ACTION ASIA LIMITED (REG NO.: 200206715M)

Financial Statement And Dividend Announcement for the Period Ended 31/03/15

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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the first quarter ended March 31, 2015

	GROUP 3 months ended		Increase/
	31/03/15	31/03/14	(decrease)
	$'000	$'000	%
Revenue	**22,423**	21,530	4.15
Other income	**85**	482	(82.37)
Other gains - net	**363**	332	9.34
Changes in inventories of finished goods and work-in-progress	**1,301**	1,430	(9.02)
Raw materials and consumables used	**(18,766)**	(18,994)	(1.20)
Employee compensation	**(3,988)**	(3,613)	10.38
Depreciation expense			
- Investment properties	**(184)**	(55)	>100
- Property, plant and equipment	**(791)**	(770)	2.73
Other operating expenses	**(2,531)**	(1,929)	31.21
Finance expenses	**(188)**	(269)	(30.11)
Loss before income tax	**(2,276)**	(1,856)	22.63
Income tax expense	**(49)**	(10)	>100
Loss for the period	**(2,325)**	(1,866)	24.60
Other comprehensive income :			
Items that may be reclassified subsequently to profit or loss :			
Currency translation differences arising from consolidation			
- Gains/(losses)	**3,710**	(2,405)	>100
Other comprehensive income/(loss) for the period, net of tax	**3,710**	(2,405)	>100
Total comprehensive income/(loss) for the period	**1,385**	(4,271)	>100
Loss attributable to :			
Equity holders of the Company	**(2,310)**	(1,587)	45.56
Non-controlling interests	**(15)**	(279)	(94.62)
	(2,325)	(1,866)	24.60
Total comprehensive income/(loss) attributable to :			
Equity holders of the Company	**984**	(3,952)	>100
Non-controlling interests	**401**	(319)	>100
	1,385	(4,271)	>100

Additional information for the consolidated statement of comprehensive income above:

	GROUP 3 months ended		Increase/
	31/03/15	31/03/14	(decrease)
	$'000	$'000	%
Other income :-			
Processing and assembly services	**-**	246	>100
Interest income	**44**	194	(77.32)
Others	**41**	42	(2.38)
	85	482	(82.37)
Other gains – net :-			
Currency exchange gain/(loss) - net	**363**	(321)	>100
Gain on disposal of property, plant and equipment	**-**	19	>100
Gain on disposal of non-current assets held for sale	**-**	634	>100
	363	332	9.34
Interest expense on borrowings	**(188)**	(269)	(30.11)
(Allowance for slow moving inventories)/Reversal of allowance for slow moving inventories	**(163)**	67	>100
Reversal of allowance for impairment of trade receivables	**27**	42	(35.71)
Reversal of allowance for impairment of other receivables	**9**	16	(43.75)
Amortisation of club membership	**(1)**	(3)	(66.67)
Amortisation of prepaid land premium	**(16)**	(13)	23.07
Income tax expense:-			
Current income tax	**(83)**	(10)	>100
Deferred income tax	**34**	-	>100
	(49)	(10)	>100

