

Financial Statement and Dividend Announcement for the quarter ended 30 June 2015

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 2-15	Q 2-14	Increase/ (decrease)	YTD	YTD	Increase/ (decrease)
	S\$'000	S\$'000	%	Q 2-15	Q 2-14	%
				S\$'000	S\$'000	
Revenue	314,683	212,292	48.2	594,457	391,219	51.9
Cost of sales	(301,661)	(198,359)	52.1	(577,011)	(373,914)	54.3
Gross profit	13,022	13,933	(6.5)	17,446	17,305	0.8
Other items of income						
Interest income	1,300	379	243.0	1,914	1,276	50.0
Other income	2,211	1,983	11.5	4,420	7,565	(41.6)
Other items of expense						
Selling and distribution expenses	(3,404)	(1,832)	85.8	(5,493)	(3,652)	50.4
Administrative expenses	(17,989)	(15,875)	13.3	(36,627)	(32,185)	13.8
Financial costs	(892)	(276)	223.2	(1,776)	(837)	112.2
Other expenses	(2,787)	(1,951)	42.8	(464)	(5,375)	(91.4)
Share of results of associates	82	64	28.1	240	48	400.0
Loss before tax	(8,457)	(3,575)	136.6	(20,340)	(15,855)	28.3
Income tax credit/ (expense)	485	547	(11.3)	(1,426)	556	n.m.
Loss for the period	(7,972)	(3,028)	163.3	(21,766)	(15,299)	42.3
Attributable to:						
Owners of the Company	(7,973)	(3,024)	163.7	(21,768)	(15,296)	42.3
Non-controlling interests	1	(4)	n.m.	2	(3)	n.m.
	(7,972)	(3,028)	163.3	(21,766)	(15,299)	42.3

n.m. – Not Meaningful

Consolidated statement of comprehensive income for the quarter ended 30 June 2015

	Group			Group		
	Q2-15 S\$'000	Q2-14 S\$'000	Increase/ (decrease)	YTD Q2-15 S\$'000	YTD Q2-14 S\$'000	Increase/ (decrease) %
Loss for the period	(7,972)	(3,028)	163.3	(21,766)	(15,299)	42.3
<u>Other comprehensive income</u>						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation	(10,129)	(2,954)	242.9	6,894	(14,757)	n.m.
Share of other comprehensive income of an associated company	7	(67)	n.m.	36	(30)	n.m.
Other comprehensive income for the period, net of tax	(10,122)	(3,021)	235.1	6,930	(14,787)	n.m.
Total comprehensive income for the period	(18,094)	(6,049)	199.1	(14,836)	(30,086)	(50.7)
Total comprehensive income attributable to:						
Owners of the Company	(18,072)	(6,037)	199.4	(14,857)	(30,047)	(50.6)
Non-controlling interests	(22)	(12)	83.3	21	(39)	n.m.
	(18,094)	(6,049)	199.1	(14,836)	(30,086)	(50.7)

n.m. – Not Meaningful

Other notes:

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

	Q2-15	Q2-14	YTD	YTD
	S\$'000	S\$'000	Q2-15	Q2-14
			S\$'000	S\$'000
1. Depreciation of property, plant and equipment	24,180	18,706	45,681	39,149
2. Amortization of intangible asset	369	347	730	687
3. Amortization of land use rights	70	65	140	131
4. Impairment loss/ (reversal of impairment loss) on property, plant and equipment	317	1	201	(46)
5. Net (gain)/ loss on disposal of property, plant and equipment	(43)	69	(199)	33
6. Property, plant and equipment written off	1	79	96	79
7. Inventory provisions/ (reversal of inventory provisions)	3,490	(519)	6,224	368
8. Inventories (written back)/ written off	(89)	(57)	2,987	(137)
9. (Write back)/ impairment loss on doubtful receivables	(66)	26	(49)	(253)
10. Trade/ other payables written off	(2)	(211)	(31)	(304)
11. Directors' fees	90	90	179	179
12. Staff costs (including directors' remuneration)	86,016	59,124	158,968	113,456
13. Operating lease expense	6,583	4,601	12,833	9,135
14. Net foreign exchange loss/ (gain)	3,957	856	(1,309)	1,696
15. Net fair value (gain)/ loss on derivatives	(2,280)	476	(499)	3,640
16. Loss on disposal of investment in subsidiaries	-	59	-	59
17. Provision for warranty costs	176	-	176	347
18. Allowance/ (reversal of allowance) on non-cancellable purchase commitments	1,330	128	1,561	(503)
19. Insurance claim	-	-	-	(3,912)
20. Net gain on sales of scrap materials	(1,595)	(484)	(2,485)	(1,050)

