

Financial Statement and Dividend Announcement for the quarter ended 30 September 2016

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 3-16	Q 3-15	Increase/ (decrease)	YTD	YTD	Increase/ (decrease)
	S\$'000	S\$'000	%	Q 3-16	Q 3-15	%
				S\$'000	S\$'000	
Revenue	387,339	394,180	(1.7)	948,291	988,637	(4.1)
Cost of sales	<u>(332,746)</u>	<u>(340,677)</u>	(2.3)	<u>(856,239)</u>	<u>(917,688)</u>	(6.7)
Gross profit	54,593	53,503	2.0	92,052	70,949	29.7
Other items of income						
Interest income	143	330	(56.7)	435	2,244	(80.6)
Other income	2,203	4,636	(52.5)	15,392	9,056	70.0
Other items of expense						
Selling and distribution expenses	(2,416)	(3,706)	(34.8)	(7,667)	(9,199)	(16.7)
Administrative expenses	(18,093)	(22,247)	(18.7)	(50,531)	(58,874)	(14.2)
Financial costs	(870)	(1,225)	(29.0)	(3,158)	(3,001)	5.2
Other expenses	(912)	(3,575)	(74.5)	(10,399)	(4,039)	157.5
Share of results of associates	<u>66</u>	<u>167</u>	(60.5)	<u>227</u>	<u>407</u>	(44.2)
Profit before tax	34,714	27,883	24.5	36,351	7,543	381.9
Income tax expense	<u>(4,001)</u>	<u>(3,558)</u>	12.5	<u>(10,365)</u>	<u>(4,984)</u>	108.0
Profit for the period	<u>30,713</u>	<u>24,325</u>	26.3	<u>25,986</u>	<u>2,559</u>	915.5
Attributable to:						
Owners of the Company	30,715	24,324	26.3	25,989	2,556	916.8
Non-controlling interests	<u>(2)</u>	<u>1</u>	n.m.	<u>(3)</u>	<u>3</u>	n.m.
	<u>30,713</u>	<u>24,325</u>	26.3	<u>25,986</u>	<u>2,559</u>	915.5

n.m. – Not Meaningful

Consolidated statement of comprehensive income for the quarter ended 30 September 2016

	Group			Group		
	Q3-16 S\$'000	Q3-15 S\$'000	Increase/ (decrease)	YTD Q3-16 S\$'000	YTD Q3-15 S\$'000	Increase/ (decrease) %
Profit for the period	30,713	24,325	26.3	25,986	2,559	915.5
<u>Other comprehensive income</u>						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation	4,631	15,251	(69.6)	(30,825)	22,145	n.m.
Share of other comprehensive income of an associated company	(58)	26	n.m.	(133)	62	n.m.
Other comprehensive income for the period, net of tax	<u>4,573</u>	<u>15,277</u>	(70.1)	<u>(30,958)</u>	<u>22,207</u>	n.m.
Total comprehensive income for the period	<u>35,286</u>	<u>39,602</u>	(10.9)	<u>(4,972)</u>	<u>24,766</u>	n.m.
Total comprehensive income attributable to:						
Owners of the Company	35,280	39,567	(10.8)	(4,907)	24,710	n.m.
Non-controlling interests	<u>6</u>	<u>35</u>	(82.9)	<u>(65)</u>	<u>56</u>	n.m.
	<u>35,286</u>	<u>39,602</u>	(10.9)	<u>(4,972)</u>	<u>24,766</u>	n.m.

n.m. – Not Meaningful

Notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year are as follows:

	Q3-16	Q3-15	YTD	YTD
	S\$'000	S\$'000	Q3-16	Q3-15
			S\$'000	S\$'000
1. Depreciation of property, plant and equipment	20,062	26,004	62,998	71,685
2. Amortization of deferred capital grant	(118)	-	(319)	-
3. Amortization of intangible asset	30	370	114	1,100
4. Adjustment to amortization of intangible asset	-	-	(2,092)	-
5. Amortization of land use rights	66	71	201	211
6. Impairment loss on property, plant and equipment	409	328	1,230	529
7. Net loss/ (gain) on disposal of property, plant and equipment	35	(65)	207	(264)
8. Property, plant and equipment written off	19	1,206	19	1,302
9. Inventory provisions	3,462	4,972	11,516	11,196
10. Inventories (written back)/ written off	(113)	(112)	(410)	2,875
11. Impairment loss of/ (write back on) doubtful receivables	14	659	(439)	610
12. Bad debt written off	2	-	2	
13. Trade/ other payables written off	(792)	(29)	(1,162)	(60)
14. Directors' fees	90	90	269	269
15. Staff costs (including directors' remuneration)	94,951	113,632	245,399	272,600
16. Operating lease expense	5,037	7,106	15,390	19,939
17. Net foreign exchange (gain)/ loss	(2,019)	(4,377)	8,148	(5,686)
18. Net fair value loss on derivatives	366	6,266	1,111	5,767
19. Gain on disposal of investment securities	-	-	(10,470)	-
20. Provision/ (reversal of provision) for warranty costs	12	(7)	52	169
21. Allowance/ (reversal of allowance) on non-cancellable purchase commitments	1,539	(616)	1,215	945
22. Insurance claim	(71)	(83)	(71)	(83)
23. Net gain on sales of scrap materials	(745)	(2,047)	(1,476)	(4,532)

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	
	30/9/2016 S\$'000	31/12/2015 S\$'000	30/9/2016 S\$'000	31/12/2015 S\$'000
Non-current assets				
Property, plant and equipment	372,360	450,599	16,009	15,940
Intangible assets	118	3,161	12	12
Land use rights	11,651	12,438	-	-
Investment in subsidiaries	-	-	352,183	352,183
Investment in associates	2,571	2,476	503	984
Other receivables	-	-	64,506	76,338
Investment securities	-	477	-	-
Other long term assets	10	35	-	-
Restricted bank deposits	482	-	-	-
Deferred tax assets	24,874	26,325	-	-
	412,066	495,511	433,213	445,457
Current assets				
Inventories	172,913	242,802	4,063	6,205
Trade and other receivables	397,336	480,163	95,024	84,277
Prepaid operating expenses	7,304	9,632	630	426
Restricted bank deposits	9,212	-	-	-
Cash and cash equivalents	82,001	126,156	5,376	7,925
	668,766	858,753	105,093	98,833
Total assets	1,080,832	1,354,264	538,306	544,290
Current liabilities				
Trade and other payables	264,392	377,388	42,735	10,363
Notes payable	2,050	-	-	-
Accrued operating expenses	74,613	81,518	12,558	7,686
Provisions	216	179	-	-
Deferred capital grant	471	705	-	-
Loans and borrowings	169,523	315,362	40,270	80,675
Income tax payable	11,080	12,906	2,088	2,061
Derivatives	209	860	-	-
	522,554	788,918	97,651	100,785
Net current assets/ (liabilities)	146,212	69,835	7,442	(1,952)
Non-current liabilities				
Deferred capital grant	5,074	2,703	-	-
Loans and borrowings	97	911	97	140
Deferred tax liabilities	4,400	4,049	2,300	1,959
	9,571	7,663	2,397	2,099
Total liabilities	532,125	796,581	100,048	102,884
Net assets	548,707	557,683	438,258	441,406

	Group		Company	
	30/9/2016	31/12/2015	30/9/2016	31/12/2015
	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	(53,065)	(51,512)	(53,065)	(51,512)
Accumulated profits	441,884	418,358	361,905	363,498
Other reserves	39,191	70,075	9,693	9,695
	547,735	556,646	438,258	441,406
Non-controlling interests	972	1,037	-	-
Total equity	548,707	557,683	438,258	441,406

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

Amount repayable within one year or less, or on demand

As at 30/9/2016		As at 31/12/2015	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
4,545	164,978	10,241	305,121

Amount repayable after one year

As at 30/9/2016		As at 31/12/2015	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
97	-	911	-

Lease obligations of S\$4,642,000 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.

