

PLASTOFORM HOLDINGS LIMITED

(Incorporated in Bermuda)
(Co. Reg. No: 34171)

UNAUDITED RESULTS FOR THE QUARTER ENDED 31 MARCH 2014

The Directors of Plastoform Holdings Limited wish to announce the following unaudited results of the Group for the quarter ended 31 March 2014

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

INCOME STATEMENT (in HK\$'000)

	Group		
	Three Months Ended 31 March		
	2014	2013	%
Revenue	87,809	65,646	33.8%
Cost of sales	(71,979)	(63,977)	12.5%
Gross profit	15,830	1,669	848.5%
Other operating income	708	230	207.8%
Selling and distribution expenses	(4,580)	(1,390)	229.5%
Other operating expenses	(16,686)	(9,653)	72.9%
Finance costs	-	(55)	N/M
(Loss)/profit before income tax	(4,728)	(9,199)	(48.6%)
Income tax expense	-	-	N/M
(Loss)/profit for the period	(4,728)	(9,199)	(48.6%)
Other comprehensive income after tax:			
Item that will be reclassified subsequently to profit or loss:			
Foreign currency translation differences (at nil tax)	(1,411)	-	N/M
Total comprehensive income attributable to owners of the Company	(6,139)	(9,199)	(33.3%)

1(a)(ii) Loss before tax is arrived at after charging/(crediting) the following significant items:

	Group		
	Three Months Ended 31 March		
	2014	2013	%
	HK\$'000	HK\$'000	Change
Interest income	(1)	(1)	N/M
Depreciation of plant and equipment	958	492	94.7%
Net exchange loss/ (gains)	195	58	236.2%

N/M: Not meaningful

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 (in HK\$'000)

Note	Group		Company	
	31/3/2014	31/12/2013	31/3/2014	31/12/2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS				
Non-current assets				
Plant and equipment	13,135	10,863	-	-
Subsidiaries	-	-	82,608	82,608
	13,135	10,863	82,608	82,608
Current assets				
Inventories	50,146	62,912	-	-
Trade receivables	56,898	85,900	-	-
Deposits, prepayments and other receivables	10,378	18,473	-	-
Amount due from a subsidiary	-	-	28,596	18,933
Tax repayable	1,773	-	-	-
Cash and cash equivalents	32,177	42,788	6,708	5,790
	151,372	210,073	35,304	24,723
Total assets	164,507	220,936	117,912	107,331
Current liabilities				
Trade payables	70,470	115,164	-	-
Amount due to a subsidiary	-	-	16,545	2,828
Amount due to ultimate holding company	731	731	731	731
Other payables and accruals	16,965	22,561	228	-
	88,166	138,456	17,504	3,559
Net current assets	63,206	71,617	17,800	21,164
Net assets	76,341	82,480	100,408	103,772
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	13,520	13,520	13,520	13,520
Share premium	172,697	172,697	172,697	172,697
Treasury share	(1,234)	(1,234)	(1,234)	(1,234)
Share option reserve	676	676	676	676
Translation reserve	(3,932)	(2,521)	-	-
Accumulated losses	(105,386)	(100,658)	(85,251)	(81,887)
Total equity	76,341	82,480	100,408	103,772

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

Amount repayable in one year or less, or on demand

As at 31/3/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 31/3/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
Nil	Nil	Nil	Nil

Details of any collateral

Not applicable.

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

CONSOLIDATED CASHFLOW STATEMENTS (in HK\$'000)

	Group	
	Three Months Ended	
	31/3/2014	31/3/2013
	HK\$'000	HK\$'000
Cash flows from operating activities		
Loss before income tax	(4,728)	(9,199)
Adjustment for:		
Depreciation of property, plant and equipment	958	492
Interest income	(1)	(1)
Tax paid	(1,773)	-
Operating cash flows before working capital changes	(5,544)	(8,708)
Changes in working capital		
Inventories	12,766	(8,739)
Trade receivables	29,002	95,731
Deposits and prepayments	8,095	(7,404)
Trade payables	(44,694)	(39,911)
Other payables and accruals	(4,596)	9,221
Net cash generated from/ (used in) operating activities	(4,971)	40,190
Cash flow from investing activities		
Purchases of plant and equipment	(3,439)	(1,162)
Interest received	1	1
Net cash used in investing activities	(3,438)	(1,161)
Cash flow from financing activities		
Repayment of directors' loans	(1,000)	-
Net cash generated from financing activities	(1,000)	-
Net increase/ (decrease) in cash and cash equivalents	(9,409)	39,029
Effect of cash and cash equivalent denominated in foreign currencies	(1,202)	-
Cash and cash equivalents at beginning of the period	42,788	18,838
Cash and cash equivalents at end of the period	32,177	57,867

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.

