

Financial Statement and Dividend Announcement for the quarter ended 31 March 2013

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

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

	Q 1-13	Q 1-12	Increase/ (decrease)
	S\$'000	S\$'000	%
Revenue	267,635	278,355	(3.9)
Cost of sales	<u>(237,462)</u>	<u>(258,648)</u>	(8.2)
Gross profit	30,173	19,707	53.1
Other items of income			
Interest income	864	2,536	(65.9)
Other income	2,386	3,401	(29.8)
Other items of expense			
Selling and distribution expenses	(1,849)	(1,725)	7.2
Administrative expenses	(19,548)	(17,292)	13.0
Financial costs	(538)	(1,144)	(53.0)
Other expenses	(3,190)	(3,567)	(10.6)
Share of results of associates	-	(18)	n.m.
Profit before tax	8,298	1,898	337.2
Income tax expense	<u>(1,411)</u>	<u>(381)</u>	270.3
Profit for the period	<u>6,887</u>	<u>1,517</u>	354.0
Attributable to:			
Owners of the Company	6,886	1,530	350.1
Non-controlling interests	<u>1</u>	<u>(13)</u>	n.m.
	<u>6,887</u>	<u>1,517</u>	354.0

n.m. – Not Meaningful

Consolidated statement of comprehensive income for the quarter ended 31 March 2013

	Group		
	Q1-13	Q1-12	Increase/ (decrease)
	S\$'000	S\$'000	%
Profit for the period	6,887	1,517	354.0
Other comprehensive income:			
Foreign currency translation	<u>7,595</u>	<u>(10,281)</u>	n.m.
Other comprehensive income for the period, net of tax	<u>7,595</u>	<u>(10,281)</u>	n.m.
Total comprehensive income for the period	<u><u>14,482</u></u>	<u><u>(8,764)</u></u>	n.m.
Total comprehensive income attributable to:			
Owners of the Company	14,466	(8,720)	n.m.
Non-controlling interests	<u>16</u>	<u>(44)</u>	n.m.
	<u><u>14,482</u></u>	<u><u>(8,764)</u></u>	n.m.

n.m. – Not Meaningful

Other notes:

Profit from operations is arrived at after charging /(crediting) the following:

	Q1-13	Q1-12
	S\$'000	S\$'000
1. Depreciation of property, plant and equipment	20,907	15,143
2. Amortization of land use rights	49	-
3. Impairment loss on property, plant and equipment	4,454	1,899
4. Net gain on disposal of property, plant and equipment	(101)	(130)
5. Property, plant and equipment written off	36	371
6. Allowance for inventory obsolescence	3,865	2,093
7. Inventories written back	(826)	(240)
8. Impairment write back on doubtful receivables	(422)	(299)
9. Bad debt recovered	(126)	(42)
10. Directors' fees	92	99
11. Staff costs (including directors' remuneration)	63,839	55,886
12. Operating lease expense	3,953	5,075
13. Net foreign exchange loss	253	3,080
14. Net fair value gain on derivatives	(1,442)	(3,631)
15. Loss on disposal of investment in a subsidiary	-	1,516
16. Provision for warranty costs	1,051	-

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.

	Group		Company	
	31/3/2013	31/12/2012	31/3/2013	31/12/2012
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	350,962	363,912	16,566	17,084
Land use rights	3,009	1,365	-	-
Investment in subsidiaries	-	-	252,978	252,978
Investment in associates	1,886	1,886	984	984
Other investment	12	12	12	12
Other receivables	-	-	89,524	89,047
Other long term assets	206	223	-	-
Deferred tax assets	15,801	12,740	-	-
	371,876	380,138	360,064	360,105
Current assets				
Inventories	146,330	145,509	3,281	3,784
Trade and other receivables	246,347	328,469	34,693	48,617
Prepaid operating expenses	8,950	16,050	705	597
Derivatives	1,539	1,401	1,168	1,190
Short term deposits pledged	28,686	11,491	-	-
Cash and cash equivalents	203,793	166,017	40,359	18,249
	635,645	668,937	80,206	72,437
Assets of disposal group classified as held for sale (Note 1)	1,286	2,113	-	-
	636,931	671,050	80,206	72,437
Current liabilities				
Trade and other payables	217,804	277,900	14,879	11,329
Accrued operating expenses	40,307	32,189	7,668	6,048
Provisions	4,994	3,918	-	-
Loans and borrowings	134,825	142,228	80,652	80,223
Income tax payable	11,888	10,597	-	150
Derivatives	139	678	139	678
	409,957	467,510	103,338	98,428
Liabilities directly associated with disposal group classified as held for sale (Note 1)	433	453	-	-
	410,390	467,963	103,338	98,428
Net current assets/ (liabilities)	226,541	203,087	(23,132)	(25,991)
Non-current liabilities				
Loans and borrowings	1,919	2,073	-	-
Deferred tax liabilities	1,883	1,402	-	-
	3,802	3,475	-	-
Net assets	594,615	579,750	336,932	334,114