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 March 31, 2015

	GROUP		COMPANY	
	31/03/15	31/12/14	**31/03/15**	31/12/14
	$'000	$'000	**$'000**	$'000
ASSETS				
Current assets				
Cash and cash equivalents	**24,223**	29,826	**323**	484
Restricted cash	**13,765**	-	**-**	-
Trade and other receivables	**32,663**	58,411	**-**	-
Tax recoverable	**947**	991	**-**	-
Inventories	**23,726**	19,607	**-**	-
	95,324	108,835	**323**	484
Non-current assets				
Other non-current assets	**2,825**	2,728	**-**	-
Investment in subsidiaries	**-**	-	**62,252**	62,252
Investment properties	**34,968**	32,394	**-**	-
Property, plant and equipment	**32,774**	32,446	**-**	-
Deferred income tax assets	**450**	398	**-**	-
	71,017	67,966	**62,252**	62,252
Total assets	**166,341**	176,801	**62,575**	62,736
LIABILITIES				
Current liabilities				
Trade and other payables	**24,880**	41,745	**7,115**	6,696
Current income tax liabilities	**220**	156	**-**	-
Borrowings	**31,461**	26,196	**-**	-
Provisions	**4,945**	5,210	**-**	-
	61,506	73,307	**7,115**	6,696
Non-current liabilities				
Provisions	**1,532**	1,576	**-**	-
Deferred income tax liabilities	**494**	494	**-**	-
	2,026	2,070	**-**	-
Total liabilities	**63,532**	75,377	**7,115**	6,696
NET ASSETS	**102,809**	101,424	**55,460**	56,040
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	**54,169**	54,169	**54,169**	54,169
Treasury shares	**(253)**	(253)	**(253)**	(253)
Other reserves	**8,331**	4,995	**-**	-
Retained profits	**30,306**	32,658	**1,544**	2,124
	92,553	91,569	**55,460**	56,040
Non-controlling interests	**10,256**	9,855	**-**	-
Total equity	**102,809**	101,424	**55,460**	56,040

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

Amount repayable in one year or less, or on demand

As at 31/03/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
-	31,461,000	-	26,196,000

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 first quarter ended March 31, 2015

	GROUP 3 months ended	
	31/03/15	31/03/14
	$'000	$'000
Cash flows from operating activities		
Total loss for the period	**(2,325)**	(1,866)
Adjustments for		
- Income tax expense	**49**	10
- Amortisation and depreciation	**992**	841
- Gain on disposal of property, plant and equipment	**-**	(19)
- Gain on disposal of non-current assets held for sale	**-**	(634)
- Interest income	**(44)**	(194)
- Interest expense	**188**	269
- Unrealised currency translation (gains)/losses	**348**	(479)
	(792)	(2,072)
Change in working capital		
- Inventories	**(4,119)**	(5,288)
- Trade and other receivables	**25,748**	19,388
- Trade and other payables	**(15,966)**	(3,280)
- Provisions	**(230)**	(1,022)
Cash generated from operations	**4,641**	7,726
Interest received	**44**	194
Interest paid	**(188)**	(269)
Income tax paid	**(34)**	(61)
Income tax refunded	**85**	-
Net cash provided by operating activities	**4,548**	7,590
Cash flows from investing activities		
Additions to property, plant and equipment	**(71)**	(214)
Additions to investment properties	**(2,429)**	(5,971)
Disposal of property, plant and equipment	**-**	38
Disposal of non-current assets held for sale	**-**	1,183
Cash placed in escrow accounts	**(13,765)**	-
Net cash used in investing activities	**(16,265)**	(4,964)
Cash flows from financing activities		
Proceeds from borrowings	**29,988**	37,091
Repayment of borrowings	**(22,082)**	(49,971)
(Repayment)/borrowing from a related company	**(2,642)**	6,180
Dividend paid to non-controlling interest	**-**	(3,105)
Decrease in the pledged bank deposits	**423**	12,543
Net cash provided by financing activities	**5,687**	2,738
Net (decrease)/increase in cash and cash equivalents	**(6,030)**	5,364
Cash and cash equivalents at start of period	**28,808**	29,396
Effects of currency translation on cash and cash equivalents	**850**	(67)
Cash and cash equivalents at end of period	**23,628**	34,693

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

	GROUP	
	31/03/15	31/03/14
Cash and bank balances (as per balance sheets)	**24,223**	43,900
Less: Bank deposits pledged	**(595)**	(9,207)
Cash and cash equivalents per consolidated statement of cash flows	**23,628**	34,693

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 first quarter ended March 31, 2015

	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 January 1, 2015	54,169	(253)	5,768	(773)	32,658	91,569	9,855	101,424
Loss for the period	-	-	-	-	(2,310)	(2,310)	(15)	(2,325)
Other comprehensive income for the period	-	-	-	3,294	-	3,294	416	3,710
Total comprehensive income for the period	-	-	-	3,294	(2,310)	984	401	1,385
Transfer to statutory reserve	-	-	42	-	(42)	-	-	-
Total transactions with owners, recognised directly in equity	-	-	42	-	(42)	-	-	-
Balance at March 31, 2015	54,169	(253)	5,810	2,521	30,306	92,553	10,256	102,809
COMPANY								
Balance at January 1, 2015	54,169	(253)	-	-	2,124	56,040	-	56,040
Total comprehensive income for the period	-	-	-	-	(580)	(580)	-	(580)
Balance at March 31, 2015	54,169	(253)	-	-	1,544	55,460	-	55,460

