Excelpoint registered revenue of US$78.5 million in 4Q08

SINGAPORE – Tuesday, 10 February 2009 – Main board-listed Excelpoint Technology Limited ("ETL together with its subsidiaries" or "the Group"), one of the region's established electronics component distributors and an emerging player in the design innovation and technology development industry, today announced its financial results for the fourth quarter ("4Q08") and the financial year ended 31 December 2008 ("FY08").

Financial snapshot of Group's performance

In US$'M	4Q08	4Q07	+/- %	Group FY08	Group FY07	+/- %
Revenue	78.5	126.1	-37.8	436.5	486.8	-10.3
Profit/(loss) after tax ("PAT")	0.1	0.6	-79.6	-1.5	1.2	N.M.
Earnings per share (cents) based on weighted average number of ordinary shares (in cents)	0.02	0.11	-	-0.30	0.25	-
Cash and cash equivalents	13.6	9.6	41.1	13.6	9.6	41.1
				As at 31 Dec 08	**As at 31 Dec 07**	
Total equity for the Group				41.8	44.2	
Net asset value per share (in cents)				8.6	9.1	

Results analysis

4Q08 vs 4Q07

The Group faced an increasingly challenging business environment which led to its revenue declining to US$78.5 million in 4Q08 from US$126.1 million in 4Q07, and gross profit declining to US$7.4 million in 4Q08 from US$9.1 million in 4Q07. Gross margins, however, improved from 7.2% in 4Q07 to 9.4% in 4Q08 mainly due to higher margin from design-in business.

The Group's profit before tax fell 32.9% to US$0.3 million in 4Q08 from US$0.5 million in 4Q07, although the profit before tax margin was maintained at 0.4% in 4Q08. Total operating expenses, which comprised of sales and distribution costs, general and administrative expenses, other expenses and finance costs, fell by US$2.3 million to US$7.4 million in 4Q08. This was partially offset by a decrease in other income of US$0.7 million or 69.7% to US$0.3 million. Group net profit after tax decreased by US$0.4 million to US$0.1 million in 4Q08.

The Group's cash flow from operating activities in 4Q08 improved to US$5.7 million from US$3.8 million in the same quarter last year and the Group's cash position improved to US$13.6 million in 4Q08 from US$9.6 million in 4Q07.

FY08 vs FY07

The Group revenue fell to US$436.5 million in FY08 compared with US$486.8 million in FY07. For Group's revenue breakdown by business segments, "Design-in" business turned in revenue of US$213.7 million while "Distribution" business generated revenue of US$222.7 million in FY08. Geographically, Hong Kong/China continues to be the major revenue generator, accounting for about 62.4% or US$272.5 million of the Group's total revenue in FY08.

The Group's gross profit was US$31.3 million in FY08, down 10.2% from US$34.9 million in FY07, although gross margin was maintained at 7.2% for FY08. The Group posted a loss before tax of US$0.9 million in FY08 compared to a profit before tax of US$2.1 million in FY07. Through continued cost containment measures and streamlining of the Group's business, total operating expenses declined by US$1.1 million or 3.3% to US$33.4 million in FY08. This was however, partially offset by a reduction in other income of US$0.5 million to US$1.2 million in FY08. The Group recorded a loss after taxation of US$1.5 million in FY08, compared to a profit after tax of US$1.2 million in FY07.

On the Group's balance sheet, trade debtors' balance decreased to US$43.6 million in FY08 from US$69.9 million in FY07 due to tighter credit control. Stock balance was reduced to US$46.3 million in FY08 from US$63.4 million in FY07 due to our focus on rationalising and managing our inventory. Trade creditors' balance also decreased to US$34.8 million from US$69.4 million. The Group also reduced its interest-bearing loans and borrowings by US$3.8 million to US$27.9 million in FY08, thereby improving its borrowings (net of cash) to equity ratio from 0.5 times in FY07 to 0.3 times in FY08.

On the Group's cash flow, the Group recorded net cash flow from operating activities of US$9.1 million in FY08 compared to net cash flow used in activities of US$13.7 million in FY07. This was due mainly to close monitoring and control of credit to customers and stock levels, which resulted in less resources tied up in trade debtors' and stock balances. The Group recorded a healthy cash and cash equivalent balance of US$13.6 million, which was an increase of US$4.0 million from US$9.6 million in FY07.

Mr. Albert Phuay, Chairman and Group CEO said, "In view of the global economic slowdown and the continuing downtrend in the electronics industry, we expect our business environment to continue to be difficult. However, our business fundamentals remain strong and we will continue to make the necessary adjustments to ensure our long term sustainability. We will continue to focus on improving our working capital and cash flow position through stringent cost control measures and prudent business management such as closely monitoring our debtors and stock levels and containing our expenses."

Going forward, we will further rationalise our product mix in order to improve our margins. We will also continue to provide higher-value added services through our design-in business and to develop opportunities in niche and higher-margin growth segments and markets which have the potential for higher returns. We believe the initiatives implemented will help us navigate through the economic downturn and to position our business to take off when the global economy eventually turns."

Given the challenging business environment and the impact of the global credit crunch, the Board is mindful of the need to conserve and to carefully manage the Group's cash resources and does not recommend payment of a final dividend for FY08.

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This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

About Excelpoint Technology Ltd (Registration No. 200103280C)

Excelpoint Technology Limited is a total solutions provider of quality components, engineering designs and supply chain services to Asia's electronics manufacturers. Since 1987, Excelpoint has been working closely with its principals and customers to identify new trends and technologies, and to create and test new technical features that will complement their customers' products. The total solutions and reference designs created by Excelpoint are found in industrial instrumentation, wireless communications and consumer electronics equipment made by Asia's top OEM, ODM and EMS. Headquartered in Singapore, Excelpoint has a strong team of dedicated R&D professionals located in major cities to create the innovation solutions and to deliver the full range of supply chain services to help customers go to market quickly and efficiently. Excelpoint is listed on the Mainboard of Singapore Stock Exchange. The company employs over 400 staff and has facilities and offices in over 20 cities throughout Asia Pacific.

For more information, please visit our website at www.excelpoint.com

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