	Group		Company	
	31/3/2013	31/12/2012	31/3/2013	31/12/2012
	S\$'000	S\$'000	S\$'000	S\$'000
Equity attributable to owners of the Company				
Share capital	119,725	119,725	119,725	119,725
Treasury shares	(44,285)	(44,285)	(44,285)	(44,285)
Accumulated profits	481,253	474,409	253,382	250,947
Other reserves	32,744	25,088	8,110	7,727
Reserve of disposal group classified as held for sale (Note 1)	4,239	3,890	-	-
	<u>593,676</u>	<u>578,827</u>	<u>336,932</u>	<u>334,114</u>
Non-controlling interests	939	923	-	-
Total equity	<u><u>594,615</u></u>	<u><u>579,750</u></u>	<u><u>336,932</u></u>	<u><u>334,114</u></u>

Note 1

On 16 July 2012, the Company announced the decision of its board of directors to cease business operation of one of its wholly-owned subsidiaries, High Precision Moulding and Tools, S.A.de C.V. ("Hi-P Mexico"), with effect from 30 September 2012. Hi-P Mexico will remain a dormant company thereafter.

In accordance with FRS 105, the assets and liabilities related to Hi-P Mexico are presented as "Assets of disposal group classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sale". The assets and liabilities of Hi-P Mexico classified as held for sale and the related reserve as at Balance Sheet date are as follows:

	Group	
	31/3/2013	31/12/2012
	S\$'000	S\$'000
Assets		
Trade and other receivables	352	1,054
Prepaid operating expenses	5	5
Cash and cash equivalents	929	1,054
Assets of disposal group classified as held for sale	<u>1,286</u>	<u>2,113</u>
Liabilities		
Trade and other payables	14	10
Accrued operating expenses	182	226
Income tax payable	20	13
Deferred tax liabilities	217	204
	<u>433</u>	<u>453</u>
Net assets of disposal group classified as held for sale	<u><u>853</u></u>	<u><u>1,660</u></u>
Reserve		
Foreign currency translation reserve	<u><u>4,239</u></u>	<u><u>3,890</u></u>

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

Amount repayable within one year or less, or on demand

As at 31/3/2013		As at 31/12/2012	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
10,745	124,080	541	141,687

Amount repayable after one year

As at 31/3/2013		As at 31/12/2012	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,919	-	2,073	-

Lease obligations of S\$2,453,000 were secured against the respective leased assets.

Short term loans of S\$10,211,000 were secured against the short term deposits pledged.

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.

	Q1-13	Q1-12
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before tax	8,298	1,898
Adjustments for:		
Depreciation of property, plant and equipment	20,907	15,143
Amortization of land use rights	49	-
Impairment loss on property, plant and equipment	4,454	1,899
Net gain on disposal of property, plant and equipment	(101)	(130)
Property, plant and equipment written off	36	371
Allowance for inventory obsolescence	3,865	2,093
Inventories written back	(826)	(240)
Provision for warranty costs	1,051	-
Impairment write back on doubtful receivables	(422)	(299)
Bad debts recovered	(126)	(42)
Equity compensation expense	383	411
Interest expense	538	1,144
Interest income	(864)	(2,536)
Net fair value gain on derivatives - unrealised	(676)	(2,816)
Loss on disposal of investment in a subsidiary	-	1,516
Net unrealised exchange difference	566	1,450
Share of results of associates	-	18
Operating cash flows before changes in working capital	37,132	19,880
Changes in working capital		
Increase in inventories	(1,253)	(17,625)
Decrease in trade and other receivables	84,932	50,356
Decrease/ (increase) in prepaid operating expenses and other long term asset	7,384	(10,035)
Decrease in trade and other payables	(59,302)	(46,105)
Increase in accrued operating expenses	7,782	1,232
Decrease in amounts due from related parties	(2)	20
Total changes in working capital	39,541	(22,157)
Cash flows generated from/ (used in) operations	76,673	(2,277)
Income taxes paid	(2,041)	(1,511)
Net cash flows generated from/ (used in) operating activities	74,632	(3,788)