STATEMENTS OF CHANGES IN EQUITY
For the first quarter ended March 31, 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 January 1, 2014	54,169	(120)	5,577	(2,300)	32,654	89,980	9,578	99,558
Loss for the period	-	-	-	-	(1,587)	(1,587)	(279)	(1,866)
Other comprehensive income for the period	-	-	-	(2,365)	-	(2,365)	(40)	(2,405)
Total comprehensive income for the period	-	-	-	(2,365)	(1,587)	(3,952)	(319)	(4,271)
Balance at March 31, 2014	54,169	(120)	5,577	(4,665)	31,067	86,028	9,259	95,287
COMPANY								
Balance at January 1, 2014	54,169	(120)	-	-	2,489	56,538	-	56,538
Total comprehensive income for the period	-	-	-	-	230	230	-	230
Balance at March 31, 2014	54,169	(120)	-	-	2,719	56,768	-	56,768

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 March 31, 2015, 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.

No treasury shares were purchased during the first quarter of 2015. As at March 31, 2015, 1,965,000 shares were held as treasury shares (March 31, 2014: 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 March 31, 2015 is 398,035,000 shares (March 31, 2014: 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 March 31, 2014.

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

The financial information as set out in section 1 of this announcement have been extracted from the consolidated condensed interim financial information that have been reviewed in accordance with Singapore Standard on review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

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

There is no qualification or emphasis of matter in the auditor's report. Please see the review report from the Independent Auditor as enclosed in Annexure I.

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, 2014.

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 MARCH 31, 2015

	3 months ended	
	31/03/2015	31/03/2014
(a) Based on weighted average number of ordinary shares on issue (cents)	**(0.58)***	(0.40)**
(b) On fully diluted basis (cents)	**(0.58)***	(0.40)**

Notes:

* 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$2.31 million) 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$1.59 million) 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

	31/03/15 NAV/Share (cents)
Group	23.25
Company	13.93

Net asset value per ordinary share as at March 31, 2015 is calculated based on share capital excluding treasury shares of the Company of 398,035,000 shares.

(b) immediately preceding financial year

	31/12/14 NAV/Share (cents)
Group	23.01
Company	14.08

Net asset value per ordinary shares as at December 31, 2014 is calculated based on share capital excluding treasury shares of the Company of 398,035,000 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 revenue for the first quarter ended March 31, 2015 ("1Q15") increased marginally by 4.15% to S$22.42 million from S$21.53 million compared to the corresponding period in 2014 ("1Q14"). This was mainly due to higher revenue from warehousing and logistic services provided at the Group's logistic center in Jiading, Shanghai. The second phase warehouse and logistic center has started to generate additional revenue since April 2014.

Employee compensation increased by 10.38% from S$3.61 million in 1Q14 to S$3.99 million in 1Q15 as more sale and marketing staffs were recruited to expand the Group's consumer lifestyle entertainment product in China. More engineers were also required to strengthen the Group's R&D.

Depreciation for investment property for 1Q15 increased to S$184,000 from S$55,000 in 1Q14. The Group recorded higher depreciation for investment properties after the completion of its second phase construction.

Other operating expenses in 1Q15 increased by 31.21% to S$2.53 million, as compared to S$1.93 million reported in 1Q14. The Group had in 1Q14 reversed the warranty provision of S$0.82 million as compared to S$0.22 million in 1Q15 upon the expiry of warranty period. This has resulted in lower other operating expenses in 1Q14.

Finance expenses in 1Q15 decreased by 30.11% to S$188,000 from S$269,000 in 1Q14 due mainly to decrease in interest expenses as a result of reduction in purchase of raw materials through trade financing as compared to corresponding period last year.

