ACTION ASIA LIMITED (REG NO.: 200206715M)

Financial Statement And Dividend Announcement for the Period Ended 31/03/14

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 first quarter ended March 31, 2014

	GROUP 3 months ended		Increase/
	31/03/14	31/03/13	(decrease)
	$'000	$'000	%
Sales	**21,223**	24,778	(14.35)
Other operating income	**1,442**	441	>100
Changes in inventories of finished goods and work-in-progress	**1,430**	139	>100
Raw materials and consumables used	**(18,994)**	(19,604)	(3.11)
Employee compensation	**(3,613)**	(3,221)	12.17
Depreciation expense	**(825)**	(1,220)	(32.38)
Other operating expenses	**(2,250)**	(2,248)	0.09
Finance expenses	**(269)**	(156)	72.44
Loss before income tax	**(1,856)**	(1,091)	70.12
Income tax expense	**(10)**	(84)	(88.10)
Total loss	**(1,866)**	(1,175)	58.81
Attributable to:			
Equity holders of the Company	**(1,587)**	(1,405)	12.95
Non-controlling interests	**(279)**	230	>100
	(1,866)	(1,175)	58.81

1(a)(ii) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the first quarter ended March 31, 2014

	GROUP 3 months ended		Increase/
	31/03/14	31/03/13	(decrease)
	$'000	$'000	%
Loss for the period	**(1,866)**	(1,175)	58.81
Other comprehensive income:			
Currency translation differences arising on consolidation	**(2,405)**	1,778	>100
Other comprehensive income for the period, net of tax	**(2,405)**	1,778	>100
Total comprehensive income for the period	**(4,271)**	603	>100
Total comprehensive income attributable to:			
Equity holders of the Company	**(3,952)**	185	>100
Non-controlling interests	**(319)**	418	>100
	(4,271)	603	>100

Additional information for the consolidated income statement above:

	GROUP 3 months ended		Increase/
	31/03/14	31/03/13	(decrease)
	$'000	$'000	%
Interest income	**194**	51	>100
Foreign exchange gain	**321**	91	>100
Interest expense on borrowings	**(269)**	(156)	72.44
Gain on disposal of property, plant and equipment	**653**	82	>100
Reversal of inventory write-down/(Allowance for slow moving inventories)	**67**	(19)	>100
Reversal of allowance for doubtful debts no longer required	**59**	32	84.38
Amortisation of club membership	**(3)**	(3)	-
Amortisation of prepaid land premium	**(13)**	(16)	(18.75)
Depreciation of property, plant and equipment	**(770)**	(1,167)	(34.02)
Depreciation of investment properties	**(55)**	(53)	(3.77)
Income expense:-			
Current income tax	**(10)**	(84)	(88.10)
Deferred income tax	**-**	-	-
Over provision in prior years	**-**	-	-
	(10)	(84)	(88.10)

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, 2014

	GROUP		COMPANY	
	31/03/14	31/12/13	**31/03/14**	31/12/13
ASSETS	**$'000**	$'000	**$'000**	$'000
Current assets				
Cash and cash equivalents	**43,900**	51,146	**1,433**	533
Trade and other receivables	**29,071**	48,571	**4,369**	7,762
Inventories	**22,582**	17,294	**-**	-
	95,553	117,011	**5,802**	8,295
Non-current assets held for sale	**-**	549	**-**	549
	95,553	117,560	**5,802**	8,844
Non-current assets				
Other non-current assets	**2,213**	2,301	**-**	-
Investment in subsidiaries	**-**	-	**62,252**	62,252
Investment properties	**31,268**	26,289	**-**	-
Property, plant and equipment	**31,259**	32,700	**-**	-
Deferred income tax assets	**949**	966	**-**	-
	65,689	62,256	**62,252**	62,252
Total assets	**161,242**	179,816	**68,054**	71,096
LIABILITIES				
Current liabilities				
Trade and other payables	**17,474**	23,859	**10,680**	13,952
Current income tax liabilities	**489**	621	**606**	606
Borrowings	**37,906**	44,605	**-**	-
Provisions	**6,705**	7,240	**-**	-
	62,574	76,325	**11,286**	14,558
Non-current liabilities				
Provisions	**2,577**	3,144	**-**	-
Deferred income tax liabilities	**804**	789	**-**	-
	3,381	3,933	**-**	-
Total liabilities	**65,955**	80,258	**11,286**	14,558
NET ASSETS	**95,287**	99,558	**56,768**	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	**(120)**	(120)	**(120)**	(120)
Other reserves	**912**	3,277	**-**	-
Retained profits	**31,067**	32,654	**2,719**	2,489
	86,028	89,980	**56,768**	56,538
Non-controlling interests	**9,259**	9,578	**-**	-
Total equity	**95,287**	99,558	**56,768**	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 31/03/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
-	37,906,000	-	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 first quarter ended March 31, 2014