	Q1-13 S\$'000	Q1-12 S\$'000
Cash flows from investing activities		
Dividends received from an associated company	150	-
Interest received	723	2,657
Proceeds from disposal of property, plant and equipment	525	319
Purchase of property, plant and equipment (Note a)	(14,505)	(17,027)
Net cash flows used in investing activities	(13,107)	(14,051)
Cash flows from financing activities		
Increase in short term deposits pledged	(17,195)	(17,736)
Purchase of treasury shares	-	(563)
Interest paid	(538)	(1,144)
Repayment of loans and borrowings	(18,364)	-
Proceeds from loans and borrowings	10,212	13,174
Repayments of obligations under finance lease	(131)	(151)
Net cash flows used in financing activities	(26,016)	(6,420)
Net increase/ (decrease) in cash and cash equivalents	35,509	(24,259)
Effect of exchange rate changes on cash and cash equivalents	2,142	(7,837)
Cash and cash equivalents at beginning of period	167,071	264,062
Cash and cash equivalents at end of period	204,722	231,966

Note to the Consolidated Cash Flow Statement

(a) Purchase of Property, plant and equipment

Current year additions	8,943	30,011
Less: Payable to creditors	(6,161)	(22,229)
	2,782	7,782
Payments for prior period/year purchases	11,723	9,245
Net cash outflow for purchase	14,505	17,027

(b) Reconciliation of cash and cash equivalents at 31 March 2013

Cash and cash equivalents at end of period per Statement of Financial Position	203,793
Cash and cash equivalents of disposal group classified as held for sale	929
Cash and cash equivalents at end of period per Cash Flow Statement above	204,722

1(d)(i) A statement (for the issuer and the 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.

(i) Consolidated statement of changes in equity for the 3 months ended 31 March 2013

Attributable to owners of the Company

	Share capital	Treasury shares	Other reserves	Reserve of disposal group classified as held for sale	Accumulated profits	Total equity attributable to equity holders of the Company	Non-controlling interests	Total equity
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 1 January 2013	119,725	(44,285)	25,088	3,890	474,409	578,827	923	579,750
Profit for the period	-	-	-	-	6,886	6,886	1	6,887
Foreign currency translation	-	-	7,580	-	-	7,580	15	7,595
Other comprehensive income for the period, net of tax	-	-	7,580	-	-	7,580	15	7,595
Total comprehensive income for the period	-	-	7,580	-	6,886	14,466	16	14,482
Contributions by and distributions to owners								
Employee share option scheme -Equity compensation benefits	-	-	383	-	-	383	-	383
Total transactions with owners in their capacity as owners	-	-	383	-	-	383	-	383
Others								
Reserve attributable to disposal group classified as held for sale	-	-	(349)	349	-	-	-	-
Transfer from retained earnings to statutory reserve fund	-	-	42	-	(42)	-	-	-
Total others	-	-	(307)	349	(42)	-	-	-
Closing balance at 31 March 2013	119,725	(44,285)	32,744	4,239	481,253	593,676	939	594,615

(ii) Consolidated statement of changes in equity for the 3 months ended 31 March 2012**Attributable to owners of the Company**

	Share capital	Treasury shares	Other reserves	Accumulated profits	Total equity attributable to equity holders of the Company	Non-controlling interests	Total equity
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 1 January 2012	119,725	(44,235)	43,175	477,068	595,733	962	596,695
Profit for the period	-	-	-	1,530	1,530	(13)	1,517
Foreign currency translation	-	-	(10,250)	-	(10,250)	(31)	(10,281)
Other comprehensive income for the period, net of tax	-	-	(10,250)	-	(10,250)	(31)	(10,281)
Total comprehensive income for the period	-	-	(10,250)	1,530	(8,720)	(44)	(8,764)
Contributions by and distributions to owners							
Employee share option scheme	-	-	411	-	411	-	411
-Equity compensation benefits	-	(563)	-	-	(563)	-	(563)
Purchase of treasury shares	-	(563)	-	-	(563)	-	(563)
Total transactions with owners in their capacity as owners	-	(563)	411	-	(152)	-	(152)
Closing balance at 31 March 2012	119,725	(44,798)	33,336	478,598	586,861	918	587,779