	Q3-16 S\$'000	Q3-15 S\$'000	YTD Q3-16 S\$'000	YTD Q3-15 S\$'000
Cash flows from operating activities				
Profit before tax	34,714	27,883	36,351	7,543
Adjustments for:				
Depreciation of property, plant and equipment	20,062	26,004	62,998	71,685
Amortization of deferred capital grants	(118)	-	(319)	-
Amortization of intangible asset	30	370	114	1,100
Adjustment to amortization of intangible asset	-	-	(2,092)	-
Amortization of land use rights	66	71	201	211
Impairment loss on property, plant and equipment	409	328	1,230	529
Net loss/ (gain) on disposal of property, plant and equipment	35	(65)	207	(264)
Property, plant and equipment written off	19	1,206	19	1,302
Inventory provisions	3,462	4,972	11,516	11,196
Inventories (written back)/ written off	(113)	(112)	(410)	2,875
Provision/ (reversal of provision) for warranty costs	12	(7)	44	169
Impairment loss of/ (write back on) doubtful receivables	14	659	(439)	610
Bad debts written off	2	-	2	-
Allowance/ (reversal of allowance) on non-cancellable purchase commitments	1,539	(616)	1,215	945
Trade/ other payables written off	(792)	(29)	(1,162)	(60)
Equity compensation expense	22	70	117	347
Financial costs	870	1,225	3,158	3,001
Interest income	(143)	(330)	(435)	(2,244)
Net fair value (gain)/ loss on derivatives - unrealised	(278)	682	(651)	(2,025)
Gain on disposal of investment securities	-	-	(10,470)	-
Net unrealised exchange difference	1,359	(7,320)	4,800	(8,893)
Share of results of associates	(66)	(167)	(227)	(407)
Operating cash flows before changes in working capital	61,105	54,824	105,767	87,620
Changes in working capital				
Decrease/ (increase) in inventories	34,499	(39,059)	45,391	(69,062)
(Increase)/ decrease in trade and other receivables	(73,642)	(46,215)	71,769	(181,199)
Decrease/ (increase) in prepaid operating expenses and other long term assets	134	(1,392)	1,855	(3,550)
Increase/ (decrease) in trade and other payables	14,419	(18,313)	(58,857)	31,279
Increase in notes payable	682	-	2,050	-
Increase/ (decrease) in accrued operating expenses	13,505	6,027	(5,051)	13,274
Total changes in working capital	(10,403)	(98,952)	57,157	(209,258)
Cash flows generated from/ (used in) operations	50,702	(44,128)	162,924	(121,638)
Income taxes paid	(5,531)	(3,333)	(11,349)	(8,328)
Net cash flows generated from/ (used in) operating activities	45,171	(47,461)	151,575	(129,966)

	Q3-16	Q3-15	YTD	YTD
	S\$'000	S\$'000	Q3-16	Q3-15
			S\$'000	S\$'000
Cash flows from investing activities				
Proceeds from capital grants	-	-	2,805	3,903
Consultancy fee paid for capital grants application	-	-	-	(392)
Interest received	126	1,134	427	2,824
Proceeds from disposal of property, plant and equipment	125	212	3,059	594
Purchase of property, plant and equipment (Note a)	(3,979)	(51,929)	(48,028)	(117,867)
Acquisition of intangible asset (Note a)	-	(40)	-	(99)
Proceeds from disposal of investment securities	-	-	10,925	-
Purchase of investment securities	-	-	-	(486)
Net cash flows used in investing activities	(3,728)	(50,623)	(30,812)	(111,523)
Cash flows from financing activities				
(Increase)/ decrease in restricted bank deposits	(6,395)	602	(9,694)	4,958
Dividends paid on ordinary shares	-	-	(2,449)	(8,174)
Purchase of treasury shares	(1,672)	-	(1,672)	(622)
Interest paid	(870)	(1,225)	(3,158)	(3,001)
Net (repayment of)/ proceeds from loans and borrowings	(50,003)	73,656	(137,011)	123,814
Repayments of obligations under finance lease	(1,286)	(2,779)	(6,006)	(4,312)
Net cash flows (used in)/ generated from financing activities	(60,226)	70,254	(159,990)	112,663
Net decrease in cash and cash equivalents	(18,783)	(27,830)	(39,227)	(128,826)
Effect of exchange rate changes on cash and cash equivalents	944	5,441	(4,928)	6,902
Cash and cash equivalents at beginning of period	99,840	108,611	126,156	208,146
Cash and cash equivalents at end of period	82,001	86,222	82,001	86,222

