

Excelpoint Technology Ltd
Company Registration No. 200103280C

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 9 MONTHS ENDED 30 SEPTEMBER 2005 AND 30 SEPTEMBER 2004**

| | GROUP | | | | | |
|-------------------------------------|---------------|---------------|-------------------------|-----------------|-----------------|-------------------------|
| | 3Q2005 | 3Q2004 | Increase/ (Decrease) | YTD Sep 2005 | YTD Sep 2004 | Increase/ (Decrease) |
| | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| Revenue | 199,350 | 245,557 | (18.8) | 546,241 | 791,674 | (31.0) |
| Cost of sales | (184,495) | (229,991) | (19.8) | (504,560) | (740,783) | (31.9) |
| Gross profit | 14,855 | 15,566 | (4.6) | 41,681 | 50,891 | (18.1) |
| Other income | 336 | 363 | (7.4) | 1,002 | 878 | 14.1 |
| Sales and distribution costs | (5,598) | (6,267) | (10.7) | (17,257) | (16,497) | 4.6 |
| General and administrative expenses | (5,050) | (5,061) | (0.2) | (15,550) | (14,197) | 9.5 |
| Other expenses | (3,522) | 212 | 1,761.3 | (5,846) | (1,574) | 271.4 |
| Operating profit | 1,021 | 4,813 | (78.8) | 4,030 | 19,501 | (79.3) |
| Finance costs | (707) | (342) | 106.7 | (2,055) | (2,477) | (17.0) |
| Profit before taxation | 314 | 4,471 | (93.0) | 1,975 | 17,024 | (88.4) |
| Taxation | (206) | (839) | (75.4) | (1,302) | (3,122) | (58.3) |
| Net profit | 108 | 3,632 | (97.0) | 673 | 13,902 | (95.2) |

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

| | 3Q2005 | 3Q2004 | YTD Sep 2005 | YTD Sep 2004 |
|--|---------|---------|-----------------|-----------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Write back of provision for doubtful trade debts | - | 28 | 122 | 127 |
| Write back of provision for stock obsolescence | 252 | 212 | 444 | 1,776 |
| Interest expense | (707) | (342) | (2,055) | (2,477) |
| Provision for doubtful trade debts | (1,794) | - | (4,156) | (772) |
| Provision for stock obsolescence | (2,033) | - | (2,401) | (1,715) |
| Loss on disposal of fixed assets | (60) | (5) | (22) | (4) |
| Depreciation and amortisation | (385) | (400) | (1,161) | (1,142) |
| Gain/(Loss) on foreign exchange | 133 | (24) | (391) | (46) |
| Overprovision of tax in respect of prior years | - | - | 8 | - |

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 | |
|---------------------------------------|---------------|---------------|---------------|---------------|
| | 30/09/05 | 31/12/04 | 30/09/05 | 31/12/04 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Non current assets | | | | |
| Fixed assets | 10,069 | 10,320 | 13 | 15 |
| Club memberships, at cost | 419 | 412 | - | - |
| Investments in subsidiary companies | - | - | 19,399 | 19,399 |
| Investment in associated company | - | 2 | - | - |
| | | | | |
| Current assets | | | | |
| Trade debtors | 130,249 | 119,271 | - | - |
| Other debtors | 2,874 | 2,282 | - | 22 |
| Stocks | 54,986 | 99,945 | - | - |
| Amounts due from subsidiary companies | - | - | 30,793 | 33,066 |
| Cash and bank balances | 33,791 | 20,683 | 2,857 | 556 |
| | 221,900 | 242,181 | 33,650 | 33,644 |
| | | | | |
| Current liabilities | | | | |
| Trade creditors and accruals | (109,474) | (125,819) | (1) | (107) |
| Other creditors | (8,424) | (8,743) | (4) | - |
| Amounts due to bankers | (40,009) | (46,186) | - | - |
| Hire purchase creditors | (287) | (317) | - | - |
| Provision for taxation | (2,001) | (862) | (345) | - |
| | (160,195) | (181,927) | (350) | (107) |
| | | | | |
| Net current assets | 61,705 | 60,254 | 33,300 | 33,537 |
| | | | | |
| Non current liabilities | | | | |
| Amounts due to bankers | (316) | (389) | - | - |
| Hire purchase creditors | (445) | (705) | - | - |
| Deferred taxation | (407) | (402) | - | - |
| | | | | |
| | 71,025 | 69,492 | 52,712 | 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 | 19,669 | 18,136 | 1,356 | 1,595 |
| | 71,025 | 69,492 | 52,712 | 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 30/09/2005 (S\$'000) | | As at 31/12/2004 (S\$'000) | |
|-----------------------------------|-----------|-----------------------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| 2,583 | 37,713 | 4,351 | 42,152 |

Amount repayable after one year

| As at 30/09/2005 (S\$'000) | | As at 31/12/2004 (S\$'000) | |
|-----------------------------------|-----------|-----------------------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| 761 | Nil | 1,094 | Nil |