(iii) Statement of changes in equity of the Company for the 3 months ended 31 March 2013

Company	<u>Attributable to owners of the Company</u>				Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	
Opening balance at 1 January 2013	119,725	(44,285)	7,727	250,947	334,114
Profit for the period	-	-	-	2,435	2,435
<u>Contributions by and distributions to owners</u>					
Employee Share Option Scheme - Equity compensation benefits	-	-	383	-	383
Total transactions with owners in their capacity as owners	-	-	383	-	383
Balance at 31 March 2013	<u>119,725</u>	<u>(44,285)</u>	<u>8,110</u>	<u>253,382</u>	<u>336,932</u>

(iv) Statement of changes in equity of the Company for the 3 months ended 31 March 2012

Company	<u>Attributable to owners of the Company</u>				Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	
Opening balance at 1 January 2012	119,725	(44,235)	5,893	255,091	336,474
Profit for the period	-	-	-	3,148	3,148
<u>Contributions by and distributions to owners</u>					
Employee Share Option Scheme - Equity compensation benefits	-	-	411	-	411
Purchase of treasury shares	-	(563)	-	-	(563)
Total transactions with owners in their capacity as owners	-	(563)	411	-	(152)
Balance at 31 March 2012	<u>119,725</u>	<u>(44,798)</u>	<u>6,304</u>	<u>258,239</u>	<u>339,470</u>

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.

During the financial period ended 31 March 2013, there has been no increase in the issued and paid-up share capital of the Company.

Share Options

During the financial period ended 31 March 2013, 80,686 options lapsed while no options were exercised.

There are 22,221,369 options outstanding as at 31 March 2013 (31 December 2012: 22,302,055).

Treasury Shares

For the first quarter ended 31 March 2013, the Company has not purchased any shares to be held as treasury shares.

The number of treasury shares held by the Company as at 31 March 2013 is 61,473,500 (31 December 2012: 61,473,500).

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.

The total number of issued ordinary shares excluding treasury shares as at 31 March 2013 was 825,701,500 (31 December 2012: 825,701,500).

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.

During the financial period ended 31 March 2013, there were no treasury shares being transferred to employees upon the exercise of share options.

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

The figures have not been reviewed or audited by the Company's auditor.

3. Where the figures have been audited or reviewed, the auditor's 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.

Except as disclosed in paragraph 5 below, the accounting policies have been consistently applied by the Group and the Company and are consistent with the audited financial statements as at 31 December 2012.

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.

In the current financial period, the Group adopted the new/ revised Financial Reporting Standards (“FRS”) and Interpretations of FRS (“INT FRS”) that are effective for annual periods beginning on or after 1 January 2013. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRS that are relevant to the Group:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to FRS 1 <i>Presentation of Items of Other Comprehensive Income</i>	1 July 2012
Revised FRS 19 <i>Employee Benefits</i>	1 January 2013
FRS 113 <i>Fair Value Measurement</i>	1 January 2013
Amendments to FRS 107 <i>Disclosures – Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Improvements to FRSs 2012	
- Amendment to FRS 1 <i>Presentation of Financial Statements</i>	1 January 2013
- Amendment to FRS 16 <i>Property, Plant and Equipment</i>	1 January 2013
- Amendment to FRS 32 <i>Financial Instruments: Presentation</i>	1 January 2013

The adoption of the above FRS did not result in any substantial change to the Group’s accounting policies nor any significant impact on the 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:-

- (a) **Based on the weighted average number of ordinary shares on issue; and**
 (b) **On a fully diluted basis (detailing any adjustments made to the earnings).**

	Q1-13	Q1-12
Operating profit after exceptional items and tax before deducting non-controlling interests as a percentage of revenue	2.6%	0.5%
Operating profit after tax attributable to owners of the company as a percentage of issued capital and reserves at the end of the period	1.2%	0.3%
Earnings per ordinary share		
(a) Based on weighted average number of ordinary shares in issue (cents)	0.83	0.18
(b) On a fully diluted basis (cents)*	0.83	0.18

*2,965,000 (1Q2012: 8,086,000) share options granted to employees under the existing employee share option plan have been included in the calculation of diluted earnings per share (EPS).