STATEMENT OF CHANGES IN EQUITY (in HK\$'000)

Group – 1Q 14	Share capital	Share premium	Treasury share	Translation reserve	Share option reserve	Accumulated losses	Total equity
For the three months ended 31 March 2014							
Balance as at 1 January 2014	13,520	172,697	(1,234)	(2,521)	676	(100,658)	82,480
Loss for the period	-	-	-		-	(4,728)	(4,728)
Other comprehensive income for the period				(1,411)			(1,411)
Balance at 31 March 2014	13,520	172,697	(1,234)	(3,932)	676	(105,386)	76,341
Group – 1Q13							
For the three months ended 31 March 2013							
Balance as at 1 January 2013	13,520	172,697	(1,050)		676	(59,741)	126,102
Loss for the period	-	-	-		-	(9,199)	(9,199)
Balance at 31 March 2013	13,520	172,697	(1,050)		676	(68,940)	116,903

Company – 1Q14	Share capital	Share premium	Treasury Share	Translation reserve	Share option reserve	Accumulated losses	Total equity
For the three months ended 31 March 2014							
Balance as at 1 January 2014	13,520	172,697	(1,234)	-	676	(81,887)	103,772
Loss for the period	-	-	-	-	-	(3,364)	(3,364)
Balance at 31 March 2014	13,520	172,697	(1,234)	-	676	(85,251)	100,408
Company – 1Q13							
For the three months ended 31 March 2013							
Balance as at 1 January 2013	13,520	172,697	(1,050)	-	676	(70,372)	115,471
Loss for the period	-	-	-	-	-	(2,238)	(2,238)
Balance as at 31 March 2013	13,520	172,697	(1,050)	-	676	(72,610)	113,233

- 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.

As at 31 March 2014, the Company's issued capital is 1,352,000,000 shares of HK\$0.01 each. There has been no change in the Company's share capital between 31 March 2014 and 31 December 2013.

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

	<u>As at 31Mar2014</u>	<u>As at 31Mar2013</u>
Total number of shares (including treasury shares)	1,352,000,000	1,352,000,000
Less treasury shares	<u>(6,000,000)</u>	<u>(5,000,000)</u>
Total number of shares (excluding treasury shares)	<u>1,346,000,000</u>	<u>1,347,000,000</u>

- 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.**

Not Applicable.

- 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 by the Company's external auditor.

- 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.**

There are a number of new or revised International Financial Reporting Standards and related interpretations (collectively referred to as the "new IFRSs") that are effective for accounting periods beginning on or after 1 January 2014. The adoption of these new IFRSs did not have any material impact on the financial information of the Group for period ended 31 March 2014. Save as aforesaid, the accounting policies and methods of computation used in the preparation of the financial information of the Group for the period ended 31 March 2014 are the same as those used in the annual financial statements of the Group for the year ended 31 December 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.

The Group adopted the new or amended IFRS and IFRICS that are mandatory for application for financial periods beginning on or after 1 January 2014. The adoption of these new/revised IFRS and IFRICS did not result in substantial changes to the Group's accounting policies nor any significant impact on the consolidated financial statements.

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	
	3 Months ended 31/3/2014	3 Months ended 31/3/2013
(a) Based on weighted average number of shares (HK\$ cents)	(0.35)	(0.68)
- Weighted average number of shares	1,352,000,000	1,352,000,000
(b) On a fully diluted basis (HK\$ cents)	(0.35)	(0.68)
- Weighted average number of shares	1,354,750,000	1,354,750,000

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 financial period reported on; and
- (b) immediately preceding financial year.

	Group		Company	
	31/3/2014	31/3/2013	31/3/2014	31/3/2013
Net asset value per ordinary share based on issued share capital at the end of:	HK5.6 cents	HK6.1 cents	HK7.4 cents	HK7.7 cents

Net asset value per ordinary share at the end of the financial periods presented has been computed based on the combined net assets of the Group as at the respective reporting period and the number of ordinary shares at 31 March 2014 of 1,352,000,000 shares (31Dec2013: 1,352,000,000 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.

Turnover

Group turnover increased by 33.8% or HK\$22.2 million from HK\$65.6 million in 1Q 2013 to HK\$87.8 million in 1Q 2014. The increase was mainly due to new customers and higher customer shipments in 1Q 2014.

