



Excelpoint™

## NEWS RELEASE

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### EXCELPOINT'S NET PROFIT UP 215.8%

- Revenue \$727.0 million for FY2006
- Net profit after tax rose 215.8% to \$4.0 million
- Net profit margin higher
- EPS rose from 0.26 cents to 0.83 cents

**SINGAPORE, 16 February 2007** – Mainboard listed Excelpoint Technology Ltd (“ETL” or “the Group”) today announced a 215.8% increase in net profit after tax. For the financial year ended 31 December 2006, the Group turned in a net profit after tax of \$4.0 million compared to \$1.3 million in the same period in FY2005.

Revenue for FY2006 dropped marginally to \$727.0 million compared to \$753.2 million in FY2005. Corresponding to the higher profits in FY2006, earnings per share rose from 0.26 cents (FY2005) to 0.83 cents (FY2006).

Relative to the previous financial year, the Group's net profit after tax margin was higher, rising from 0.2% (FY2005) to 0.6% (FY2006). The improved profitability is due primarily to lower expenses, a tax credit and no impairment costs being incurred in FY2006.

On the business front, key markets like China and Singapore reported lower sales. Geographically, China continues to dominate as ETL's largest sales contributor accounting for about 57.0% of the Group's total sales. This is followed by Singapore

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which accounted for about 18.6% of the Group's sales. The balance of 24.4% comprises contributions from other markets like Malaysia, India and other Asian countries.

Commenting on the Group's performance for FY2006, Mr. Albert Phuay – Chairman and CEO of the Group said: "The shift in our strategy to focus on our profitability is now showing results. We are pleased to turn in an improved set of performance and I would like to take the opportunity to thank our shareholders for their trust and confidence in Excelpoint."

The Group's performance in FY2006 was impacted by allowances for doubtful debt and stock obsolescence which amounted to approximately \$8.1 million. A total of \$3.1 million representing previous year's allowances for doubtful debt and stock obsolescence were written back in FY2006. The disposal of a property during the year gave rise to an accounting loss of approximately \$0.5 million.

Net cash flow amounting to approximately \$10.5 million was used in operating activities in FY2006 compared to \$38.6 million generated in FY2005. This is primarily due to a \$29.6 million increase in inventory and a decrease in bank borrowings of \$6.0 million in FY2006. However, this was mitigated by a decrease in debtors of \$14.2 million. Finance costs incurred in FY2006 were 25.2% lower declining from \$2.7 million (FY2005) to \$2.0 million.

Operational efficiency continues to improve in FY2006. Average debtors' turnover narrowed from 57 days to 54 days, and average inventory turnover improved from 38 days to 34 days. The higher inventory was due to inventory replenishment towards the end of the year and in anticipation of the quick sales turn around for the new year.

On a quarterly basis, the Group turned in lower revenues in the final quarter of FY2006. The Group's revenue for the 4Q FY2006 amounted to \$184.5 million (\$207.8 million in 4Q2005). Net profit before tax totaling \$0.4 million, was 60.2% lower than the Group's net profit reported in 4Q2005. Net profit after tax rose by 80.4% to \$0.6 million due to the tax credit of \$0.2 million.

Operating activities during the quarter generated cash flow of \$11.4 million compared to \$20.0 million in 4Q2005. The lower cash flow is primarily due to the \$11.3 million increase in inventory during the quarter. Cash and cash equivalent for the quarter stood at \$10.7 million compared to \$36.3 million in 4Q2005.

"We will continue to focus on improving our profitability and expanding our business base in China. To raise our competitive edge, we will continue to search for new businesses that can add value to our customers and improve profit margins," said Mr. Albert Phuay when commenting on ETL's business strategy into the new financial year.

For the financial year ended 31 December 2006, the Board recommends a first and final dividend of 0.5 cents per ordinary share, subject to the approval of its shareholders at the forthcoming Annual General Meeting.

## **ABOUT EXCELPOINT TECHNOLOGY LTD**

*Excelpoint Technology Ltd ("Excelpoint" or "the Group") is one of the region's established electronics component distributors and an emerging player in the design innovation and technology development industry. Its geographic reach spans the Asia Pacific through a network of more than 30 offices across the region.*

*Excelpoint provides a broad spectrum of services ranging from the supply of electronic components and chipsets to providing solutions integration, designing turnkey applications and manufacturing memory modules and communication products.*

*The Group caters to the needs of the telecommunications, networking, consumer electronics, industrial and instrumentation electronics, computers and computer peripherals industries.*

*Excelpoint Technology Ltd is a public listed company on the Singapore Exchange (SGX:Excelpoint).*

*For more information, please visit our website : [www.excelpoint.com](http://www.excelpoint.com)*

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