

Excelpoint Technology Ltd

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF Q3 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 30 SEPTEMBER 2004 AND 30 SEPTEMBER 2003.

	Group					
	Q3 2004	Q3 2003	Increase/	YTD Sep	YTD Sep	Increase/
	S\$'000	S\$'000	(Decrease)	S\$'000	S\$'000	(Decrease)
Revenue			%			%
Sales	245,557	164,767	49.0	791,674	438,725	80.4
Other income	363	310	17.1	878	946	(7.2)
Total revenue	245,920	165,077	49.0	792,552	439,671	80.3
Costs and expenses						
Cost of sales	(229,991)	(152,610)	50.7	(740,783)	(406,645)	82.2
Salaries and employee benefits	(5,291)	(4,452)	18.8	(15,537)	(12,936)	20.1
Depreciation and amortization	(400)	(366)	9.3	(1,142)	(1,138)	0.4
Foreign exchange (losses)/ gains	(24)	32	(175.0)	(46)	117	(139.3)
Other operating expenses	(5,401)	(2,535)	113.1	(15,543)	(9,971)	55.9
Total costs and expenses	(241,107)	(159,931)	50.8	(773,051)	(430,573)	79.5
Operating profit	4,813	5,146	(6.5)	19,501	9,098	114.3
Finance costs	(342)	(754)	(54.6)	(2,477)	(1,625)	52.4
Profit before taxation	4,471	4,392	1.8	17,024	7,473	127.8
Taxation	(839)	(671)	25.0	(3,122)	(1,664)	87.6
Net profit	3,632	3,721	(2.4)	13,902	5,809	139.3

Notes to the profit and loss account	Q3 2004	Q3 2003	YTD Sep	YTD Sep
	S\$'000	S\$'000	2004	2003
	S\$'000	S\$'000	S\$'000	S\$'000
Write back of provision for doubtful trade debts	28	3	127	3
Write back of provision for stock obsolescence	212	560	1,776	560
Interest on borrowings	(342)	(754)	(2,477)	(1,625)
Provision for doubtful trade debts and bad trade debts written off	-	-	(772)	(837)
Provision for stock obsolescence	-	-	(1,715)	(612)
Gain/ (Loss) on disposal of fixed assets	(5)	65	(4)	45

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	
	30/09/04	31/12/03	30/09/04	31/12/03
	S\$'000	S\$'000	S\$'000	S\$'000
Non current assets				
Fixed assets	10,249	10,238	16	-
Club memberships, at cost	418	434	-	-
Investments in subsidiary companies	-	-	19,399	19,399
Intangible assets	16	82	-	-
Investment in associated company	2	2	-	-
Current assets				
Trade debtors	149,258	128,449	-	-
Other debtors	6,900	4,404	95	68
Stocks	98,780	79,164	-	-
Amounts due from subsidiary companies	-	-	30,589	6,587
Pledged fixed deposits	4,074	9,084	-	-
Cash and bank balances	48,101	20,253	1,579	-
	307,113	241,354	32,263	6,655
Current liabilities				
Trade creditors and accruals	(148,218)	(142,769)	-	-
Other creditors	(9,643)	(8,488)	(3)	-
Amounts due to bankers	(80,564)	(70,716)	-	(6,278)
Hire purchase creditors	(291)	(286)	-	-
Provision for taxation	(4,608)	(2,539)	(73)	-
Amounts due to directors	-	(21)	-	-
Amount due to a subsidiary company	-	-	-	(2,424)
	(243,324)	(224,819)	(76)	(8,702)
Net current assets/(liabilities)	63,789	16,535	32,187	(2,047)
Non current liabilities				
Amounts due to bankers	(488)	(787)	-	-
Hire purchase creditors	(703)	(830)	-	-
Deferred taxation	(307)	(307)	-	-
	72,976	25,367	51,602	17,352
Shareholders' equity				
Share capital	24,301	17,399	24,301	17,399
Share premium	27,055	-	27,055	-
Reserves	21,620	7,968	246	(47)
	72,976	25,367	51,602	17,352

