320	14	15
Club memberships, at cost	414	412	-	-
Investments in subsidiary companies	-	-	19,399	19,399
Investment in associated company	2	2	-	-
Current assets				
Trade debtors	145,725	119,271	-	-
Other debtors	2,398	2,282	11	22
Stocks	65,316	99,945	-	-
Amounts due from subsidiary companies	-	-	33,597	33,066
Cash and bank balances	23,387	20,683	381	556
	236,826	242,181	33,989	33,644
Current liabilities				
Trade creditors and accruals	(118,010)	(125,819)	(10)	(107)
Other creditors	(7,544)	(8,743)	(211)	-
Amounts due to bankers	(48,157)	(46,186)	-	-
Hire purchase creditors	(319)	(317)	-	-
Provision for taxation	(1,444)	(862)	(65)	-
	(175,474)	(181,927)	(286)	(107)
Net current assets	61,352	60,254	33,703	33,537
Non current liabilities				
Amounts due to bankers	(365)	(389)	-	-
Hire purchase creditors	(647)	(705)	-	-
Deferred taxation	(404)	(402)	-	-
	70,478	69,492	53,116	52,951
Shareholders' equity				
Share capital	24,301	24,301	24,301	24,301
Share premium	27,055	27,055	27,055	27,055
Reserves	19,122	18,136	1,760	1,595
	70,478	69,492	53,116	52,951

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

Amount repayable in one year or less, or on demand

As at 31/03/2005 (S\$'000)		As at 31/12/2004 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
7,623	40,853	4,351	42,152

Amount repayable after one year

As at 31/03/2005 (S\$'000)		As at 31/12/2004 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
1,012	Nil	1,094	Nil

Details of any collateral

The Group's borrowings as at 31 March 2005 consisted of amounts due to bankers and hire purchase creditors. The term loans were secured against the Group's properties together with corporate guarantee from Excelpoint Technology Ltd. Hire purchase creditors were secured over certain motor vehicles owned by the Group.

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

Group	1Q2005	1Q2004
	SS'000	SS'000
Cash flows from operating activities		
Profit before taxation	1,054	5,456
Adjustments for:		
Amortisation of intangible assets	-	19
Interest income	(36)	(41)
Interest expense	716	961
Depreciation of fixed assets	389	345
Loss on disposal of fixed assets	2	-
Write off of club membership	-	15
Operating cash flows before reinvestment in working capital	2,125	6,755
Decrease/(increase) in stocks	34,629	(26,314)
Increase in debtors	(26,566)	(27,279)
(Decrease)/increase in creditors	(9,138)	41,715
Cash flows from/(used in) operations	1,050	(5,123)
Interest received	36	41
Interest paid	(716)	(961)
Income tax rebate / (paid)	46	(365)
Net cash flows from/(used in) operating activities	416	(6,408)
Cash flows from investing activities		
Purchase of fixed assets	(179)	(176)
Net cash flows used in financing activities	(179)	(176)
Cash flows from financing activities		
Net proceeds from issuance of shares	-	34,047
Repayment of bank loans	(75)	(99)
Increase in bills payable	2,021	2,115
Increase in secured bank overdraft	-	326
Increase/(decrease) in amounts due to directors	129	(4)
Payments of hire purchase creditors	(57)	(87)
Movement in pledged fixed deposits	-	(3,837)
Net cash flows from financing activities	2,018	32,461
Net increase in cash and cash equivalents	2,255	25,877
Currency realignment	449	(334)
Cash and cash equivalents at beginning of financial period	20,683	20,254
Cash and cash equivalents at end of financial period	23,387	45,797

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.

1Q2005 – Group

The Group	Share capital S\$'000	Capital reserve S\$'000	Revenue reserve S\$'000	Foreign currency translation reserve S\$'000	Share premium S\$'000	Shareholders' equity S\$'000
As at 1 January 2005	24,301	20	20,446	(2,330)	27,055	69,492
Net profit for the quarter	-	-	528	-	-	528
Foreign currency translation adjustment	-	8	(8)	458	-	458
As at 31 March 2005	24,301	28	20,966	(1,872)	27,055	70,478
As at 1 January 2004	17,399	12	8,274	(318)	-	25,367
Net profit for the quarter	-	-	4,355	-	-	4,355
Issuance of shares	6,902	-	-	-	-	6,902
Foreign currency translation adjustment	-	-	-	(366)	-	(366)
Premium on issuance of ordinary shares	-	-	-	-	28,991	28,991
Expenses on issuance of ordinary shares	-	-	-	-	(1,846)	(1,846)
As at 31 March 2004	24,301	12	12,629	(684)	27,145	63,403

1Q2005 –Company

The Company	Share capital S\$'000	Capital reserve S\$'000	Revenue reserve S\$'000	Foreign currency translation reserve S\$'000	Share premium S\$'000	Shareholders' equity S\$'000
As at 1 January 2005	24,301	-	1,595	-	27,055	52,951
Net profit for the quarter	-	-	165	-	-	165
As at 31 March 2005	24,301	-	1,760	-	27,055	53,116
At 1 January 2004	17,399	-	(47)	-	-	17,352
Net profit for the quarter	-	-	65	-	-	65
Issuance of shares	6,902	-	-	-	-	6,902
Premium on issuance of ordinary shares	-	-	-	-	28,991	28,991
Expenses on issuance of ordinary shares	-	-	-	-	(1,846)	(1,846)
As at 31 March 2004	24,301	-	18	-	27,145	51,464

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 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.

N.A.

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 2004 except for:-

- (a) The adoption of the following new Financial Reporting Standard (FRS) that is mandatory for financial years beginning on or after 1 January 2005:-

FRS 39 Financial Instruments: Recognition and Measurement; and

- (b) The change in presentation of the analysis of expenses based on "function of expense" method, instead of "nature of expense" method, which provides more beneficial information. The comparative figures in the profit and loss account for 1Q2004 have been reclassified accordingly.

