

Excelpoint Technology Ltd

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF 2004 QUARTER 1 (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 FIRST QUARTER ENDED 31 MARCH 2004 and 31 MARCH 2003

	Group		
	Q1 2004	Q1 2003	Increase/ (Decrease)
	S\$'000	S\$'000	%
Revenue			
Sales	258,662	128,332	101.6
Other income	285	79	260.8
Total revenue	258,947	128,411	101.7
Costs and expenses			
Purchases	(269,826)	(108,656)	148.3
Changes in inventories of trading stocks	27,677	(9,682)	(385.9)
Salaries and employee benefits	(5,071)	(4,540)	11.7
Depreciation and amortization	(364)	(467)	(22.1)
Foreign exchange gains/(losses)	9	(25)	(136.0)
Other operating expenses	(4,955)	(3,510)	41.2
Total costs and expenses	(252,530)	(126,880)	99.0
Operating profit	6,417	1,531	319.1
Finance costs	(961)	(447)	115.0
Share of results of associated company	-	-	
Profit before taxation	5,456	1,084	403.3
Taxation	(1,101)	(495)	122.4
Net profit	4,355	589	639.4
Notes to the profit and loss account	Q1 2004	Q1 2003	
	S\$'000	S\$'000	
Write back of provision for doubtful trade debts	1	-	
Write back of provision for stock obsolescence	14	-	
Interest on borrowings	(961)	(447)	
Provision for doubtful trade debts and bad trade debts written off	(90)	(572)	
Provision for stock obsolescence	(989)	(234)	
Loss on sale of fixed assets	-	(2)	

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	
	31/03/04	31/12/03	31/03/04	31/12/03
	S\$'000	S\$'000	S\$'000	S\$'000
Non current assets				
Fixed assets	10,038	10,238	-	-
Club memberships, at cost	416	434	-	-
Investments in subsidiary companies	-	-	19,399	19,399
Intangibles	63	82	-	-
Investment in associated company	2	2	-	-
Current assets				
Trade debtors	151,255	128,449	-	-
Other debtors	8,877	4,404	27	68
Stocks	105,478	79,164	-	-
Amount due from subsidiary companies	-	-	6,689	6,587
Pledged fixed deposits	12,921	9,084	4,000	-
Cash and bank balances (excluding pledged fixed deposits)	45,797	20,253	30,321	-
	324,328	241,354	41,037	6,655
Current liabilities				
Trade creditors and accruals	(184,445)	(142,769)	-	-
Other creditors	(8,527)	(8,488)	(1)	-
Amounts due to bankers	(73,158)	(70,716)	(6,278)	(6,278)
Hire purchase creditors	(263)	(286)	-	-
Provision for taxation	(3,276)	(2,539)	-	-
Amount due to a director	(17)	(21)	-	-
Amount due to a subsidiary company	-	-	(2,693)	(2,424)
	(269,686)	(224,819)	(8,972)	(8,702)
Net current assets/(liabilities)	54,642	16,535	32,065	(2,047)
Non current liabilities				
Amounts due to bankers	(687)	(787)	-	-
Hire purchase creditors	(766)	(830)	-	-
Deferred taxation	(305)	(307)	-	-
	63,403	25,367	51,464	17,352
Shareholders' equity				
Share capital	24,301	17,399	24,301	17,399
Share premium	27,145	-	27,145	-
Reserves	11,957	7,968	18	(47)
	63,403	25,367	51,464	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 31/03/2004 (S\$'000)		As at 31/12/2003 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
43,994	29,427	52,394	18,608

Amount repayable after one year

As at 31/03/2004 (S\$'000)		As at 31/12/2003 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
1,453	Nil	1,617	Nil

Details of any collateral

The Group's borrowings as at 31 March 2004 comprised 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	Q1 2004	Q1 2003
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before taxation	5,456	1,084
Adjustments for:		
Amortisation of intangible assets	19	18
Interest income	(41)	(60)
Interest expense	961	447
Depreciation of fixed assets	345	449
Loss on disposal of fixed assets	-	(2)
Club membership written off	15	-
Operating cash flows before reinvestment in working capital	6,755	1,936
(Increase)/decrease in stocks	(26,314)	9,153
Increase in debtors	(27,279)	(23,477)
Decrease in amounts due from related parties	-	2,393
Increase in creditors	41,715	9,057
Cash flows used in operations	(5,123)	(938)
Interest received	41	60
Interest paid	(961)	(447)
Income tax paid	(365)	(77)
Net cash flows used in operating activities	(6,408)	(1,402)
Cash flows from investing activities		
Purchase of fixed assets	(176)	(178)
Proceeds on disposal of fixed assets	-	1
Net cash flows used in investing activities	(176)	(177)
Cash flows from financing activities		
Net proceeds from issuance of shares	34,047	-
Repayments of bank loans	(99)	(99)
Increase in bills payable	2,115	4,410
Increase in secured bank overdraft	326	893
Decrease in amounts due to directors	(4)	(1,219)
Payments of hire purchase creditors	(87)	(108)
Movement in pledged fixed deposits	(3,837)	(1,246)
Net cash flows from financing activities	32,461	2,631
Net increase/(decrease) in cash and cash equivalents	25,877	1,052
Currency realignment	(334)	132
Cash and cash equivalents at beginning of financial period	20,254	13,212
Cash and cash equivalents at end of financial period	45,797	14,396

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.