Overall, the Group recorded a higher loss before tax of S$2.28 million in 1Q15, an increase of 22.63%, as compared to a loss of $1.86 million in 1Q14. The increase in loss was mainly because in 1Q14, the Group had benefitted from a one-off gain of about S$634,000 from the sale of office building in Singapore.

Balance Sheet and Cash flows

Trade and other receivables at Group level decreased from S$58.41 million as at December 31, 2014 to S$32.66 million as at March 31, 2015 mainly due to lower trade receivables as a result of lower sales achieved especially in 1Q15 which is historically a low period for the Group.

Inventories increased from S$19.61 million as at December 31, 2014 to S$23.73 million as at March 31, 2015 due mainly to:-

i) increase in purchase of raw materials of for the production of finished products in the forthcoming months; and
ii) increase in work-in process inventories for consumer lifestyle entertainment products which were scheduled to be completed and delivered to the customer after March 2015.

However, trade and other payables decreased from S$41.75 million as at December 31, 2014 to S$24.88 million as at March 31, 2015 mainly due to lower trade payables as the Group paid more trade creditors in 1Q15 as compared to last quarter. In addition, the Group had also used trade financing to pay off certain trade creditors which resulted in higher bank borrowing. Borrowing at Group level reached S$31.46 million as at March 31, 2015 compared to S$26.20 million as at December 31, 2014

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 Group's performance in 1Q2015, historically a slow period for orders, was affected by prevailing global uncertainties and challenging business conditions in China.

According to the latest trade data released by China's General Administration of Customs showed export sales shrank by 15% in March from a year ago - China's worst performance for March since 2009 during the depths of the financial crisis. Along with the shrinking of export sales, imports fell by 12.7% for the third straight month of decline.

All these figures point to weaker than expected economic growth in the Chinese economy. Indeed, the International Monetary Fund (IMF) projected that China's growth would fall below the generally anticipated 7% mark to 6.8% in 2015, and 6.3% in 2016.

Against these headwinds and having regard to the delisting exercise as described in paragraph 18 below, the Group will remain cautious and exercise prudence in managing market risks while sticking to our strategy of leveraging on R&D to drive innovation to enhance sales and grow our customer base. We also expect warehousing and logistics to continue with its positive contribution to the Group's performance in the coming months.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared 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

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.	S$34,586	-
Far Year (Holding) Limited	S$73,130	-
ASD Electronics Limited	-	S$16,598,210

18. The Singapore Code on Take-overs and Mergers

On 27 February 2015, Almond Garden Corp. ("Offeror"), a wholly-owned subsidiary of Action Electronics Co., Ltd. and Action Asia Limited ("Company") jointly announced ("Joint Announcement") that the Offeror has presented to the Board of Directors of the Company a proposal ("Delisting Proposal") to seek the voluntary delisting of the Company from the Official Listing of the Singapore Exchange Securities Trading Limited pursuant to Rules 1307 and 1309 of the Listing Manual. Under the terms of the Delisting Proposal, the Offeror will make the Exit Offer (as defined in the Joint Announcement) at the Exit Offer Price (as defined in the Joint Announcement).

As such, the Company is regarded to be in an "offer period" under the Singapore Code on Take-overs and Mergers ("Code"). In view of the Offer, this announcement has been reported on in accordance with Rule 25 of the Code with the following Annexures:

Annexure I – Report dated 15 May 2015 from PricewaterhouseCoopers LLP, Public Accountants and Chartered Accountants of Singapore ("Independent Auditors of the Company") on their review of the consolidated condensed interim financial information for the three-month period ended 31 March 2015.

Annexure II – Report dated 15 May 2015 from CIMB Bank Berhad, the Independent Financial Adviser to the Directors of the Company who are considered independent for the purpose of making recommendation to the shareholders of the Company in respect of the Offer, on their review of the unaudited consolidated financial statement for the three-month period ended 31 March 2015.

BY ORDER OF THE BOARD

Juliana Loh
Company Secretary
(15/05/2015)

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 first quarter 2015 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

May 15, 2015