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.

In accordance with the provisions of FRS 39, the foreign exchange forward contracts entered into by the Group had resulted in a fair value adjustment of forward contract amounting to a loss of \$34,000. The adoption of FRS 39 has no material impact on the financial statements prior to 1 January 2005.

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.

Earnings per share (EPS)	Group	
	1Q2005	1Q2004
Based on weighted average number of ordinary shares (cents)	0.11	0.93
On a fully diluted basis (cents)	N.A.	N.A.

Earnings per share for 1Q2005 have been computed based on the share capital of 486,022,200 shares.

Earnings per share on a weighted average basis for 1Q2004 has been computed based on the pre-invitation share capital of 347,971,200 shares being in issue for the whole of 1Q2004 and 115,990,000

and 22,061,000 shares being in issue for 85 and 86 days respectively, giving rise to the weighted average of 469,889,508 shares.

7. Net asset value (for the issuer and Group) per ordinary share based on issued share capital of the issuer at the end of the:-

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

	Group		Company	
	31/03/05	31/12/04	31/03/05	31/12/04
Net assets value per ordinary share based on existing issued share capital as at end of period reported on	14.50 cents	14.30 cents	10.93 cents	10.89 cents

The Group's and the Company's net asset value per ordinary share have been computed based on the share capital of 486,022,200 ordinary shares of S\$0.05 each.

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.**

Relative to its performance in the final quarter of FY2004, Excelpoint Technology Ltd ("Excelpoint" or "the Group") turned profitable in the first quarter of FY2005. Net profit after tax stood at \$0.5 million, a significant improvement from the net loss of \$1.7 million in the preceding quarter. The Group's turnover in 1Q2005 were lower relative to the same period in the previous year mainly due to the competitive environment, the delay in the launch of new handsets with new multimedia features and the expectation that our customers will only kick off their export sales in the coming months. On the business front, activities during the quarter remained relatively slow due to the festive seasons in the first quarter. Turnover for the quarter under review declined 26.2% to \$190.9 million.

The quarter saw a 19.8% increase in sales and distribution costs to \$6.1 million due to the additional marketing and selling efforts undertaken by the Group. General and administrative expenses rose by 21.3% as a result of the additional control and administrative requirements undertaken to support the Group's sales and marketing efforts. Other expenses decreased by 58.9% due mainly to lower provisions for stock obsolescence. The lower business activities also reduced the finance costs by 25.5% to \$0.7 million.

In 1Q2005, the gearing (total liabilities/shareholders' equity) of the Group declined to 2.5 times from 2.6 times due to lower trade creditors. Bank borrowings increased from \$47.6 million to \$49.5 million. Inventory level for the quarter declined from \$99.9 million to \$65.3 million in line with lower sales.

The debtors' turnover lengthened from 50 days to 62 days reflecting the prevailing tight credit conditions in China. Creditors' turnover lengthened from 51 days to 61 days while inventory turnover rose from 40 days to 42 days in 1Q2005.

Cash flow from operating activities in 1Q2005 stood at \$0.4 million compared to \$6.4 million used in operating activities in 1Q2004. Cash and cash equivalents at the end of the financial period amounted to \$23.4 million compared to \$45.8 million in the corresponding period last year. Included in the latter figure are the \$34.0 million proceeds from Excelpoint's initial public offer at the beginning of FY2004.

On a segmental basis, 1Q2005 saw a significant shift in the contributions from the Design-in business and the Distribution business. The lower sales from the GSM sector reduced the sales contribution from Design-in business by 41.9% to \$101.2 million and accounted for approximately 53.0% of Excelpoint's total sales. Distribution activities which comprise about 47.0% of the Group's total sales rose to \$89.7 million representing an increase of 6.2% relative to 1Q2004. Sub-system assembly business, which is still in the set-up stage is not expected to contribute until the second half of FY2005.

The first quarter of FY2005 saw growth in markets like Singapore, India, Thailand and other markets. Sales contribution from China was significantly lower declining 42.2% from \$184.4 million to \$106.6 million. Nonetheless, China remained the largest sales contributor for the Group accounting for approximately 55.8% of the Group's aggregate turnover. Singapore, the second largest sales contributor saw a 10.7% increase in sales accounting for about 19.4% of the Group's total turnover.

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

The Board is of the view that the current period's results is in line with the prospect statement made in the announcement of the last quarter.

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.

The Group expects that once the new multimedia phones are rolled out by our customers and their export sales proceed as expected, revenue contributions from these two developments should positively impact the Group's revenue in the coming months. The Group will continue to shift its product mix by expanding into new market segments.

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 1Q2005.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. Segmental revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediate preceding year.

Segmental revenue by Activities and Geographical Markets

By Activities

Sales Revenue by Business Segment

	1Q2005	1Q2004	Variance
	S\$'000	S\$'000	%
Design-in	101,221	174,141	(41.9)
Distribution	89,728	84,521	6.2
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	190,949	258,662	(26.2)

By Geographical Markets

Sales Revenue by Geographical Segment

	1Q2005	1Q2004	Variance
	S\$'000	S\$'000	%
China	106,578	184,439	(42.2)
Singapore	37,002	33,438	10.7
India	19,224	16,172	18.9
Malaysia	15,936	16,035	(0.6)
Thailand	8,576	3,829	124.0
Philippines	1,671	3,102	(46.1)
Others	1,962	1,647	19.1
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	190,949	258,662	(26.2)

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to paragraph 8.

BY ORDER OF THE BOARD

Lynn Wan Tiew Leng
Company Secretary
3 May 2005