Note to the Consolidated Cash Flow Statement

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

Current period additions	5,345	48,668	19,485	155,300
Less: Payable to creditors	(4,783)	(32,760)	(6,312)	(47,907)
Acquired by means of finance leases	-	67	-	(12,942)
	562	15,975	13,173	94,451
Payments for prior period/year purchases	3,417	35,994	34,855	23,515
Net cash outflow for purchase	3,979	51,969	48,028	117,966

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 9 months ended 30 September 2016

Group	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
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 1 January 2016	119,725	(51,512)	70,075	418,358	556,646	1,037	557,683
Loss for the period	-	-	-	(12,371)	(12,371)	-	(12,371)
Share of other comprehensive income of an associated company	-	-	(21)	-	(21)	-	(21)
Foreign currency translation	-	-	(22,418)	-	(22,418)	(45)	(22,463)
Other comprehensive income for the period, net of tax	-	-	(22,439)	-	(22,439)	(45)	(22,484)
Total comprehensive income for the period	-	-	(22,439)	(12,371)	(34,810)	(45)	(34,855)
<u>Contributions by and distributions to owners</u>							
Employee share option and award schemes -Equity compensation benefits	-	-	59	-	59	-	59
Total transactions with owners in their capacity as owners	-	-	59	-	59	-	59
<u>Others</u>							
Transfer from retained earnings to statutory reserve fund	-	-	14	(14)	-	-	-
Total others	-	-	14	(14)	-	-	-
Closing balance at 31 March 2016	119,725	(51,512)	47,709	405,973	521,895	992	522,887

(i) Consolidated statement of changes in equity for the 9 months ended 30 September 2016 (cont'd)

Group	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
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 31 March 2016	119,725	(51,512)	47,709	405,973	521,895	992	522,887
Profit for the period	-	-	-	7,645	7,645	(1)	7,644
Share of other comprehensive income of an associated company	-	-	(54)	-	(54)	-	(54)
Foreign currency translation	-	-	(12,968)	-	(12,968)	(25)	(12,993)
Other comprehensive income for the period, net of tax	-	-	(13,022)	-	(13,022)	(25)	(13,047)
Total comprehensive income for the period	-	-	(13,022)	7,645	(5,377)	(26)	(5,403)
<u>Contributions by and distributions to owners</u>							
Employee share option and award schemes -Equity compensation benefits	-	-	36	-	36	-	36
Treasury shares reissued pursuant to employee share award scheme	-	118	(118)	-	-	-	-
Dividends on ordinary shares	-	-	-	(2,449)	(2,449)	-	(2,449)
Total transactions with owners in their capacity as owners	-	118	(82)	(2,449)	(2,413)	-	(2,413)
Closing balance at 30 June 2016	119,725	(51,394)	34,605	411,169	514,105	966	515,071

(i) Consolidated statement of changes in equity for the 9 months ended 30 September 2016 (cont'd)

Group	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
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 30 June 2016	119,725	(51,394)	34,605	411,169	514,105	966	515,071
Profit for the period	-	-	-	30,715	30,715	(2)	30,713
Share of other comprehensive income of an associated company	-	-	(58)	-	(58)	-	(58)
Foreign currency translation	-	-	4,623	-	4,623	8	4,631
Other comprehensive income for the period, net of tax	-	-	4,565	-	4,565	8	4,573
Total comprehensive income for the period	-	-	4,565	30,715	35,280	6	35,286
<u>Contributions by and distributions to owners</u>							
Employee share option and award schemes -Equity compensation benefits	-	-	22	-	22	-	22
Purchase of treasury shares	-	(1,672)	-	-	(1,672)	-	(1,672)
Treasury shares reissued pursuant to employee share award scheme	-	1	(1)	-	-	-	-
Total transactions with owners in their capacity as owners	-	(1,671)	21	-	(1,650)	-	(1,650)
Closing balance at 30 September 2016	119,725	(53,065)	39,191	441,884	547,735	972	548,707

(ii) Consolidated statement of changes in equity for the 9 months ended 30 September 2015

Group	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
	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

(ii) Consolidated statement of changes in equity for the 9 months ended 30 September 2015 (cont'd)

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 9 months ended 30 September 2015 (cont'd)