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	
	30/6/2015 S\$'000	31/12/2014 S\$'000	30/6/2015 S\$'000	31/12/2014 S\$'000
Non-current assets				
Property, plant and equipment	450,905	384,130	15,275	15,090
Intangible assets	3,860	4,531	12	12
Land use rights	12,538	12,498	-	-
Investment in subsidiaries	-	-	292,737	247,882
Investment in associates	2,344	2,089	984	984
Other receivables	-	-	119,226	117,115
Investment securities	475	-	-	-
Other long term assets	52	67	-	-
Deferred tax assets	30,081	26,566	-	-
	500,255	429,881	428,234	381,083
Current assets				
Inventories	247,888	223,082	4,484	4,168
Trade and other receivables	511,031	372,857	41,726	45,161
Prepaid operating expenses	11,653	9,319	526	194
Derivatives	196	134	-	-
Short term deposits pledged	602	4,958	-	-
Cash and cash equivalents	108,611	208,146	6,479	12,817
	879,981	818,496	53,215	62,340
Current liabilities				
Trade and other payables	422,044	339,013	10,817	8,199
Accrued operating expenses	77,468	68,354	2,581	7,567
Provisions	179	-	-	-
Deferrred Capital Grant - Current	644	-	-	-
Loans and borrowings	275,939	212,477	20,232	37,015
Income tax payable	11,683	12,379	1,018	530
Derivatives	706	3,352	-	611
	788,663	635,575	34,648	53,922
Net current assets	91,318	182,921	18,567	8,418
Non-current liabilities				
Deferred capital grant - Non-current	2,868	-	-	-
Loans and borrowings	2,019	2,785	170	232
Deferred tax liabilities	3,112	3,088	1,866	1,770
	7,999	5,873	2,036	2,002
Net assets	583,574	606,929	444,765	387,499

	Group		Company	
	30/6/2015	31/12/2014	30/6/2015	31/12/2014
	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	(51,514)	(51,035)	(51,514)	(51,035)
Accumulated profits	444,627	474,579	366,998	309,387
Other reserves	69,705	62,650	9,556	9,422
	582,543	605,919	444,765	387,499
Non-controlling interests	1,031	1,010	-	-
Total equity	583,574	606,929	444,765	387,499

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

Amount repayable within one year or less, or on demand

As at 30/6/2015		As at 31/12/2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
15,559	260,380	3,347	209,130

Amount repayable after one year

As at 30/6/2015		As at 31/12/2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
2,019	-	2,785	-

Lease obligations of S\$17,578,000 were secured against the respective leased assets.

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.

	Q2-15	Q2-14	YTD	YTD
	S\$'000	S\$'000	Q2-15	Q2-14
			S\$'000	S\$'000
Cash flows from operating activities				
Loss before tax	(8,457)	(3,575)	(20,340)	(15,855)
Adjustments for:				
Depreciation of property, plant and equipment	24,180	18,706	45,681	39,149
Amortization of intangible asset	369	347	730	687
Amortization of land use rights	70	65	140	131
Impairment loss/ (reversal of impairment loss) on property, plant and equipment	317	1	201	(46)
Net (gain)/ loss on disposal of property, plant and equipment	(43)	69	(199)	33
Property, plant and equipment written off	1	79	96	79
Inventory provisions/ (reversal of inventory provisions)	3,490	(519)	6,224	368
Inventories (written back)/ written off	(89)	(57)	2,987	(137)
Provision for warranty costs	176	-	176	347
(Write back)/ impairment loss on doubtful receivables	(66)	26	(49)	(253)
Allowance/ (reversal of allowance) on non-cancellable purchase commitments	1,330	128	1,561	(503)
Trade/ other payables written off	(2)	(211)	(31)	(304)
Equity compensation expense	81	209	277	366
Financial costs	892	276	1,776	837
Interest income	(1,300)	(379)	(1,914)	(1,276)
Net fair value (gain)/loss on derivatives - unrealised	(2,313)	314	(2,707)	4,065
Loss on disposal of investment in a subsidiary	-	59	-	59
Net unrealised exchange difference	2,321	597	(1,573)	1,920
Share of results of associates	(82)	(64)	(240)	(48)
Operating cash flows before changes in working capital	20,875	16,071	32,796	29,619
Changes in working capital				
(Increase)/ decrease in inventories	(29,507)	9,793	(30,003)	17,708
(Increase)/ decrease in trade and other receivables	(162,490)	(28,886)	(134,984)	101,253
Decrease/ (increase) in prepaid operating expenses and other long term assets	3,124	(4,791)	(2,158)	(3,990)
Increase/ (decrease) in trade and other payables	100,797	221	49,592	(74,977)
Increase/ (decrease) in accrued operating expenses	7,277	6,661	7,247	(48)
Total changes in working capital	(80,799)	(17,002)	(110,306)	39,946
Cash flows (used in)/ generated from operations	(59,924)	(931)	(77,510)	69,565
Income taxes paid	(4,249)	(3,610)	(4,995)	(6,398)
Net cash flows (used in)/ generated from operating activities	(64,173)	(4,541)	(82,505)	63,167