Details of any collateral

The Group's borrowings as at 30 September 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 | 3Q2005 | 3Q2004 | YTD SEP 2005 | YTD SEP 2004 |
|--|----------------|-----------------|-------------------------|-------------------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Cash flows from operating activities | | | | |
| Profit before taxation | 314 | 4,471 | 1,975 | 17,024 |
| Adjustments for: | | | | |
| Amortisation of intangible assets | - | 16 | - | 52 |
| Write off of investment in associated company | - | - | 2 | - |
| Interest income | (217) | (40) | (315) | (100) |
| Interest expense | 707 | 342 | 2,055 | 2,477 |
| Depreciation of fixed assets | 385 | 384 | 1,161 | 1,090 |
| Loss on disposal of fixed assets | 60 | 5 | 22 | 4 |
| Operating cash flows before reinvestment in working capital | 1,249 | 5,178 | 4,900 | 20,547 |
| Decrease/(Increase) in stocks | 14,530 | 2,424 | 44,959 | (19,616) |
| (Increase)/decrease in debtors | (2,197) | 13,124 | (11,570) | (23,305) |
| (Decrease)/increase in creditors | (1,329) | (33,744) | (16,664) | 6,604 |
| Cash flows from/(used in) operations | 12,253 | (13,018) | 21,625 | (15,770) |
| Interest received | 217 | 40 | 315 | 100 |
| Interest paid | (707) | (342) | (2,055) | (2,477) |
| Income tax paid | (155) | (398) | (278) | (1,053) |
| Net cash flows from/(used in) operating activities | 11,608 | (13,718) | 19,607 | (19,200) |
| | | | | |
| Cash flows from investing activities | | | | |
| Purchase of fixed assets | (425) | (348) | (957) | (1,060) |
| Proceeds on disposal of fixed assets | (20) | - | 104 | 55 |
| Net cash flows used in investing activities | (445) | (348) | (853) | (1,005) |
| | | | | |
| Cash flows from financing activities | | | | |
| (Expenses paid)/Net proceeds from issuance of ordinary shares | - | (90) | - | 33,957 |
| Repayment of bank loans | (75) | (6,393) | (225) | (6,584) |
| Increase/(decrease) in bills payable | 1,985 | (12,876) | (6,025) | 18,195 |
| Decrease in secured bank overdraft | - | (1,835) | - | (2,062) |
| Decrease in amounts due to directors | - | - | - | (21) |
| Payments of hire purchase creditors | (88) | (86) | (290) | (240) |
| Movement in pledged fixed deposits | - | 5,098 | - | 5,010 |
| Dividends | - | - | (1,215) | - |
| Net cash flows from/(used in) financing activities | 1,822 | (16,182) | (7,755) | 48,255 |
| | | | | |
| Net increase/(decrease) in cash and cash equivalents | 12,985 | (30,248) | 10,999 | 28,050 |
| Currency realignment | 576 | (529) | 2,109 | (202) |
| Cash and cash equivalents at beginning of financial period | 20,230 | 78,878 | 20,683 | 20,253 |
| Cash and cash equivalents at end of financial period | 33,791 | 48,101 | 33,791 | 48,101 |

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 2005 – 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 9 months ended 30 September 2005 | - | - | 673 | - | - | 673 |
| Dividends | - | - | (1,215) | - | - | (1,215) |
| Transfer to capital reserves | - | 8 | (8) | - | - | - |
| Foreign currency translation adjustment | - | - | - | 2,075 | - | 2,075 |
| As at 30 September 2005 | 24,301 | 28 | 19,896 | (255) | 27,055 | 71,025 |
| As at 1 January 2004 | 17,399 | 12 | 8,274 | (318) | - | 25,367 |
| Net profit for the 9 months ended 30 September 2005 | - | - | 13,902 | - | - | 13,902 |
| Issuance of ordinary 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 |

3Q2005 – 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 July 2005 | 24,301 | 28 | 19,788 | (776) | 27,055 | 70,396 |
| Net profit for the quarter | - | - | 108 | - | - | 108 |
| Foreign currency translation adjustment | - | - | - | 521 | - | 521 |
| As at 30 September 2005 | 24,301 | 28 | 19,896 | (255) | 27,055 | 71,025 |
| As at 1 July 2004 | 24,301 | 12 | 18,544 | 11 | 27,145 | 70,013 |
| Net profit for the quarter | - | - | 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 |

YTD SEP 2005 –Company

| The Company | Share capital S\$'000 | Revenue 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 9 months ended 30 September 2005 | - | 976 | - | 976 |
| Dividends | - | (1,215) | - | (1,215) |
| As at 30 September 2005 | 24,301 | 1,356 | 27,055 | 52,712 |
| At 1 January 2004 | 17,399 | (47) | - | 17,352 |
| Net profit for the 9 months ended 30 September 2005 | - | 293 | - | 293 |
| Issuance of ordinary shares | 6,902 | - | - | 6,902 |
| 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 |

