ACTION ASIA LIMITED (REG NO.: 200206715M)

Financial Statement And Dividend Announcement for the Period Ended 30/09/14

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) CONSOLIDATED INCOME STATEMENT
For the third quarter ended September 30, 2014

	GROUP 3 months ended			GROUP 9 months ended		
	30/09/14	30/09/13	Increase/ (decrease)	**30/09/14**	30/09/13	Increase/ (decrease)
	$'000	$'000	%	**$'000**	$'000	%
Sales	**34,560**	34,104	1.34	**84,114**	83,088	1.23
Other operating income	**1,283**	845	51.83	**3,522**	1,737	>100
Changes in inventories of finished goods and work-in-progress	**3,430**	1,689	>100	**5,744**	3,622	58.59
Raw materials and consumables used	**(29,946)**	(30,165)	(0.73)	**(70,020)**	(71,095)	(1.51)
Employee compensation	**(4,252)**	(3,994)	6.46	**(11,918)**	(10,792)	10.43
Depreciation expense	**(899)**	(887)	1.35	**(2,624)**	(3,075)	(14.67)
Other operating expenses	**(3,206)**	(3,338)	(3.95)	**(8,960)**	(8,639)	3.72
Finance expenses	**(214)**	(119)	79.83	**(706)**	(361)	95.57
Profit/(Loss) before income tax	**756**	(1,865)	>100	**(848)**	(5,515)	(84.62)
Income tax expense	**(108)**	(206)	(47.57)	**(118)**	(158)	(25.32)
Total profit/(loss)	**648**	(2,071)	>100	**(966)**	(5,673)	(82.97)
Attributable to:						
Equity holders of the Company	**493**	(1,871)	>100	**(931)**	(5,295)	(82.42)
Non-controlling interests	**155**	(200)	>100	**(35)**	(378)	(90.74)
	648	(2,071)	>100	**(966)**	(5,673)	(82.97)

1(a)(ii) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the third quarter ended September 30, 2014

	GROUP 3 months ended			GROUP 9 months ended		
	30/09/14	30/09/13	Increase/ (decrease)	**30/09/14**	30/09/13	Increase/ (decrease)
	$'000	$'000	%	**$'000**	$'000	%
Profit/(Loss) for the period	**648**	(2,071)	>100	**(966)**	(5,673)	(82.97)
Other comprehensive income:						
Currency translation differences arising on consolidation	**2,434**	(681)	>100	**(508)**	3,464	>100
Other comprehensive income for the period, net of tax	**2,434**	(681)	>100	**(508)**	3,464	>100
Total comprehensive income for the period	**3,082**	(2,752)	>100	**(1,474)**	(2,209)	(33.27)
Total comprehensive income attributable to:						
Equity holders of the Company	**2,759**	(2,478)	>100	**(1,486)**	(2,160)	(31.20)
Non-controlling interests	**323**	(274)	>100	**12**	(49)	>100
	3,082	(2,752)	>100	**(1,474)**	(2,209)	(33.27)

Additional information for the consolidated income statement above:

	GROUP 3 months ended			GROUP 9 months ended		
	30/09/14	30/09/13	Increase/ (decrease)	**30/09/14**	30/09/13	Increase/ (decrease)
	$'000	$'000	%	**$'000**	$'000	%
Other operating income:-						
Interest income	**119**	259	(54.05)	**467**	443	5.42
Income from warehousing and logistic services	**1,144**	245	>100	**2,325**	776	>100
Gain on disposal of property, plant and equipment	**-**	-	>100	**653**	82	>100
Others	**20**	341	(94.13)	**77**	436	(82.34)
	1,283	845	51.83	**3,522**	1,737	>100
Foreign exchange gain/(loss)	**137**	114	20.18	**(133)**	167	>100
Interest expense on borrowings	**(214)**	(119)	79.83	**(706)**	(361)	95.57
Property, plant and equipment written off	**-**	(1)	>100	**(1)**	(3)	(66.67)
(Allowance for slow moving inventories)/ Reversal of inventory write-down	**(197)**	(78)	>100	**(756)**	71	>100
Reversal of allowance for doubtful debts no longer required/(Allowance for doubtful debts)	**1**	(11)	>100	**73**	54	35.19
Amortisation of club membership	**(1)**	(3)	(66.67)	**(5)**	(8)	(37.50)
Amortisation of prepaid land premium	**(14)**	(13)	7.69	**(40)**	(38)	5.26
Depreciation of property, plant and equipment	**(727)**	(831)	(12.52)	**(2,225)**	(2,911)	(23.57)
Depreciation of investment properties	**(172)**	(56)	>100	**(399)**	(164)	>100
Income expense:-						
Current income tax	**(143)**	(47)	>100	**(153)**	(131)	16.79
Deferred income tax	**-**	(144)	>100	**-**	(201)	>100
Over provision in prior years	**35**	(15)	>100	**35**	174	(79.89)
	(108)	(206)	(47.57)	**(118)**	(158)	(25.32)