	Q2-15	Q2-14	YTD	YTD
	S\$'000	S\$'000	Q2-15	Q2-14
			S\$'000	S\$'000
Cash flows from investing activities				
Proceeds from capital grants	-	-	3,903	-
Consultancy fee paid for capital grants application	(392)	-	(392)	-
Interest received	1,157	535	1,690	1,327
Proceeds from disposal of property, plant and equipment	204	290	382	386
Purchase of property, plant and equipment (Note a)	(35,146)	(4,740)	(65,938)	(19,563)
Acquisition of intangible asset (Note a)	(59)	(251)	(59)	(251)
Purchase of investment securities	-	-	(486)	-
Net cash flows used in investing activities	(34,236)	(4,166)	(60,900)	(18,101)
Cash flows from financing activities				
Decrease in short term deposits pledged	4,005	-	4,356	6,970
Dividends paid on ordinary shares	(8,174)	(4,910)	(8,174)	(4,910)
Purchase of treasury shares	(622)	-	(622)	-
Interest paid	(1,061)	(276)	(1,776)	(837)
Net proceeds/ (repayment) of loans and borrowings	73,738	(1,762)	50,158	(26,938)
Repayments of obligations under finance lease	(1,241)	(156)	(1,533)	(309)
Net cash flows generated from/ (used in) financing activities	66,645	(7,104)	42,409	(26,024)
Net (decrease)/ increase in cash and cash equivalents	(31,764)	(15,811)	(100,996)	19,042
Effect of exchange rate changes on cash and cash equivalents	(2,937)	(733)	1,461	(2,991)
Cash and cash equivalents at beginning of period	143,312	164,529	208,146	131,934
Cash and cash equivalents at end of period	108,611	147,985	108,611	147,985

Note to the Consolidated Cash Flow Statement

(a) Purchase of Property, plant and equipment & intangible assets

Current period additions	56,327	13,547	106,632	22,628
Less: Payable to creditors	(31,736)	(11,476)	(44,303)	(16,572)
Acquired by means of finance leases	(107)	-	(13,009)	-
	24,484	2,071	49,320	6,056
Payments for prior period/year purchases	10,721	2,920	16,677	13,758
Net cash outflow for purchase	35,205	4,991	65,997	19,814

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 6 months ended 30 June 2015

Attributable to owners of the Company

Group	Share capital	Treasury shares	Other reserves	Accumulated profits	Total equity attributable to equity holders of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 1 January 2015	119,725	(51,035)	62,650	474,579	605,919	1,010	606,929
(Loss)/ profit for the period	-	-	-	(13,795)	(13,795)	1	(13,794)
Share of other comprehensive income of an associated company	-	-	29	-	29	-	29
Foreign currency translation	-	-	16,981	-	16,981	42	17,023
Other comprehensive income for the period, net of tax	-	-	17,010	-	17,010	42	17,052
Total comprehensive income for the period	-	-	17,010	(13,795)	3,215	43	3,258
<u>Contributions by and distributions to owners</u>							
Employee share option and award schemes -Equity compensation benefits	-	-	196	-	196	-	196
Total transactions with owners in their capacity as owners	-	-	196	-	196	-	196
<u>Others</u>							
Transfer from retained earnings to statutory reserve fund	-	-	9	(9)	-	-	-
Total others	-	-	9	(9)	-	-	-
Closing balance at 31 March 2015	119,725	(51,035)	79,865	460,775	609,330	1,053	610,383