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

Amount repayable in one year or less, or on demand

As at 30/09/2004 (S\$'000)		As at 31/12/2003 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
25,291	55,564	52,394	18,608

Amount repayable after one year

As at 30/09/2004 (S\$'000)		As at 31/12/2003(S\$'000)	
Secured	Unsecured	Secured	Unsecured
1,191	Nil	1,617	Nil

Details of any collateral

The Group's borrowings as at 30 Sep 2004 consisted of bank overdrafts, term loans and hire purchase creditors.

The bank overdrafts and term loans were secured over part of the fixed deposits and against the Group's properties together with the joint and several guarantees of certain directors of the Group. 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	Q3 2004	Q3 2003	YTD Sep 2004	YTD Sep 2003
	SS'000	SS'000	SS'000	SS'000
Cash flows from operating activities				
Profit before taxation	4,471	4,392	17,024	7,473
Adjustments for:				
Amortisation of intangible assets	16	18	52	55
Interest income	(40)	(20)	(100)	(116)
Interest expense	342	754	2,477	1,625
Depreciation of fixed assets	384	348	1,090	1,084
(Gain)/loss on disposal of fixed assets	5	(65)	4	(45)
Operating cash flows before reinvestment in working capital	5,178	5,427	20,547	10,076
(Increase)/decrease in stocks	2,424	(8,687)	(19,616)	(5,873)
(Increase)/decrease in debtors	13,124	(21,368)	(23,305)	(52,739)
Increase in amounts due from related parties	-	2,395	-	2,395
Increase/(decrease) in creditors	(33,744)	12,124	6,604	36,098
Cash flows used in operations	(13,018)	(10,109)	(15,770)	(10,043)
Interest received	40	20	100	116
Interest paid	(342)	(754)	(2,477)	(1,625)
Income tax paid	(398)	(314)	(1,053)	(474)
Net cash flows used in operating activities	(13,718)	(11,157)	(19,200)	(12,026)
Cash flows from investing activities				
Purchase of fixed assets	(348)	(641)	(1,060)	(1,134)
Proceeds on disposal of fixed assets	-	1,124	55	1,223
Net cash flows from/(used in) investing activities	(348)	483	(1,005)	89
Cash flows from financing activities				
Net proceeds from issuance of shares	(90)	-	33,957	-
Dividend paid	-	(1,000)	-	(1,000)
(Increase)/repayments of bank loans	(6,393)	779	(6,584)	(200)
Increase/(decrease) in bills payable	(12,876)	13,825	18,195	18,617
Decrease in secured bank overdraft	(1,835)	(142)	(2,062)	(211)
Decrease in amounts due to directors	-	(240)	(21)	(2,775)
Payments of hire purchase creditors	(86)	(74)	(240)	(378)
Movement in pledged fixed deposits	5,098	(17)	5,010	(1,620)
Net cash flows from/(used in) financing activities	(16,182)	13,131	48,255	12,433
Net increase/(decrease) in cash and cash equivalents	(30,248)	2,457	28,050	496
Currency realignment	(529)	(31)	(202)	57
Cash and cash equivalents at beginning of financial period	78,878	12,274	20,253	14,147
Cash and cash equivalents at end of financial period	48,101	14,700	48,101	14,700

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.

YTD Sep 2004 – Group

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 2004	17,399	12	8,274	(318)	-	25,367
Net profit for the 9 months	-	-	13,902	-	-	13,902
Issuance of shares	6,902	-	-	-	-	6,902
Foreign currency translation adjustment	-	-	-	(250)	-	(250)
Premium on issuance of ordinary shares	-	-	-	-	28,991	28,991
Expenses on issuance of ordinary shares	-	-	-	-	(1,936)	(1,936)
As at 30 September 2004	24,301	12	22,176	(568)	27,055	72,976
At 1 January 2003	5,396	6	13,664	35	-	19,101
Net profit for the 9 months	-	-	5,809	-	-	5,809
Dividend declared by a subsidiary prior to restructuring	-	-	(1,000)	-	-	(1,000)
Bonus issue	2,000	-	(2,000)	-	-	-
Foreign currency translation adjustment	-	-	-	85	-	85
As at 30 September 2003	7,396	6	16,473	120	-	23,995