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

BALANCE SHEETS
As at September 30, 2014

	GROUP		COMPANY	
	30/09/14	31/12/13	**30/09/14**	31/12/13
ASSETS	**$'000**	$'000	**$'000**	$'000
Current assets				
Cash and cash equivalents	**32,635**	51,146	**519**	533
Trade and other receivables	**40,506**	48,571	**4,469**	7,762
Inventories	**22,086**	17,294	**-**	-
	95,227	117,011	**4,988**	8,295
Non-current assets held for sale	**-**	549	**-**	549
	95,227	117,560	**4,988**	8,844
Non-current assets				
Other non-current assets	**2,667**	2,301	**-**	-
Investment in subsidiaries	**-**	-	**62,252**	62,252
Investment properties	**31,650**	26,289	**-**	-
Property, plant and equipment	**30,706**	32,700	**-**	-
Deferred income tax assets	**964**	966	**-**	-
	65,987	62,256	**62,252**	62,252
Total assets	**161,214**	179,816	**67,240**	71,096
LIABILITIES				
Current liabilities				
Trade and other payables	**28,557**	23,859	**10,544**	13,952
Current income tax liabilities	**740**	621	**606**	606
Borrowings	**25,500**	44,605	**-**	-
Provisions	**5,059**	7,240	**-**	-
	59,856	76,325	**11,150**	14,558
Non-current liabilities				
Provisions	**2,601**	3,144	**-**	-
Deferred income tax liabilities	**806**	789	**-**	-
	3,407	3,933	**-**	-
Total liabilities	**63,263**	80,258	**11,150**	14,558
NET ASSETS	**97,951**	99,558	**56,090**	56,538
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	**54,169**	54,169	**54,169**	54,169
Treasury shares	**(253)**	(120)	**(253)**	(120)
Other reserves	**2,722**	3,277	**-**	-
Retained profits	**31,723**	32,654	**2,174**	2,489
	88,361	89,980	**56,090**	56,538
Non-controlling interests	**9,590**	9,578	**-**	-
Total equity	**97,951**	99,558	**56,090**	56,538

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30/06/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
-	25,500,000	-	44,605,000

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the third quarter ended September 30, 2014

	GROUP 3 months ended		GROUP 9 months ended	
	30/09/14	30/09/13	**30/09/14**	30/09/13
	$'000	$'000	**$'000**	$'000
Cash flows from operating activities				
Total loss	**648**	(2,071)	**(966)**	(5,673)
Adjustments for				
- Income tax expense	**108**	206	**118**	158
- Amortisation and depreciation	**914**	903	**2,669**	3,121
- Property, plant and equipment written off	**-**	1	**1**	3
- Gain on disposal of property, plant and equipment	**-**	-	**(653)**	(82)
- Interest income	**(119)**	(259)	**(467)**	(443)
- Interest expense	**214**	119	**706**	361
- Unrealised currency translation losses/(gains)	**796**	(457)	**(18)**	909
	2,561	(1,558)	**1,390**	(1,646)
Change in working capital				
- Inventories	**(203)**	943	**(4,792)**	(5,216)
- Trade and other receivables	**(1,150)**	(7,036)	**6,953**	42,880
- Trade and other payables	**3,689**	868	**7,803**	(7,318)
- Provisions	**(552)**	(1,176)	**(2,725)**	(1,880)
Cash generated from operations	**4,345**	(7,959)	**8,629**	26,820
Interest received	**119**	259	**467**	443
Interest paid	**(214)**	(119)	**(706)**	(361)
Income tax paid	**(19)**	(91)	**(108)**	(535)
Witholding tax paid	**-**	(63)	**-**	(63)
Income tax refunded	**1,206**		**1,206**	
Net cash generated from/(used in) operating activities	**5,437**	(7,973)	**9,488**	26,304
Cash flows from investing activities				
Additions to property, plant and equipment	**(217)**	(301)	**(493)**	(1,784)
Investment properties	**-**	(3,960)	**(5,919)**	(6,303)
Prepaid land premium	**-**	-	**(428)**	-
Proceeds from disposal of property, plant and equipment	**-**	-	**1,221**	282
Net cash used in investing activities	**(217)**	(4,261)	**(5,619)**	(7,805)
Cash flows from financing activities				
Proceeds from borrowings	**27,962**	27,075	**106,469**	85,079
Repayment of borrowings	**(30,170)**	(25,542)	**(131,895)**	(94,360)
Loan from related company	**-**	-	**6,180**	-
Dividend paid to non-controlling interest	**-**	-	**(3,105)**	-
Dividend paid to equity holders of the Company	**-**	-	**-**	(2,793)
Purchase of treasury shares	**(59)**	-	**(133)**	-
Decrease/(Increase) in the pledged bank deposits	**8,062**	1,213	**20,461**	(8,849)
Net cash provided by/(used in) financing activities	**5,795**	2,746	**(2,023)**	(20,923)
Net (decrease)/increase in cash and cash equivalents	**11,015**	(9,488)	**1,846**	(2,424)
Cash and cash equivalents				
Beginning of financial period	**20,051**	43,569	**29,396**	35,715
Effects of currency translation on cash and cash equivalents	**280**	(167)	**104**	623
End of financial period	**31,346**	33,914	**31,346**	33,914