(i) Consolidated statement of changes in equity for the 6 months ended 30 June 2015

Attributable to owners of the Company

Group	Share capital	Treasury shares	Other reserves	Accumulated profits	Total equity attributable to equity holders of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 31 March 2015	119,725	(51,035)	79,865	460,775	609,330	1,053	610,383
(Loss)/ profit for the period	-	-	-	(7,973)	(7,973)	1	(7,972)
Share of other comprehensive income of an associated company	-	-	7	-	7	-	7
Foreign currency translation	-	-	(10,106)	-	(10,106)	(23)	(10,129)
Other comprehensive income for the period, net of tax	-	-	(10,099)	-	(10,099)	(23)	(10,122)
Total comprehensive income for the period	-	-	(10,099)	(7,973)	(18,072)	(22)	(18,094)
<u>Contributions by and distributions to owners</u>							
Employee share option and award schemes -Equity compensation benefits	-	-	81	-	81	-	81
Purchase of treasury shares	-	(622)	-	-	(622)	-	(622)
Treasury shares reissued pursuant to employee share award scheme	-	143	(143)	-	-	-	-
Dividends on ordinary shares	-	-	-	(8,174)	(8,174)	-	(8,174)
Total transactions with owners in their capacity as owners	-	(479)	(62)	(8,174)	(8,715)	-	(8,715)
<u>Others</u>							
Transfer from retained earnings to statutory reserve fund	-	-	1	(1)	-	-	-
Total others	-	-	1	(1)	-	-	-
Closing balance at 30 June 2015	119,725	(51,514)	69,705	444,627	582,543	1,031	583,574

(ii) Consolidated statement of changes in equity for the 6 months ended 30 June 2014

Group	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
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 1 January 2014	119,725	(50,361)	55,425	4,037	469,249	598,075	984	599,059
(Loss)/ profit for the period	-	-	-	-	(12,272)	(12,272)	1	(12,271)
Share of other comprehensive income of an associated company	-	-	52	-	(15)	37	-	37
Foreign currency translation	-	-	(11,775)	-	-	(11,775)	(28)	(11,803)
Other comprehensive income for the period, net of tax	-	-	(11,723)	-	(15)	(11,738)	(28)	(11,766)
Total comprehensive income for the period	-	-	(11,723)	-	(12,287)	(24,010)	(27)	(24,037)
<u>Contributions by and distributions to owners</u>								
Employee share option and award schemes -Equity compensation benefits	-	-	157	-	-	157	-	157
Total transactions with owners in their capacity as owners	-	-	157	-	-	157	-	157
<u>Others</u>								
Reserve attributable to disposal group classified as held for sale	-	-	-	1	-	1	-	1
Transfer from retained earnings to statutory reserve fund	-	-	118	-	(118)	-	-	-
Total others	-	-	118	1	(118)	1	-	1
Closing balance at 31 March 2014	119,725	(50,361)	43,977	4,038	456,844	574,223	957	575,180

(ii) Consolidated statement of changes in equity for the 6 months ended 30 June 2014 (cont'd)

Attributable to owners of the Company

Group	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
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Closing balance at 31 March 2014	119,725	(50,361)	43,977	4,038	456,844	574,223	957	575,180
Loss for the period	-	-	-	-	(3,024)	(3,024)	(4)	(3,028)
Share of other comprehensive income of associates	-	-	(67)	-	-	(67)	-	(67)
Foreign currency translation	-	-	(2,946)	-	-	(2,946)	(8)	(2,954)
Other comprehensive income for the period, net of tax	-	-	(3,013)	-	-	(3,013)	(8)	(3,021)
Total comprehensive income for the period	-	-	(3,013)	-	(3,024)	(6,037)	(12)	(6,049)
<u>Contributions by and distributions to owners</u>								
Employee share option and award schemes -Equity compensation benefits	-	-	209	-	-	209	-	209
Treasury shares reissued pursuant to employee share award scheme	-	73	(73)	-	-	-	-	-
Dividends on ordinary shares	-	-	-	-	(4,910)	(4,910)	-	(4,910)
Total transactions with owners in their capacity as owners	-	73	136	-	(4,910)	(4,701)	-	(4,701)
<u>Others</u>								
Reserve attributable to disposal group classified as held for sale	-	-	-	(31)	-	(31)	-	(31)
Total others	-	-	-	(31)	-	(31)	-	(31)
Closing balance at 30 June 2014	119,725	(50,288)	41,100	4,007	448,910	563,454	945	564,399