3Q2005 –Company

| The Company | Share capital S\$'000 | Revenue reserve S\$'000 | Share premium S\$'000 | Shareholders' equity S\$'000 |
|---|--------------------------|----------------------------|--------------------------|---------------------------------|
| As at 1 July 2005 | 24,301 | 1,001 | 27,055 | 52,357 |
| Net profit for the quarter | - | 355 | - | 355 |
| As at 30 September 2005 | 24,301 | 1,356 | 27,055 | 52,712 |
| At 1 July 2004 | 24,301 | 143 | 27,145 | 51,589 |
| Net profit for the quarter | - | 103 | - | 103 |
| Expenses on issuance of ordinary shares | - | - | (90) | (90) |
| As at 30 September 2004 | 24,301 | 246 | 27,055 | 51,602 |

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 3Q2004 and YTD3Q2005 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.

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 | | | |
|---|--------|--------|--------------|--------------|
| | 3Q2005 | 3Q2004 | YTD Sep 2005 | YTD Sep 2004 |
| Based on weighted average number of ordinary shares (cents) | 0.02 | 0.75 | 0.14 | 2.89 |
| On a fully diluted basis (cents) | N.A. | N.A. | N.A. | N.A. |

Earnings per share for 3Q2005 and YTD3Q2005 have been computed based on the share capital of 486,022,200 shares.

Earnings per share for 3Q2004 and YTD3Q2004 have been computed based on the share capital of 486,022,200 shares and the weighted average share capital of 480,664,262 shares respectively.

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 | |
|--|-------------|-------------|-------------|-------------|
| | 30/09/05 | 31/12/04 | 30/09/05 | 31/12/04 |
| Net assets value per ordinary share based on existing issued share capital as at end of period reported on | 14.61 cents | 14.30 cents | 10.85 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.

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.

For the third quarter ended 30 September 2005, the Group registered revenue of \$199.4 million and net profit after tax of \$108,000. Despite the challenging business conditions in the regional markets, business sentiments were stronger in 3Q2005 compared to that of 2Q2005. On the other hand, compared to the same quarter in the previous financial year, customers' demands were lower due to the weaker GSM demand in China.

Despite the tough operating climate, the Group registered significantly improved cash flow. Net cash flow generated from operating activities stood at \$11.6 million compared to the net cash of \$13.7 million used in operating activities in the same quarter of the previous financial year and the net cash flow of \$7.6 million generated in the previous quarter this financial year. The healthy cash position is further evidenced by the \$13.6 million increase in cash and bank balances which rose from \$20.2 million in 2Q2005 to \$33.8 million in 3Q2005.

The healthy cash flow position is attributable to the measures adopted by the Group during the quarter to improve its stock management. Stock balance in 3Q2005 improved significantly to \$55.0 million from \$98.8 million reported in 3Q2004. This quarter's inventory balance was also significantly improved compared to that of 2Q2005. Reflecting the improved efficiency in its inventory management, the quarter saw a reduction in stock turnover to 31 days from 40 days in 3Q 2004.

Gross profit margin for the quarter stood at \$14.9 million or 7.5%. This is an improvement over the gross profit margin of 6.3% in 3Q2004. The improved gross profit margin is attributable to the shift in the product mix that commenced during 2Q2005. The Group's net profit margin for 3Q2005 was affected by the increase in other expenses which amounted to \$3.5 million and comprise provisions made for doubtful debt and stock obsolescence.

Selling and distribution expenses declined 10.7% to \$5.6 million compared to \$6.3 million reported in 3Q2004. Finance costs were higher during the quarter due to the higher interest rates and the additional funding requirements.

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.

Going forward, the Group will continue to ensure that measures to control cost, credit and inventory will continue as it moves to expand its business reach. On its distribution business, the Group will be looking into expanding its range of product and service offerings. With this strategy, it will be able to offer a broader range of products to its existing customers and at the same time, the new products will also bring with them a new base of customers to the Group.

On the R&D front, the Group will be looking to expand its collaboration with foreign design houses that will bring with them new knowledge and expertise to help the Group develop new solutions that can be introduced to the market over the next few years. The concentration will be in developing new solutions for the consumer electronics and communication products. This will help to boost the capabilities of the existing products and enable the new generation of consumer electronics and communication products with enhanced operating features bring added value to customers.

The abovementioned strategies adopted by the distribution and R&D business segments complement each other and drive mutual demand creation. With these strategies, the Group will be able to integrate and supply choice components into the solutions devised by its R&D engineers. Similarly new solutions created by the R&D engineers will drive the demand for the components distributed by the Group. Realizing the synergies inherent in both the distribution and R&D businesses will enable the Group expand its business simultaneously with business units continually fuelling each other's growth.

When fully implemented, these new strategies are expected to contribute to the Group's business although they are not expected to significantly impact the Group's performance in the 4th quarter of FY2005.

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 3Q2005.

BY ORDER OF THE BOARD

Lynn Wan Tiew Leng
Company Secretary
9 November 2005