Note:
For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	GROUP	
	30/09/14	30/09/13
Cash and bank balances (as per balance sheets)	**32,635**	47,135
Less: Bank deposits pledged	**(1,289)**	(13,221)
Cash and cash equivalents per consolidated statement of cash flows	**31,346**	33,914

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENTS OF CHANGES IN EQUITY
For the third quarter ended September 30, 2014

	Share capital $'000	Treasury shares $'000	Statutory reserve $'000	Currency translation reserve $'000	Retained profits $'000	Attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
GROUP								
Balance at July 1, 2014	54,169	(194)	5,577	(5,121)	31,230	85,661	9,267	94,928
Purchase of treasury shares	-	(59)	-	-	-	(59)	-	(59)
Total comprehensive income for the period	-	-	-	2,266	493	2,759	323	3,082
Balance at September 30, 2014	54,169	(253)	5,577	(2,855)	31,723	88,361	9,590	97,951
COMPANY								
Balance at July 1, 2014	54,169	(194)	-	-	2,488	56,463	-	56,463
Purchase of treasury shares	-	(59)	-	-	-	(59)	-	(59)
Total comprehensive income for the period	-	-	-	-	(314)	(314)	-	(314)
Balance at September 30, 2014	54,169	(253)	-	-	2,174	56,090	-	56,090

STATEMENTS OF CHANGES IN EQUITY
For the third quarter ended September 30, 2013

	Share capital $'000	Treasury shares $'000	Statutory reserve $'000	Currency translation reserve $'000	Retained profits $'000	Attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
GROUP								
Balance at July 1, 2013	54,169	(120)	5,558	(3,071)	33,964	90,500	12,044	102,544
Total comprehensive (expense)/ income for the period	-	-	-	(607)	(1,871)	(2,478)	(274)	(2,752)
Balance at September 30, 2013	54,169	(120)	5,558	(3,678)	32,093	88,022	11,770	99,792
COMPANY								
Balance at July 1, 2013	54,169	(120)	-	-	(454)	53,595	-	53,595
Total comprehensive expense for the period	-	-	-	-	(88)	(88)	-	(88)
Balance at September 30, 2013	54,169	(120)	-	-	(542)	53,507	-	53,507

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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, 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.

There were no changes in the Company's share capital since the end of the previous period reported on. As at September 30, 2014, the share capital of the Company comprises of 400,000,000 shares.

No share option was granted to any executive or employee up to the date of this announcement.

The Company purchased a total of 465,000 treasury shares during the third quarter of 2014. As at September 30, 2014, 1,965,000 shares were held as treasury shares (September 30, 2013: 1,000,000).

1(d)(iii) To show the total amount of issued shares excluding treasury shares as at the end of the current financial period and as at end of the immediately preceding year.

The total number of issued shares excluding treasury shares as at September 30, 2014 is 398,035,000 shares (September 30, 2013: 399,000,000).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

No sales, transfers, disposal, cancellation and/or use of treasury shares as at September 30, 2014.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

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 for the current accounting period compared with the audited financial statements as at December 31, 2013.

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.

Not applicable.

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.

GROUP EARNINGS PER SHARE FOR THE PERIOD ENDED SEPTEMBER 30, 2014

	3 months ended		9 months ended	
	30/09/2014	30/09/2013	**30/09/2014**	30/09/2013
(a) Based on weighted average number of ordinary shares on issue (cents)	**0.12***	(0.47)**	(0.23)*	(1.33)**
(b) On fully diluted basis (cents)	**0.12***	(0.47)**	(0.23)*	(1.33)**

Notes:

Three months

* The basic and diluted earnings per ordinary share has been calculated based on the group's profit attributable to equity holders of the Company of approximately S$493,000 divided by the weighted average number of ordinary shares of 398,035,000 in issue during the period.

** The basic and diluted earnings per ordinary share has been calculated based on the group's loss attributable to equity holders of the Company of approximately (S$1,871,000) divided by the weighted average number of ordinary shares of 399,000,000 in issue during the period.