Earnings per share have been computed based on the weighted average number of ordinary shares 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 financial period reported on; and
(b) immediately preceding financial year :

	Group		Company	
	31/3/2013	31/12/2012	31/3/2013	31/12/2012
Net Asset Value per Ordinary Share based on issued share capital at the end of the period (in cents)	71.90	70.10	40.81	40.46

- 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.

Revenue and Profitability Analysis

1Q2013 vs. 1Q2012

Revenue decreased 3.9% yoy to S\$267.6 million in 1Q2013 mainly due to change in product mix with less high level (higher component content) assembly projects in 1Q2013.

Gross profit increased 53.1% yoy to S\$30.2 million in 1Q2013 despite lower revenue. The increase was mainly due to lower cost of materials resulted from positive shifts in product mix and improvement in productivity, partially offset by increased labor costs and overheads.

The increase in overheads arose from increased depreciation due to capital expenditure requirements for new projects, increased start up costs for new projects and increased allowance for inventory obsolescence. The increase in overheads was partially offset by decrease in factory rental and utility.

Total selling & distribution and administrative expenses increased 12.5% yoy to S\$21.4 million in 1Q2013. The increase was mainly due to higher staff costs.

Net interest income decreased 76.6% yoy to S\$0.3 million in 1Q2013 mainly due to a decrease in net cash position in 1Q2013 as compared to 1Q2012.

Other income decreased 29.8% yoy to S\$2.4 million in 1Q2013 mainly due to lower government incentives were granted to China subsidiaries in 1Q2013.

Other expenses decreased 10.6% yoy to S\$3.2 million in 1Q2013 mainly due to lower net foreign exchange loss, absence of loss on disposal of investment in subsidiary in 1Q2013 (1Q2012: S\$1.5 million), lower property, plant and equipment written off. The decrease in other expenses was partially offset by increase in impairment loss on property, plant and equipment and lower net fair value gain on the Group's forward foreign exchange contracts. The impairment loss on property, plant and equipment of S\$4.5 million in 1Q2013, comprises mainly S\$3.8 million of the estimated net carrying value of the renovation and machineries that were damaged by the fire that occurred on 19 February 2013 at one of the Group's manufacturing plants in Shanghai.

Income tax expense increased by 270.3% yoy to S\$1.4 million mainly due to higher profits, representing an effective tax rate of 17.0% (1Q2012: 20.1%).

As a result of the above factors, the Group achieved net profit after tax of S\$6.9 million in 1Q2013.

Cashflow Analysis

Net cash generated from operating activities before working capital changes was S\$37.1 million in 1Q2013. Net cash generated from operating activities in 1Q2013 amounted to S\$74.6 million.

Net cash used in investing activities was S\$13.1 million in 1Q2013, mainly due to net cash outflow for purchase of capital expenditure amounting to S\$14.5 million.

Net cash used financing activities was S\$26.0 million in 1Q2013, mainly due to increase in short term deposits pledged amounting to S\$17.2 million and repayment of loans and borrowings amounting to S\$18.4 million, partly offset by proceeds from loans and borrowings amounting to S\$10.2 million.

Balance Sheet Analysis

The net book value of property, plant and equipment decreased by 3.6% from S\$363.9 million as at 31 December 2012 to S\$351.0 million as at 31 March 2013. The decrease was mainly due to total depreciation of S\$20.9 million and impairment loss of S\$4.5 million, partially offset by total additions of S\$8.9 million.

Deferred tax assets increased by 24.0% from S\$12.7 million as at 31 December 2012 to S\$15.8 million as at 31 March 2013. The increase was mainly due to recognition of deferred tax assets on the unutilized tax losses of certain subsidiaries in China.

Trade and other receivables decreased by 25.0% from S\$328.5 million as at 31 December 2012 to S\$246.3 million as at 31 March 2013 which was in line with the decrease in sales by 26.7% from S\$365.0 million in 4Q2012 to S\$267.6 million in 1Q2013.