Q3 2004 – Group

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 July 2004	24,301	12	18,544	11	27,145	70,013
Net profit for Q3 2004	-	-	3,632	-	-	3,632
Expenses on issuance of ordinary shares	-	-	-	-	(90)	(90)
Foreign currency translation adjustment	-	-	-	(579)	-	(579)
As at 30 September 2004	24,301	12	22,176	(568)	27,055	72,976
At 1 July 2003	5,396	6	14,752	142	-	20,296
Net profit for Q3 2003	-	-	3,721	-	-	3,721
Bonus issue	2,000	-	(2,000)	-	-	-
Foreign currency translation adjustment	-	-	-	(22)	-	(22)
As at 30 September 2003	7,396	6	16,473	120	-	23,995

YTD Sep 2004 –Company

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 2004	17,399	-	(47)	-	-	17,352
Net profit for the 9 months	-	-	293	-	-	293
Issuance of shares	6,902	-	-	-	-	6,902
Foreign currency translation adjustment	-	-	-	-	-	-
Premium on issuance of ordinary shares	-	-	-	-	28,991	28,991
Expenses on issuance of ordinary shares	-	-	-	-	(1,936)	(1,936)
As at 30 September 2004	24,301	-	246	-	27,055	51,602
At 1 January 2003	-	-	(9)	-	-	(9)
Net profit for the 9 months	-	-	-	-	-	-
Foreign currency translation adjustment	-	-	-	-	-	-
As at 30 September 2003	-	-	(9)	-	-	(9)

Q3 2004 – Company

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 July 2004	24,301	-	143	-	27,145	51,589
Net profit for Q3 2004	-	-	103	-	-	103
Expenses on issuance of ordinary shares	-	-	-	-	(90)	(90)
Foreign currency translation adjustment	-	-	-	-	-	-
As at 30 September 2004	24,301	-	246	-	27,055	51,602
At 1 July 2003	-	-	(9)	-	-	(9)
Net profit for Q3 2003	-	-	-	-	-	-
Foreign currency translation adjustment	-	-	-	-	-	-
As at 30 September 2003	-	-	(9)	-	-	(9)

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 financial statements for the current reporting period as for the audited financial statements for the year ended 31 December 2003.

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.

Earnings per share (EPS)	Group			
	Q3 2004	Q3 2003	YTD Sep 2004	YTD Sep 2003
Based on weighted average number of ordinary shares (cents)	0.75	1.07	2.89	1.67
On a fully diluted basis (cents)	N.A.	N.A.	N.A.	N.A.

Earnings per share for Q3 2004 and YTD Sep 2004 have been computed based on the weighted average share capital of 486,022,200 shares and 480,664,262 shares respectively.

Earnings per share on a weighted average basis for Q3 2003 and YTD Sep 2003 have been computed based on 347,971,200 ordinary shares of S\$0.05 each.

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	
	30/09/04	31/12/03	30/09/04	31/12/03
Net assets value per ordinary share based on existing issued share capital as at end of period reported on	15.01 cents	7.29 cents*	10.62 cents	4.99 cents*

*The Group's and the Company's net asset value per ordinary share for FY2003 have been computed based on 347,971,200 ordinary shares of S\$0.05 each. This is based on the assumption that the share split due to restructuring had taken place as of the beginning of the period.

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.**

During the first 9 months of the year, aggregate Group turnover and net profit after tax amounted to \$791.7 million and \$13.9 million representing increases of 80.4% and 139.3% compared to that of the previous financial year. Corresponding to the higher revenue, the Group also saw higher salaries and employee benefits and other operating expenses which rose 20.1% and 55.9% respectively.

