

Excelpoint Technology Ltd

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF Q2 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 HALF YEAR ENDED 30 JUNE 2004 AND 30 JUNE 2003.

	Group					
	Q2 2004	Q2 2003	Increase/ (Decrease)	HY 2004	HY 2003	Increase/ (Decrease)
	S\$'000	S\$'000		S\$'000	S\$'000	
Revenue			%			%
Sales	287,455	145,626	97.4	546,117	273,958	99.3
Other income	230	557	(58.7)	515	636	(19.0)
Total revenue	287,685	146,183	96.8	546,632	274,594	99.1
Costs and expenses						
Cost of sales	(268,643)	(135,697)	98.0	(510,792)	(254,035)	101.1
Salaries and employee benefits	(5,175)	(3,944)	31.2	(10,246)	(8,484)	20.8
Depreciation and amortization	(378)	(305)	23.9	(742)	(772)	(3.9)
Foreign exchange (losses)/ gains	(31)	110	(128.2)	(22)	85	(125.8)
Other operating expenses	(5,187)	(3,926)	32.1	(10,142)	(7,436)	36.4
Total costs and expenses	(279,414)	(143,762)	94.4	(531,944)	(270,642)	96.5
Operating profit	8,271	2,421	241.6	14,688	3,952	271.7
Finance costs	(1,174)	(424)	176.9	(2,135)	(871)	145.1
Profit before taxation	7,097	1,997	255.4	12,553	3,081	307.5
Taxation	(1,182)	(498)	137.3	(2,283)	(993)	129.9
Net profit	5,915	1,499	294.6	10,270	2,088	392.0

Notes to the profit and loss account	Q2 2004	Q2 2003	HY 2004	HY 2003
	S\$'000	S\$'000	S\$'000	S\$'000
Write back of provision for doubtful trade debts	98	-	99	-
Write back of provision for stock obsolescence	1,550	-	1,564	-
Interest on borrowings	(1,174)	(424)	(2,135)	(871)
Provision for doubtful trade debts and bad trade debts written off	(682)	(265)	(772)	(837)
Provision for stock obsolescence	(726)	(378)	(1,715)	(612)
Gain/ (Loss) on disposal of fixed assets	1	(18)	1	(20)

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	
	30/06/04	31/12/03	30/06/04	31/12/03
	SS'000	SS'000	SS'000	SS'000
Non current assets				
Fixed assets	10,336	10,238	-	-
Club memberships, at cost	422	434	-	-
Investments in subsidiary companies	-	-	19,406	19,399
Intangible assets	32	82	-	-
Investment in associated company	2	2	-	-
Current assets				
Trade debtors	163,186	128,449	-	-
Other debtors	6,096	4,404	65	68
Stocks	101,204	79,164	-	-
Amounts due from subsidiary companies	-	-	6,991	6,587
Pledged fixed deposits	9,172	9,084	-	-
Cash and bank balances	78,878	20,253	34,226	-
	358,536	241,354	41,282	6,655
Current liabilities				
Trade creditors and accruals	(178,908)	(142,769)	-	-
Other creditors	(12,697)	(8,488)	(68)	-
Amounts due to bankers	(101,568)	(70,716)	(6,278)	(6,278)
Hire purchase creditors	(303)	(286)	-	-
Provision for taxation	(4,167)	(2,539)	-	-
Amounts due to directors	-	(21)	-	-
Amount due to a subsidiary company	-	-	(2,753)	(2,424)
	(297,643)	(224,819)	(9,099)	(8,702)
Net current assets/(liabilities)	60,893	16,535	32,183	(2,047)
Non current liabilities				
Amounts due to bankers	(588)	(787)	-	-
Hire purchase creditors	(777)	(830)	-	-
Deferred taxation	(307)	(307)	-	-
	70,013	25,367	51,589	17,352
Shareholders' equity				
Share capital	24,301	17,399	24,301	17,399
Share premium	27,145	-	27,145	-
Reserves	18,567	7,968	143	(47)
	70,013	25,367	51,589	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 30/06/2004 (S\$'000)		As at 31/12/2003 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
59,819	42,052	52,394	18,608

Amount repayable after one year

As at 30/06/2004 (S\$'000)		As at 31/12/2003 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
1,365	Nil	1,617	Nil