(iii) Statement of changes in equity of the Company for the 6 months ended 30 June 2015

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 2015	119,725	(51,035)	9,422	309,387	387,499
Profit for the period	-	-	-	14,462	14,462
<u>Contributions by and distributions to owners</u>					
Employee share option and award schemes - Equity compensation benefits	-	-	196	-	196
Total transactions with owners in their capacity as owners	-	-	196	-	196
Closing balance at 31 March 2015	119,725	(51,035)	9,618	323,849	402,157
Profit for the period	-	-	-	51,323	51,323
<u>Contributions by and distributions to owners</u>					
Employee share option & award schemes - Equity compensation benefits	-	-	81	-	81
Purchase of treasury shares	-	(622)	-	-	(622)
Treasury shares reissued pursuant to employee share award scheme	-	143	(143)	-	-
Dividends on ordinary shares	-	-	-	(8,174)	(8,174)
Total transactions with owners in their capacity as owners	-	(479)	(62)	(8,174)	(8,715)
Closing balance at 30 June 2015	<u>119,725</u>	<u>(51,514)</u>	<u>9,556</u>	<u>366,998</u>	<u>444,765</u>

(iv) Statement of changes in equity of the Company for the 6 months ended 30 June 2014

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 2014	119,725	(50,361)	8,705	284,880	362,949
Profit for the period	-	-	-	5,710	5,710
<u>Contributions by and distributions to owners</u>					
Employee share option and award schemes - Equity compensation benefits	-	-	157	-	157
Total transactions with owners in their capacity as owners	-	-	157	-	157
Closing balance at 31 March 2014	119,725	(50,361)	8,862	290,590	368,816
Loss for the period	-	-	-	(357)	(357)
<u>Contributions by and distributions to owners</u>					
Employee share option & award schemes - Equity compensation benefits	-	-	209	-	209
Treasury shares reissued pursuant to employee share award scheme	-	73	(73)	-	-
Dividends on ordinary shares	-	-	-	(4,910)	(4,910)
Total transactions with owners in their capacity as owners	-	73	136	(4,910)	(4,701)
Closing balance at 30 June 2014	<u>119,725</u>	<u>(50,288)</u>	<u>8,998</u>	<u>285,323</u>	<u>363,758</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 quarter ended 30 June 2015, there has been no increase in the issued and paid-up share capital of the Company.

Share Options

On 12 May 2015, 568,535 options were issued to employees at an exercise price of S\$0.57, out of which 471,798 options were issued to controlling shareholder and a director. The options are exercisable in 2 stages in the proportion of 50% each after the expiry of 12 months and 24 months respectively from the Date of Grant.

During the quarter ended 30 June 2015, 257,032 options have lapsed while no option was exercised.

There are 20,336,313 options outstanding as at 30 June 2015 (30 June 2014: 23,633,533).

Share Awards

On 12 May 2015, 174,155 awards were issued to employees at no exercise price, out of which 8,494 awards were issued to a director. The awards are vested in 2 stages in the proportion of 50% each after the expiry of 12 months and 24 months respectively from the Date of Grant.

During the quarter ended 30 June 2015, 2,835 awards have lapsed while 199,211 awards were vested.

There are 276,627 share awards outstanding as at 30 June 2015 (30 June 2014: 326,977).

Treasury Shares

During the quarter ended 30 June 2015, the Company has purchased 1,115,200 shares to be held as treasury shares.

The number of treasury shares held by the Company as at 30 June 2015 is 70,874,777 (30 June 2014: 68,853,166).

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 30 June 2015 was 816,300,223 (31 December 2014: 817,219,339).

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 quarter ended 30 June 2015, 196,084 treasury shares were transferred to employees upon vesting of share awards. As at 30 June 2015, there are 3,127 treasury shares pending to be transferred to employees for the share awards vested on 7 May 2015.

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 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.

In the current financial period, the Group adopted the new/ revised Financial Reporting Standards ("FRS") that are effective for annual periods beginning on or after 1 July 2014.