Nine months

* The basic and diluted earnings per ordinary share has been calculated based on the group's loss attributable to equity holders of the Company of approximately (S$931,000) divided by the weighted average number of ordinary shares of 398,035,000 in issue during the period.

** The basic and diluted earnings per ordinary share has been calculated based on the group's loss attributable to equity holders of the Company of approximately (S$5,295,000) divided by the weighted average number of ordinary shares of 399,000,000 in issue during the period.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

(a) current period reported on; and

	30/09/14 NAV/Share (cents)
Group	22.20
Company	14.09

Net asset value per ordinary share as at September 30, 2014 is calculated based on share capital excluding treasury shares of the Company of 398,035,000 shares.

(b) immediately preceding financial year

	31/12/13 NAV/Share (cents)
Group	22.55
Company	14.17

Net asset value per ordinary shares as at December 31, 2013 is calculated based on share capital of the Company of 399,000,000 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.

Income Statement

Group's other operating income for the third quarter ended September 30, 2014 ("3Q14") increased to S$1.28 million from S$845,000 in 3Q13 mainly due to increase in income from warehousing and logistic center in Jiading, Shanghai after the completion of its second phase buildings construction. Coupled with gain of S$653,000 on disposal of office building in 1Q14, the Group's other operating income for nine months ended September 30, 2014 ("9M14") also increased to S$3.52 million from S$1.74 million for the corresponding period in 2013 ("9M13").

Employee compensation for 3Q14 and 9M14 increased by 6.46% and 10.43% respectively as more sale and marketing staffs were recruited to expand the Group's sales in China. In addition, increase in salary as a result of increase of minimum wages in China has also given rise to the higher employee compensation as compared to the corresponding periods of 2013.

Finance expenses in 3Q14 increased by 79.83% to S$214,000 from S$119,000 in 3Q13. For 9M14, finance expense also increased by 95.57% to S$706,000 to S$361,000 in 9M13. This was mainly due to interest expense on loan from a related company to finance the construction of building in Jiading, Shanghai.

As a result of other operating income as explained above, the Group achieved a profit before income tax amounting to S$756,000 for 3Q14, reversing a loss of S$1.87 million during 3Q13. For 9M14, the Group registered a lower loss before income tax of S$848,000 as compared to a loss of S$5.52 million in 9M13.

Balance Sheet and Cash flows

Inventories at Group level increased from S$17.29 million as at December 31, 2013 to S$22.09 million as at September 30, 2014 mainly due to increase in purchase of key materials in anticipation of an increase in production of finished products in the following months.

Investment properties increased as the Group has completed the construction of its second phase buildings in Jiading, Shanghai and it is currently used as warehouse and logistic center.

Trade and other payables also increased from S$23.86 million as at December 31, 2013 to S$28.56 million as at September 30, 2014. This was mainly due to increase in trade payables as the Group purchased more raw materials at the end of 3Q14.

Group borrowings decreased from S$44.61 million as at December 31, 2013 to S$25.50 million as at September 30, 2014 mainly due to repayment of trade financing upon maturity.

Due mainly to the repayment of trade financing upon maturity and coupled with the dividend payment to non-controlling interest, the Group's cash and cash equivalent reduced to S$32.64 million from S$51.15 million at the end of FY2013.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement was disclosed to shareholders previously.

10. A commentary at the date of the announcement of the 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 overall global economy and the operating environment for consumer electronics products remain challenging. The Group's turnaround in 3QFY2014 showed the strong efforts made and the right strategies adopted by the management in achieving an improved performance for the Group.

According to the IMF, global economic growth remains sluggish, with weaknesses reported by both developed countries such as the US as well as many emerging economies. In view of this, consumer sentiment is weakened and global demand for smartphones and tablets is now slowing. Therefore, the Group has to boost R&D and innovation to continue to drive sales.

We will focus on releasing more new mobile devices – mainly new mid- to low-end models with more advanced features and competitive pricing. As such, we will also work towards higher productivity through more efficient production to reduce the costs of making our new smart devices to create a more diverse product portfolio to target a wider customer base.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Not applicable.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Not applicable.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented 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 immediately preceding year.

Not applicable.

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.

Not applicable.

15. A breakdown of sales

Not applicable.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable.

17. Interested Person Transactions

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Action Electronics Co. Ltd.	-	-
ASD Electronics Limited	NA	S$28,091,482

BY ORDER OF THE BOARD

Juliana Loh
Company Secretary
(31/10/2014)

CONFIRMATION BY THE BOARD

We, Peng Wen Chih and Jack Li Yuan Chen, being two directors of Action Asia Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the third quarter 2014 financial statements to be false or misleading in any material aspect.

On behalf of the Board of Directors

Peng Wen Chih
Director

Jack Li Yuan Chen
Director

October 31, 2014