Group	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
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 30 June 2015	119,725	(51,514)	69,705	444,627	582,543	1,031	583,574
Profit for the period	-	-	-	24,324	24,324	1	24,325
Share of other comprehensive income of an associated company	-	-	26	-	26	-	26
Foreign currency translation	-	-	15,217	-	15,217	34	15,251
Other comprehensive income for the period, net of tax	-	-	15,243	-	15,243	34	15,277
Total comprehensive income for the period	-	-	15,243	24,324	39,567	35	39,602
<u>Contributions by and distributions to owners</u>							
Employee share option and award schemes -Equity compensation benefits	-	-	70	-	70	-	70
Treasury shares reissued pursuant to employee share award scheme	-	2	(2)	-	-	-	-
Total transactions with owners in their capacity as owners	-	2	68	-	70	-	70
Closing balance at 30 September 2015	119,725	(51,512)	85,016	468,951	622,180	1,066	623,246

(iii) Statement of changes in equity of the Company for the 9 months ended 30 September 2016

Company	Attributable to owners of the Company				Total equity
	Share capital	Treasury shares	Capital reserve	Accumulated profits	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 1 January 2016	119,725	(51,512)	9,695	363,498	441,406
Loss for the period	-	-	-	(1,579)	(1,579)
<u>Contributions by and distributions to owners</u>					
Employee share option and award schemes	-	-	59	-	59
- Equity compensation benefits	-	-	-	-	-
Total transactions with owners in their capacity as owners	-	-	59	-	59
Closing balance at 31 March 2016	119,725	(51,512)	9,754	361,919	439,886
Profit for the period	-	-	-	832	832
<u>Contributions by and distributions to owners</u>					
Employee share option & award schemes	-	-	36	-	36
- Equity compensation benefits	-	-	-	-	-
Treasury shares reissued pursuant to employee share award scheme	-	118	(118)	-	-
Dividends on ordinary shares	-	-	-	(2,449)	(2,449)
Total transactions with owners in their capacity as owners	-	118	(82)	(2,449)	(2,413)
Closing balance at 30 June 2016	119,725	(51,394)	9,672	360,302	438,305
Profit for the period	-	-	-	1,603	1,603
<u>Contributions by and distributions to owners</u>					
Employee share option & award scheme - Equity compensation benefits	-	-	22	-	22
Treasury shares reissued pursuant to employee share award scheme	-	1	(1)	-	-
Purchase of treasury shares	-	(1,672)	-	-	(1,672)
Total transactions with owners in their capacity as owners	-	(1,671)	21	-	(1,650)
Closing balance at 30 September 2016	119,725	(53,065)	9,693	361,905	438,258

(iv) Statement of changes in equity of the Company for the 9 months ended 30 September 2015

Company	Attributable to owners of the Company				Total equity
	Share capital	Treasury shares	Capital reserve	Accumulated profits	
	S\$'000	S\$'000	S\$'000	S\$'000	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	119,725	(51,514)	9,556	366,998	444,765
Loss for the period	-	-	-	(4,387)	(4,387)
<u>Contributions by and distributions to owners</u>					
Employee share option & award scheme - Equity compensation benefits	-	-	70	-	70
Treasury shares reissued pursuant to employee share award scheme	-	2	(2)	-	-
Total transactions with owners in their capacity as owners	-	2	68	-	70
Closing balance at 30 September 2015	119,725	(51,512)	9,624	362,611	440,448

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 September 2016, there has been no increase in the issued and paid-up share capital of the Company.

Share Options

During the quarter ended 30 September 2016, 169,207 options have lapsed while no option was exercised.

There are 13,569,680 options outstanding as at 30 September 2016 (30 September 2015: 19,084,041).

Share Awards

During the quarter ended 30 September 2016, 3,094 awards have lapsed while no award was vested.

There are 70,994 share awards outstanding as at 30 September 2016 (30 September 2015: 271,251).

Treasury Shares

During the quarter ended 30 September 2016, the Company has purchased 3,897,200 shares to be held as treasury shares.

The number of treasury shares held by the Company as at 30 September 2016 is 74,605,789 (30 September 2015: 70,872,237).

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 September 2016 was 812,569,211 (31 December 2015: 816,302,763).

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 September 2016, there were no sales, disposal and/or cancellation of treasury shares.

Previously in the quarter ended 30 June 2016, there were 1,139 treasury shares pending to be transferred to employees for the share awards vested on 12 May 2016. The said transfer is done in July 2016.

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 2015.