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 19 <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 102 <i>Share Based Payment</i>	1 July 2014
(b) Amendments to FRS 103 <i>Business Combinations</i>	1 July 2014
(c) Amendments to FRS 108 <i>Operating Segments</i>	1 July 2014
(d) Amendments to FRS 113 <i>Fair Value Measurement</i>	1 July 2014
(e) Amendments to FRS 16 <i>Property, Plant and Equipment and FRS 38 Intangible Assets</i>	1 July 2014
(f) Amendments to FRS 24 <i>Related Party Disclosures</i>	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 103 <i>Business Combinations</i>	1 July 2014
(b) Amendments to FRS 113 <i>Fair Value Measurement</i>	1 July 2014

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).

	Q2-15	Q2-14	YTD Q2-15	YTD Q2-14
Operating loss after exceptional items and tax before deducting non-controlling interests as a percentage of revenue	(2.5%)	(1.4%)	(3.7%)	(3.9%)
Operating loss after tax attributable to owners of the company as a percentage of issued capital and reserves at the end of the period	(1.4%)	(0.5%)	(3.7%)	(2.7%)
Loss per ordinary share				
(a) Based on weighted average number of ordinary shares in issue (cents)	(0.98)	(0.37)	(2.66)	(1.87)
(b) On a fully diluted basis (cents)*	(0.98)	(0.37)	(2.66)	(1.87)

Loss per share have been computed based on the weighted average number of ordinary shares in issue during the period.

* The financial effect of share options and share awards issued has been disregarded in the calculation of dilutive loss per ordinary share as they are anti-dilutive.

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	
	30/6/2015	31/12/2014	30/6/2015	31/12/2014
Net Asset Value per Ordinary Share based on issued share capital at the end of the period (in cents)	71.36	74.14	54.49	47.42

- 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

2Q2015 vs. 2Q2014

Revenue increased by S\$102.4 million (48.2%) yoy to S\$314.7 million in 2Q2015. The increase was mainly contributed by increase in orders from existing and new customers.

Gross profit decreased by S\$0.9 million (6.5%) yoy to S\$13.0 million in 2Q2015 despite higher revenue. Gross profit margin decreased from 6.6% in 2Q2014 to 4.1% in 2Q2015. The decrease in gross profit margin was mainly due to higher inventory provisions, higher scrap and rework costs, higher new product introduction ("NPI") expenses for new projects, higher labour and depreciation costs incurred from plant under renovation pending new projects ramp up in 2H2015.

Total selling & distribution and administrative expenses increased by S\$3.7 million (20.8%) yoy to S\$21.4 million in 2Q2015 mainly due to higher marketing expenses incurred for new projects and increase in staff costs.

Other expenses increased by S\$0.8 million (42.8%) yoy to S\$2.8 million in 2Q2015 mainly due to higher accrual for purchase commitments. The net foreign exchange loss of S\$4.0 million in 2Q2015 was arose mainly from depreciation of USD against SGD in 2Q2015, offset by net fair value gain on currency hedging of S\$2.3 million.

The Group recorded an income tax credit of S\$0.5 million in 2Q2015 mainly contributed by recognition of deferred tax assets on provisions and unutilized tax losses.

As a result of the above factors, the Group recorded a net loss after tax of S\$8.0 million in 2Q2015.

Balance Sheet Analysis

The net book value of property, plant and equipment increased by S\$66.8 million (17.4%) from S\$384.1 million as at 31 December 2014 to S\$450.9 million as at 30 June 2015. The increase was mainly due to additions of S\$106.6 million, translation gain of S\$6.4 million, partially offset by depreciation of S\$45.7 million.

Investment securities of S\$0.5 million as at 30 June 2015 (31 December 2014: nil) represents an investment in the share capital of a private company registered in China.

Deferred tax assets increased by S\$3.5 million (13.2%) from S\$26.6 million as at 31 December 2014 to S\$30.1 million as at 30 June 2015 mainly due to recognition of deferred tax assets on provisions and unutilized tax losses.

Inventories increased by S\$24.8 million (11.1%) from S\$223.1 million as at 31 December 2014 to S\$247.9 million as at 30 June 2015 mainly due to build up of inventory for 2H2015 ramp up.

Trade and other receivables increased by S\$138.2 million (37.1%) from S\$372.9 million as at 31 December 2014 to S\$511.0 million as at 30 June 2015. The increase was mainly due to amount receivable from a customer for equipment purchased and longer trade receivables turnover.

Prepaid operating expenses increased by S\$2.4 million (25.0%) from S\$9.3 million as at 31 December 2014 to S\$11.7 million as at 30 June 2015 mainly due to increase in prepayment for purchase of property, plant & equipment.