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 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
At 1 January 2003	5,396	6	13,664	35	-	19,101
Net profit for the quarter	-	-	589	-	-	589
Foreign currency translation adjustment	-	-	-	155	-	155
As at 31 March 2003	5,396	6	14,253	190	-	19,845

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 2004	17,399	-	(47)	-	-	17,352
Net profit for the quarter	-	-	65	-	-	65
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 31 March 2004	24,301	-	18	-	27,145	51,464
At 1 January 2003	-	-	(9)	-	-	(9)
Net profit for the quarter	-	-	-	-	-	-
Foreign currency translation adjustment	-	-	-	-	-	-
As at 31 March 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.

On 7 January 2004, the company issued 115,990,000 new ordinary shares of S\$0.05 each for a cash consideration of S\$0.26 per share pursuant to the Initial Public Offer ("IPO") of shares in the company. On 5 February 2004, 22,061,000 new ordinary shares of S\$0.05 each were issued pursuant to the exercising of the over-allotment option in connection with the public offer and listing of the company's shares, for cash consideration of S\$0.26 per share.

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	
	31/03/04	31/03/03
Based on weighted average number of ordinary shares (cents)	0.93	0.17
On a fully diluted basis (cents)	N.A.	N.A.

Earnings per share for Q1 2004 have been computed based on the pre-invitation share capital of 347,971,200 shares being in issue for the whole of Q1 2004 and 115,990,000 and 22,061,000 shares being in issue for 85 and 56 days respectively, giving rise to the weighted average of 469,889,508 shares .

Earnings per share on a weighted average basis for Q1 2003 has 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.

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	
	31/03/04	31/12/03	31/03/04	31/12/03
Net assets value per ordinary share based on existing issued share capital as at end of period reported on	13.05 cents	7.29 cents*	10.59 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 Group registered strong growth in Q1 2004. Net profit after tax rose 639.4% from S\$0.59 million to S\$4.36 million on the back of a 101.7% revenue increase. Sales for the quarter rose 101.6% from S\$128.3 million in Q1 2003 to S\$258.7 million in Q1 2004.

The strong performance for the quarter is attributable to the continuing growth in the GSM mobile phone market in China as well as the strong demand in other products seen across many markets in Asia where the Group has a presence. Another factor that contributed to the performance during the quarter under review is the overflow of orders from customers in China that were fulfilled in Q1 2004.

Operationally, design-in continues to predominate as the major revenue contributor delivering approximately S\$174.1 million or approximately 67.3% of the Group's aggregate revenues. The balance of the 32.7% of the aggregate revenues is contributed by the distribution business.

Geographically, all locations posted higher revenues compared to the first quarter of the previous financial year. Malaysia posted the highest growth rate with a 158.5% revenue increase and this is followed by China delivering a revenue increase of 131.7%. In absolute dollar terms, China maintained its position as the largest contributor to the Group's revenue delivering about S\$184.4 million that represents about 71.3% of the aggregate revenues. Singapore turned in a 49.8% revenue increase making the republic the second largest revenue contributor to the Group's performance.

Sales Revenue by Geographical Segment

	Q1 2004	Q1 2003	Variance
	S\$'000	S\$'000	
China	184,439	79,586	131.7%
Singapore	33,438	22,319	49.8%
India	16,172	13,701	18.0%
Malaysia	16,035	6,202	158.5%
Thailand	3,829	2,205	73.7%
Philippines	3,102	2,818	10.1%
Others	1,647	1,501	9.7%
	258,662	128,332	101.6%

The Group's cash flows remained healthy with cash and cash deposits totaling S\$45.8 million of which S\$34 million comprise the proceeds raised from its initial public offering at the beginning of FY2004. EBITDA at the end of Q1 2004 stood at S\$6.8 million compared to S\$2.0 million during the same period in the previous financial year.

Corresponding to the higher business activities in Q1 2004, expenses were also higher due primarily to the increased sales and marketing costs and higher salaries and employee benefits resulting from additional recruitment mainly in Singapore and China. Total headcount rose from 388 in Q1 2003 to 440 in Q1 2004 which included an increase in the number of engineers recruited to support the growing demands from the Group's design-in business. As at the end of 31 March 2004, the Group has a total of 108 engineers compared to 95 in Q1 2003.

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.

The Group is optimistic about the prospects in the region and we expect the improved business sentiment that we witnessed in the first quarter of the year to prevail. For the rest of 2004, the electronics industry is expected to continue to recover.

The demand for telecommunication products in China by both the new subscribers market and the replacement market is expected to remain bullish. The local GSM handset manufacturers who commenced to build up their inventory in 2003 are expected to continue their momentum into 2004. With local handset manufacturers commanding a larger share of the market in China, this market offer strong growth potential for the Group's business.

China will continue to be an important market for the Group as the GSM network expands across the country. The design-in business will continue to predominate as the major business contributor as the Group continues to expand its competencies in this area.

The Directors are of the view that the prevailing favourable economic sentiments in the Asian region coupled with the continuing growth trend in the electronics industry should contribute positively to the Group's performance in the current financial year.

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 Q1 2004.

BY ORDER OF THE BOARD

Wee Liang Hiam
Company Secretary
6th May 2004