Prepaid operating expenses decreased by 44.2% from S\$16.1 million as at 31 December 2012 to S\$9.0 million as at 31 March 2013 mainly due to the decrease of prepaid operating expenses for property, plant and equipment of S\$5.7 million.

Trade and other payables decreased by 21.6% from S\$277.9 million as at 31 December 2012 to S\$217.8 million as at 31 March 2013 which was in line with the decrease in cost of sales by 27.1% from S\$325.9 million in 4Q2012 to S\$237.5 million in 1Q2013.

Accrued operating expenses increased by 25.2% from S\$32.2 million as at 31 December 2012 to S\$40.3 million as at 31 March 2013 mainly due to the increase in advance billings to customers on uncompleted tools.

Cash and cash equivalents including cash and cash equivalents of disposal group classified as held for sale and short term deposits pledged increased by 30.7% from S\$178.6 million as at 31 December 2012 to S\$233.4 million as at 31 March 2013.

Current and non-current loans and borrowings decreased by 5.2% from S\$144.3 million as at 31 December 2012 to S\$136.7 million as at 31 March 2013 mainly due to repayment of loans and borrowings.

Net cash position increased by 182.1% from S\$34.3 million as at 31 December 2012 to S\$96.7 million as at 31 March 2013.

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

In our business update on 12 April 2013, the Group guided for marginally lower revenue but higher profit in 1Q2013 as compared to 1Q2012.

In line with our guidance, we recorded marginally lower revenue but achieved higher net profit in 1Q2013 as compared to 1Q2012.

(S\$'000)	1Q2013	1Q2012
Revenue	267,635	278,355
Net profit after tax	6,887	1,517

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.

As identified by technology research firm Gartner, 2013 will continue to see strong growth in the smartphones and tablets market. The Group's emphasis on innovation will allow it to provide existing and potential customers, who are market leaders in the smartphones and tablets market, with quality and reliable components to address their needs.

For 2013, the Group will focus on:

- Regaining its growth momentum by diversifying its customer base.
- Continuing to improve upon its cost structure via automation and lean manufacturing.
- Last but not least, continue to deliver value to shareholders through profitability and growth.

Over the long-term, the Group's goal is to achieve a sustainable growth rate and be one of the top contract manufacturers in Asia, by providing a one-stop solution to fulfill its customers' needs - from industrial design, component manufacturing to high-level assembly.

Barring any other unforeseen circumstances, the Group wishes to guide its performance as follows:

The Group expects to record higher revenue in 2Q2013 as compared to 2Q2012. The Group expects to record a profit in 2Q2013.

The Group expects to record higher revenue and profit in 2Q2013 as compared to 1Q2013.

The Group expects higher revenue and profit in FY2013 as compared to FY2012.

Update on the proposed investment in Nantong Economic & Technological Development Area, PRC ("NETDA")

With reference to the Company's announcement dated 8 January 2013 regarding the proposed investment in NETDA (the "Proposed Investment"), the Company wishes to update shareholders that an aggregate amount of S\$11.9 million had been disbursed for the Proposed Investment as at 31 March 2013. The said amount was utilized towards partial payment of the land consideration, professional fees and construction costs. The construction is currently in progress and will continue through to the next quarter and the end of the current financial year, when the development is expected to be partially completed.

11. Dividend

(a) Current Financial Period Reported on

Any dividend recommended for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(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.

13. Aggregate value of interested persons transactions entered into during the quarter ended 31 March 2013

Name of interested person	Aggregate value of all interested person transactions during the period under review (excluding transactions less than \$100,000 and transactions conducted under the shareholders mandate pursuant to rule 920)	Aggregate value of all interested person transactions conducted under the shareholders mandate pursuant to rule 920 (excluding transactions less than \$100,000)
Transaction for Purchases of Goods and Services Molex International Inc & its group of companies	\$1,081,953	-
Transaction for Sales of Goods and Services Molex International Inc & its group of companies	\$103,487	-

No general mandate has been obtained from shareholders for interested persons transactions.

Confirmation by the Board

We, the undersigned, do hereby confirm on behalf of the Board of Hi-P International Limited that, to the best of its knowledge, nothing has come to its attention which may render the financial statements for the period ended 31st March 2013 to be false or misleading in any material aspect.

Yao Hsiao Tung
 Executive Chairman
 Chief Executive Officer

Gerald Lim Thien Su
 Director