Gross profit and margin

Comparing 1Q 2014 to 1Q 2013, we have recorded a more acceptable gross profit and margin due to a higher turnover, better improvement of product mix, material control and factory overheads. The Group's gross profit was up by HK\$14.1 million from HK\$1.7 million in 1Q 2013 to HK\$15.8 million in 1Q 2014.

Other operating income

The increase in other operating income was mainly due to the increase in product development income and sales of scrap materials.

Selling and distribution expenses

Selling and distribution expenses increased by 229.5% or HK\$3.2 million, mainly due to incremental overheads arising from the start of a new Vender Management Inventory Program with one of the key customers in 3Q 2013 and increase of staff costs for the development of new business.

Other operating expenses

Other operating expenses increased by 72.9% or HK\$7.0 million from HK\$9.7 million in 1Q 2013 to HK\$16.7 million in 1Q 2014 due mainly to reclassification of indirect salaries from COSG into G&A, professional fees in setting up a new distribution channel in US and rental expense associated with our WOFE and Shenzhen office.

Loss before income tax

Our loss before income tax decreased by HK\$4.5 million from HK\$9.2 million in 1Q 2013 to HK\$4.7 million in 1Q 2014. The reduction of loss was largely attributable to the higher sales and better product mix.

Financial Position

Inventories decreased from HK\$62.9 million as at 31 December 2013 to HK\$50.1 million as at 31 March 2014, as the Group had better control of inventories.

Trade receivables decreased by 33.8% from HK\$85.9 million as at 31 December 2013 to HK\$56.9 million as at 31 March 2014, due to timely payment from most of the Group's customers & settlement of trade deposit received.

Deposits, pre-payments and other receivables decreased by 43.8% from HK\$18.5 million as at 31 December 2013 to HK\$10.4 million as at 31 March 2014.

Trade payables decreased by HK\$44.7 million to HK\$70.5 million as at 31 March 2014. Other payables and accruals decreased by HK\$5.6 million to HK\$17.0 million as at 31 March 2014, mainly due to settlement of the year-end bonus and trade deposit received from customers.

Statement of Cash Flows

Net cash used in operating activities was HK\$5.0 million in 1Q 2014, compared with an inflow of HK\$40.2 million in 1Q 2013, mainly due to the better trade receivables collection in 1Q 2013.

Net cash used in investing activities increased HK\$4.0 million from HK\$1.2 million in 1Q 2013 to HK\$5.2 million in 1Q 2014 due to the replacement of production equipment.

There was no cash used in financial activities in 1Q 2013. In 1Q 2014, HK\$1 million of the HK\$2 million directors' interest-free loan extended to the company previously was repaid.

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

Not applicable.

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.

Continuing the trend from previous periods, the global market for wireless audio continues to grow overall, however there are large numbers of brands competing for share. The primary overall market is divided into two general product categories – traditional Bluetooth speakers and speakerphones, and new technologies such as wearable devices and multi-room audio.

As brands compete for share, it's clear that all available brands are divided into two primary groups – recognizable brands with clear visual identity, and commodity brands. The recognizable brands are able to achieve a significant brand premium over the commodity brands, and realize the brand value.

Our ODM business is generally focused on those brands that drive higher-than-average ASP (average selling price), and we believe that our financial results will begin to show improvement as we also leverage the internal programs we have implemented to improve efficiency and cost competitiveness. Also, as we focus our R&D resources on the new technologies portion of the overall market (wearable and multi-room audio products), we expect to move a portion of our sales volume to the early portion of the product lifecycle curve, where better operating margins are possible (outside of the mature commodity zone). And while we have improved our customer and product mix, we have also implemented several strategic programs to drive operating efficiencies and improvements.

As noted above there is a split in the market between recognizable brands and commodity brands. Therefore, our branded sales activities have also become important in the execution and strategy for the company.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Nil

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared for the first quarter ended 31 March 2014.

13. Interested Person Transactions ("IPTs")

The Company does not have a Shareholders' Mandate for Interested Person Transactions. There were no interested person transactions with amount exceeding S\$100,000 during 1Q2014.

14. Negative assurance confirmation on interim financial results under Rule 705 (5) of the SGX-ST.

The directors of the Company confirm that to the best of their knowledge, nothing has come to their attention which may render the 1Q2014 financial results to be false or misleading, in any material aspect.

BY ORDER OF THE BOARD

Jacky Wong
Lisa Cheng
Company Secretaries
14 May 2014