Trade and other payables increased by S\$83.0 million (24.5%) from S\$339.0 million as at 31 December 2014 to S\$422.0 million as at 30 June 2015. The increase was mainly due to amount payable to a supplier for equipment purchased on behalf of a customer, as mentioned on the above paragraph, and amount payable to other suppliers for purchase of other equipment.

Accrued operating expenses increased by S\$9.1 million (13.3%) from S\$68.4 million as at 31 December 2014 to S\$77.5 million as at 30 June 2015. The increase was mainly due to higher accruals for employment related costs, rental for equipment, and purchase commitments.

Current and non-current deferred capital grant of S\$3.5 million as at 30 June 2015 (31 December 2014: nil) represents a government grant received by a subsidiary in the PRC for the investment in technology enhancement projects.

Current and non-current loans and borrowings increased by S\$62.7 million (29.1%) from S\$215.3 million as at 31 December 2014 to S\$278.0 million as at 30 June 2015 mainly due to net drawdown of bank loans for working capital purposes and purchase of property, plant and equipment, as well as an increase in finance lease obligations for purchase of equipment.

Cash and cash equivalents and short term deposits pledged decreased by S\$103.9 million (48.8%) from S\$213.1 million as at 31 December 2014 to S\$109.2 million as at 30 June 2015. Debt was S\$278.0 million, resulting in a net debt position of S\$168.8 million as at 30 June 2015 (31 December 2014: net debt S\$2.2 million).

Cash Flows Analysis

Net cash generated from operating activities before working capital changes was S\$20.9 million in 2Q2015. Net cash used in operating activities in 2Q2015 amounted to S\$64.2 million.

Net cash used in investing activities was S\$34.2 million in 2Q2015, mainly due to net cash outflow for purchase of property, plant and equipment amounting to S\$35.1 million.

Net cash generated from financing activities was S\$66.6 million in 2Q2015, mainly due to net proceed from loans and borrowings amounting to S\$73.7 million.

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

In the Group's 1Q2015 results announcement made on 4 May 2015, the Group guided as follows:

The Group expects higher revenue in 2Q2015 as compared to 2Q2014. The Group expects to record a loss in 2Q2015.

In line with our guidance, the results achieved are summarized per below:

(S\$'000)	2Q2015	2Q2014
Revenue	314,683	212,292
Net loss after tax	(7,972)	(3,028)

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.

Based on a new smartphone forecast from research firm IDC, smartphone shipments are expected to grow 11.3% yoy to 1.4 billion units in 2015. According to the research firm, the biggest growth markets in terms of volume and growth are from India, Indonesia, Middle, South Africa and some Latin American countries. IDC forecasted that these countries will help push worldwide shipment volumes to 1.9 billion units annually by 2019.

Taking into account the industry outlook for the smartphone and consumer electronics markets and to overcome the industry and business challenges, the Group will maintain its focus on:

- Continual improvement on responsiveness towards customers' product to increase customer satisfaction
- Improve technology to enhance operational efficiency and develop more business for metal components

The Group continues to strive for sustainable growth and be one of the top contract manufacturers in Asia, by providing a one-stop solution to fulfill its customers' needs - from product development, component manufacturing to complete product assembly.

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

- The Group expects higher revenue and profit in 3Q2015 as compared to 3Q2014.
- The Group expects higher revenue and profit in 2H2015 as compared to 2H2014.
- The Group expects higher revenue and profit in FY2015 as compared to FY2014.

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

The construction at the Nantong plant for Phase 1A has been successfully completed. As scheduled, the plant has commenced mass production since 2Q2015.

The Company will update Shareholders should there be further progress of the investment in NETDA at a later stage.

11. Dividend

(a) Current Financial Period Reported on

Any dividend recommended 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/recommendeded, a statement to that effect.

Not applicable.

13. Aggregate value of interested persons transactions entered into during the quarter ended 30 June 2015

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 *	\$139,678	-
Transaction for Sales of Goods and Services VSN Mobil, Inc. (f.k.a. VSN Technologies, Inc.) ^	-	\$2,840,004

* No general mandate has been obtained from shareholders for interested persons transactions with these entities.

^ A general mandate has been obtained from shareholders on 28 April 2015 for interested person transactions with this entity.

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 30th June 2015 to be false or misleading in any material aspect.

Yao Hsiao Tung
 Executive Chairman
 Chief Executive Officer

Gerald Lim Thien Su
 Director