Details of any collateral

The Group's borrowings as at 30 June 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	Q2 2004	Q2 2003	HY 2004	HY 2003
	SS'000	SS'000	SS'000	SS'000
Cash flows from operating activities				
Profit before taxation	7,097	1,997	12,553	3,081
Adjustments for:				
Amortisation of intangible assets	17	18	36	36
Interest income	(145)	(35)	(186)	(95)
Interest expense	1,174	424	2,135	871
Depreciation of fixed assets	361	287	706	736
(Gain)/loss on disposal of fixed assets	(1)	18	(1)	20
Operating cash flows before reinvestment in working capital	8,503	2,709	15,243	4,649
(Increase)/decrease in stocks	4,274	(6,339)	(22,040)	2,814
Increase in debtors	(9150)	(7,895)	(36,429)	(31,372)
Increase in amounts due from related parties	-	(2,393)	-	-
Increase/(decrease) in creditors	(1,367)	14,916	40,348	23,973
Cash flows from/(used in) operations	2,260	998	(2,878)	64
Interest received	145	35	186	95
Interest paid	(1,174)	(424)	(2,135)	(900)
Income tax paid	(291)	(83)	(655)	(160)
Net cash flows from/(used in) operating activities	940	526	(5,482)	(901)
Cash flows from investing activities				
Purchase of fixed assets	(414)	(315)	(708)	(493)
Proceeds on disposal of fixed assets	48	99	48	100
Net cash flows used in investing activities	(366)	(216)	(660)	(393)
Cash flows from financing activities				
Net proceeds from issuance of shares	-	-	34,047	-
Repayments of bank loans	(91)	(880)	(190)	(979)
Increase in bills payable	28,955	381	31,070	4,791
(Decrease)/ increase in secured bank overdraft	(553)	(26)	(227)	867
Decrease in amounts due to directors	(17)	(1,316)	(21)	(2,535)
Payments of hire purchase creditors	(50)	(196)	(155)	(304)
Movement in pledged fixed deposits	3,749	(226)	(88)	(1,472)
Net cash flows from/(used in) financing activities	31,993	(2,263)	64,436	368
Net increase/(decrease) in cash and cash equivalents	32,567	(1,953)	58,294	(926)
Currency realignment	514	(37)	331	120
Cash and cash equivalents at beginning of financial period	45,797	14,396	20,253	13,212
Cash and cash equivalents at end of financial period	78,878	12,406	78,878	12,406

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.

HY 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 half year	-	-	10,270	-	-	10,270
Issuance of shares	6,902	-	-	-	-	6,902
Foreign currency translation adjustment	-	-	-	329	-	329
Premium on issuance of ordinary shares	-	-	-	-	28,991	28,991
Expenses on issuance of ordinary shares	-	-	-	-	(1,846)	(1,846)
As at 30 June 2004	24,301	12	18,544	11	27,145	70,013
At 1 January 2003	5,396	6	13,664	35	-	19,101
Net profit for the half year	-	-	2,088	-	-	2,088
Dividend declared by a subsidiary prior to restructuring	-	-	(1,000)	-	-	(1,000)
Foreign currency translation adjustment	-	-	-	107	-	107
As at 30 June 2003	5,396	6	14,752	142	-	20,296

Q2 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 April 2004	24,301	12	12,629	(684)	27,145	63,403
Net profit for Q2 2004	-	-	5,915	-	-	5,915
Foreign currency translation adjustment	-	-	-	695	-	695
As at 30 June 2004	24,301	12	18,544	11	27,145	70,013
At 1 April 2003	5,396	6	14,253	190	-	19,845
Net profit for Q2 2003	-	-	1,499	-	-	1,499
Dividend declared by a subsidiary prior to restructuring	-	-	(1,000)	-	-	(1,000)
Foreign currency translation adjustment	-	-	-	(48)	-	(48)
As at 30 June 2003	5,396	6	14,752	142	-	20,296

HY 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 half year	-	-	190	-	-	190
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	-	-	-	-	(1,846)	(1,846)
As at 30 June 2004	24,301	-	143	-	27,145	51,589
At 1 January 2003	-	-	(9)	-	-	(9)
Net profit for the half year	-	-	-	-	-	-
Foreign currency translation adjustment	-	-	-	-	-	-
As at 30 June 2003	-	-	(9)	-	-	(9)

Q2 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 April 2004	24,301	-	18	-	27,145	51,464
Net profit for Q2 2004	-	-	125	-	-	125
Foreign currency translation adjustment	-	-	-	-	-	-
As at 30 June 2004	24,301	-	143	-	27,145	51,589
At 1 April 2003	-	-	(9)	-	-	(9)
Net profit for Q2 2003	-	-	-	-	-	-
Foreign currency translation adjustment	-	-	-	-	-	-
As at 30 June 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			
	Q2 2004	Q2 2003	HY 2004	HY 2003
Based on weighted average number of ordinary shares (cents)	1.22	0.43	2.15	0.60
On a fully diluted basis (cents)	N.A.	N.A.	N.A.	N.A.