The Group's business continues to expand in 3Q FY2004 despite the business slow down in China as the economic soft landing in the country sets in. Turnover for the quarter rose 49% to \$245.6 million while net profit after tax declined marginally from \$3.7 million to \$3.6 million. The GSM business continues to be the primary revenue driver in the quarter under review. The lower profitability is attributable to increases in the salaries and employees benefits due to higher headcount and operating expenses incurred to support the higher business activities during the quarter.

Revenue contributions from Design-in services accounted for approximately 66.5% of the Group's sales turnover with the balance of 33.5% contributed by Distribution services. During the quarter, turnover contributed by Design-in and Distribution services amounted to \$163.2 million and \$82.4 million representing increases of 45.6% and 56.4% compared to the same quarter in the previous financial year.

Salaries and employees benefits rose by \$0.84 million representing an increase of 18.8% due to new recruitments in 3Q FY2004. The higher operational expenses were due to the relocation of offices in China and the higher expenses incurred to accommodate the higher business activities during the quarter.

Relative to the 3rd quarter of the previous financial year, finance costs which comprise mainly interest expenses were lower due to the reduced borrowings and the utilization of the IPO proceeds to support a portion of the Group's working capital requirements. Finance expenses for the quarter declined 54.6% from \$0.75 million to \$0.34 million. The Group's net debt to equity ratio reduced from 1.8 times to 0.4 times primarily because of the increase in its equity base.

Geographically, China remained the largest revenue contributor accounting for about 63.6% of the Group's revenues. This is followed by Singapore which turned in revenues of approximately \$49.6 million. Generally, all countries registered higher business activities during the quarter.

Accounts receivables and inventory turnover showed significant improvements compared to the same period in FY2003. At the end of the quarter, accounts receivables and inventory turnovers stood at 47 days and 32 days respectively compared to 53 days and 38 days over the same period in the previous financial year.

Net cash flows used in operating activities amounted to approximately \$13.7 million as at 30 September 2004 compared to \$11.1 million over the same financial period in the previous year. This is primarily due to repayments made to some of the Group's major principals prior to the end of the quarter.

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.

Into the 4th quarter of the year, the Group expects that its business in China will continue to grow although demand in South East Asian countries may be slightly softer. The focus for the 4th quarter of the year will continue to be towards expanding the range of the products and services from the Group's Design-in activities and management of its business margins. For the 2004 financial year, the Directors are confident that the Group will remain profitable.

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 Q3 2004.

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

	Q3 2004	Q3 2003	Variance	YTD Sep	YTD Sep	Variance
	S\$'000	S\$'000	%	2004	2003	%
				S\$'000	S\$'000	
Design-in	163,198	112,118	45.6%	521,835	256,187	103.7
Distribution	82,359	52,649	56.4%	269,839	182,538	47.8
	<u>245,557</u>	<u>164,767</u>	49.0%	<u>791,674</u>	<u>438,725</u>	80.4

By Geographical Markets

Sales Revenue by Geographical Segment

	Q3 2004	Q3 2003	Variance	YTD Sep	YTD Sep	Variance
	S\$'000	S\$'000	%	2004	2003	%
				S\$'000	S\$'000	
China	156,218	102,408	52.5%	548,918	269,345	103.8
Singapore	49,588	39,048	27.0%	128,791	102,586	25.5
India	14,864	6,475	129.6%	41,298	21,627	91.0
Malaysia	10,399	9,414	10.5%	41,327	23,306	77.3
Thailand	7,613	2,808	171.1%	15,049	7,316	105.7
Philippines	4,003	4,131	(3.1%)	10,059	10,055	0.0
Others	2,872	483	494.6%	6,232	4,490	38.8
	<u>245,557</u>	<u>164,767</u>	49.0%	<u>791,674</u>	<u>438,725</u>	80.4

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

Tan Cher Liang
Company Secretary
8 November 2004