	GROUP 3 months ended	
	31/03/14	31/03/13
	$'000	$'000
Cash flows from operating activities		
Total loss	**(1,866)**	(1,175)
Adjustments for		
- Income tax expense	**10**	84
- Amortisation and depreciation	**841**	1,239
- Gain on disposal of property, plant and equipment	**(653)**	(82)
- Interest income	**(194)**	(51)
- Interest expense	**269**	156
- Unrealised currency translation (gains)/ losses	**(479)**	612
	(2,072)	783
Change in working capital		
- Inventories	**(5,288)**	900
- Trade and other receivables	**19,388**	32,710
- Trade and other payables	**(3,280)**	(13,705)
- Provisions	**(1,022)**	(587)
Cash generated from operations	**7,726**	20,101
Interest received	**194**	51
Interest paid	**(269)**	(156)
Income tax paid	**(61)**	(416)
Income tax refunded	**-**	-
Net cash provided by operating activities	**7,590**	19,580
Cash flows from investing activities		
Additions to property, plant and equipment	**(214)**	(368)
Investment properties	**(5,971)**	(2,081)
Proceeds from disposal of property, plant and equipment	**1,221**	282
Net cash used in investing activities	**(4,964)**	(2,167)
Cash flows from financing activities		
Proceeds from borrowings	**37,091**	29,558
Repayment of borrowings	**(49,971)**	(36,417)
Loan from related company	**6,180**	-
Dividend paid to non-controlling interest	**(3,105)**	-
Decrease/(Increase) in the pledged bank deposits	**12,543**	(95)
Net cash provided by/(used in) financing activities	**2,738**	(6,954)
Net increase in cash and cash equivalents	**5,364**	10,459
Cash and cash equivalents		
Beginning of financial period	**29,396**	35,715
Effects of currency translation on cash and cash equivalents	**(67)**	382
End of financial period	**34,693**	46,556

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

	GROUP	
	31/03/14	31/03/13
Cash and bank balances (as per balance sheets)	**43,900**	51,023
Less: Bank deposits pledged	**(9,207)**	(4,467)
Cash and cash equivalents per consolidated statement of cash flows	**34,693**	46,556

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, 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
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

STATEMENTS OF CHANGES IN EQUITY
For the first quarter ended March 31, 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 January 1, 2013	54,169	(120)	5,558	(6,813)	40,181	92,975	11,819	104,794
Total comprehensive income for the period	-	-	-	1,590	(1,405)	185	418	603
Balance at March 31, 2013	54,169	(120)	5,558	(5,223)	38,776	93,160	12,237	105,397
COMPANY								
Balance at January 1, 2013	54,169	(120)	-	-	3,059	57,108	-	57,108
Total comprehensive income for the period	-	-	-	-	(275)	(275)	-	(275)
Balance at March 31, 2013	54,169	(120)	-	-	2,784	56,833	-	56,833

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, 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.

As at March 31, 2014, 1,000,000 shares were held as treasury shares (March 31, 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 March 31, 2014 is 399,000,000 shares (March 31, 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 March 31, 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 MARCH 31, 2014

	3 months ended	
	31/03/2014	31/03/2013
(a) Based on weighted average number of ordinary shares on issue (cents)	**(0.40)***	(0.35)*
(b) On fully diluted basis (cents)	**(0.40)***	(0.35)*

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$1,587,000) divided by the weighted average number of ordinary shares of 399,000,000 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$1,405,000) 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

	31/03/14 NAV/Share (cents)
Group	21.56
Company	14.23

Net asset value per ordinary share as at March 31, 2014 is calculated based on share capital excluding treasury shares of the Company of 399,000,000 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 revenue for the first quarter ended March 31, 2014 ("1Q14") decreased by 14.35% to S$21.22 million from S$24.78 million compared to the corresponding period in 2013 ("1Q13"). The decrease in revenue was mainly due to lower order and selling price for both our consumer lifestyle and in-car entertainment products.

Other operating income increased from S$441,000 in 1Q13 to S$1.44 million in 1Q14 due mainly to:-

i) gain on disposal of property, plant and equipment amounting to S$653,000; and
ii) increase in interest income from banks of S$143,000.

Employee compensation for 1Q14 increased by 12.17% to S$3.61 million compared with S$3.22 million in 1Q13 as more sale and marketing staffs were recruited to expand the Group's sales in China.

Depreciation for 1Q14 decreased by 32.38% as certain property, plant and equipments have been fully depreciated in the current financial period.

Finance expenses in 1Q14 increased by 72.44% to S$269,000 from S$156,000 in 1Q13. 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 the above, the Group's loss before income tax increased by 70.12% from S$1.09 million in 1Q13 to S$1.86 million.

Balance Sheet and Cash flows

Trade and other receivables at Group level decreased from S$48.57 million as at December 31, 2013 to S$29.07 million as at March 31, 2014 mainly due to lower sales achieved especially in 1Q14 which is historically a low period for the Group.

The increase in inventories was mainly due to increase in purchase of key materials at the end of 1Q14 in anticipation of an increase in price of the key materials. These materials will be used for the production of finished products in the next quarter.

However, trade and other payables decreased from S$23.86 million as at December 31, 2013 to S$17.47 million as at March 31, 2014 mainly due to :-

i) lower trade payables as the Group paid more trade creditors as compared to last quarter ; and
ii) lower other payables as the Group's subsidiary had paid the dividend for FY2013 to non-controlling interest in 1Q14.

Group borrowings decreased from S$44.61 million as at December 31, 2013 to S$37.91 million as at March 31, 2014 mainly due to repayment of trade financing upon maturity.

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.

Lower demand and pricing pressure affected both the Group's consumer lifestyle and in-car entertainment products.

Going forward, the Group will continue to build on its R&D capabilities to design products to meet market demand while exploring new business models to drive sales through new channels. The Group will also persist in its cost control efforts and prudent management of business risks.

In view of the challenging market conditions and the uncertainties in the global economy, the Group maintains a cautiously optimistic outlook in the coming months.

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$20,647,802

BY ORDER OF THE BOARD

Juliana Loh
Company Secretary
(30/04/2014)

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 first 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

April 30, 2014