Earnings per share for Q2 2004 and HY 2004 have been computed based on the weighted average share capital of 486,022,200 shares and 477,955,854 shares respectively.

Earnings per share on a weighted average basis for Q2 2003 and HY 2003 has 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	
	30/06/04	31/12/03	30/06/04	31/12/03
Net assets value per ordinary share based on existing issued share capital as at end of period reported on	14.41 cents	7.29 cents*	10.61 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.**

The second quarter of 2004 continues to be a strong quarter for Excelpoint Technology Ltd. Relative to its performance in the second quarter of the previous financial year, net profit after tax rose 294.6% from \$1.5 million to \$5.9 million on the back of a 96.8% surge in revenues which rose from \$146.2 million to \$287.7 million. For HY 2004, the Group registered revenues of \$546.6 million and net profit after tax of \$10.3 million representing a growth of approximately 99.3% and 392.0% respectively.

The strong performance is attributable to the continually strong demand in the GSM and blue-tooth businesses. This trend was subsequently translated into the performance of the Design-in business in the second quarter of this year. In Q2 2004, Design-in business turned in revenue growth of 159.4% relative to \$71.1 million in Q2 2003. Reflecting the buoyant market conditions, Distribution, the other segment of the Group's business also registered revenue growth of 38.2%. Revenue generated by the Distribution business rose to \$103.0 million from \$74.5 million in the Q2 2004. Following the trend in Q1 2004, Design-in continues to dominate as a major contributor to the Group's performance. During the quarter under review, Design-in business contributed 64.2% of its aggregate revenue with the balance of 35.8% contributed by its Distribution business.

Geographically, most major markets registered strong growth in HY 2004. China remained the largest revenue contributor turning in revenues of \$392.7 million representing an increase of 135.2% over the revenue of \$166.9 million recorded in HY 2003. Singapore ranks as the second largest revenue contributor turning in revenues of \$79.2 million representing an increase of 24.7% over that of HY 2003. The second highest growth rate is seen in Malaysia whose revenues grew 122.6% from \$13.9 million in HY 2003 to \$30.9 million in HY 2004.

In Q2 2004, the Group saw an improvement in its post tax net profit margin which rose from 1.0% to 2.1%. This is attributable to the higher operating efficiency within the Group, the economy of scale that it is able to realize from its operations and the higher contributions from its Design-in business.

Operationally, the Group saw an improvement in its cash flow position during the quarter. Net cash flows generated from operating activities was \$0.9 million in Q2 2004, compared to \$0.5 million in Q2 2003 and negative \$6.4 million in Q1 2004. However, on a semi-annual basis, impacted by the negative operating cashflow position in Q1 2004, the net cash flows used in operating activities stood at negative \$5.5 million for the six months ended 30 June 2004.

As a result of the increased volume of business, our working capital components such as trade debtors, trade creditors, stocks, amount due to bankers also increased correspondingly.

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 the business to continue growing healthily in the second half although the growth in the industry in China may be affected by the soft landing in the country and the higher oil prices. The focus for the second half of the year will be towards growing the profit margins and expanding the Design-in business. The Directors are confident that the Group will be profitable in FY2004.

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 HY 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

	Q2 2004 S\$'000	Q2 2003 S\$'000	Variance %	HY 2004 S\$'000	HY 2003 S\$'000	Variance %
Design-in	184,497	71,114	159.4%	358,637	144,069	148.9%
Distribution	102,958	74,512	38.2%	187,480	129,889	44.3%
	<u>287,455</u>	<u>145,626</u>	97.4%	<u>546,117</u>	<u>273,958</u>	99.3%

By Geographical Markets

Sales Revenue by Geographical Segment

	Q2 2004	Q2 2003	Variance	HY 2004	HY 2003	Variance
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
China	208,261	87,351	138.4%	392,700	166,937	135.2%
Singapore	45,766	41,219	11.0%	79,204	63,538	24.7%
Malaysia	14,893	7,690	93.7%	30,928	13,892	122.6%
India	10,261	1,451	607.2%	26,433	15,152	74.5%
Thailand	3,607	2,303	56.6%	7,436	4,508	65.0%
Philippines	2,953	3,106	(4.9%)	6,055	5,924	2.2%
Others	1,714	2,506	(31.6%)	3,361	4,007	(16.1%)
	<u>287,455</u>	<u>145,626</u>	97.4%	<u>546,117</u>	<u>273,958</u>	99.3%

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

Nita Sim Geok Hoon
Company Secretary
11 August 2004