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 accordance with its policy, the Group reviews the estimated useful lives of its fixed assets on an ongoing basis. The review indicated that the actual lives of certain machinery and equipment at its manufacturing plants were longer than the estimated useful lives used for depreciation purposes in the Group's financial statements. To better reflect the estimated periods during which these assets will remain in service, the estimated useful lives of certain machinery and equipment that were previously recorded at 5 years were increased to 8 years with effect from 1 January 2016. The effect of this change in estimate has resulted in a decrease in 1Q2016, 2Q2016 and 3Q2016 depreciation expenses by \$4,209,000, \$4,205,000 and \$4,084,000 respectively.

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 January 2016.

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>
Improvements to FRSs	
(a) Amendments to FRS 107 <i>Financial Instruments: Disclosures</i>	1 January 2016
(b) Amendments to FRS 19 <i>Employee Benefits</i>	1 January 2016
Amendments to FRS 1 <i>Disclosure initiative</i>	1 January 2016
Amendments to FRS 16 and FRS 38 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016

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).

	Q3-16	Q3-15	YTD Q3-16	YTD Q3-15
Operating profit after exceptional items and tax before deducting non-controlling interests as a percentage of revenue	7.9%	6.2%	2.7%	0.3%
Operating profit after tax attributable to owners of the company as a percentage of issued capital and reserves at the end of the period	5.6%	3.9%	4.7%	0.4%
Earning per ordinary share				
(a) Based on weighted average number of ordinary shares in issue (cents)	3.76	2.98	3.19	0.31
(b) On a fully diluted basis (cents)*	3.76	2.98	3.18	0.31

Earning 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 issued has been disregarded in the calculation of dilutive earnings per ordinary share as the stock option exercise prices are above the market price.

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	
	30/9/2016	31/12/2015	30/9/2016	31/12/2015
Net Asset Value per Ordinary Share based on issued share capital at the end of the period (in cents)	67.41	68.19	53.93	54.07

- 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

In a subdued economic environment, the Group's revenue decreased by S\$6.8 million (1.7%) year-on-year ("yoy") to S\$387.3 million for 3Q2016. Despite the decrease in revenue, gross profit increased by S\$1.1 million (2.0%) yoy to S\$54.6 million for 3Q2016.

Net interest expense decreased by S\$0.2 million (18.8%) yoy to S\$0.7 million for 3Q2016 mainly due to a lower net debt position for 3Q2016.

Other income decreased by S\$2.4 million (52.5%) yoy to S\$2.2 million for 3Q2016. The higher other income for 3Q2015 was mainly consisted of a government incentive grant to the Group's subsidiary in the People's Republic of China ("PRC").

Total selling, distribution and administrative expenses decreased by S\$5.4 million (21.0%) yoy to S\$20.5 million for 3Q2016 mainly attributed to the Group's focus on tightening cost controls.

Other expenses decreased by S\$2.7 million (74.5%) yoy to S\$0.9 million for 3Q2016. The decrease was mainly due to a gain of S\$1.6 million derived from the foreign exchange gain and fair value loss on derivatives for 3Q2016, as compared to a loss of S\$1.9 million for 3Q2015.

The Group recorded an income tax expense of S\$4.0 million for 3Q2016. This represented a relatively low effective tax rate of 11.5% which was mainly attributed to the utilisation of previous unused tax losses.

As a result of the above factors, the Group achieved a net profit after tax of S\$30.7 million for 3Q2016.

Balance Sheet Analysis

The net book value of property, plant and equipment decreased by S\$78.2 million (17.4%) from S\$450.6 million as at 31 December 2015 to S\$372.4 million as at 30 September 2016 mainly due to depreciation of S\$63.0 million, translation loss of S\$30.2 million and disposal of S\$3.3 million. The decrease was partially offset by additions of S\$19.5 million.

The net book value of intangible assets decreased by S\$3.1 million (96.3%) from S\$3.2 million as at 31 December 2015 to S\$0.1 million as at 30 September 2016 mainly due to an adjustment to licensed rights which the Group is no longer obligated to pay for due to a change in contract terms.

Investment of S\$0.5 million in a startup company, comprising 4.44% of the total shareholding of the company, was disposed of for an aggregate consideration of RMB52.6 million (equivalent to approximately S\$11.0 million). Accordingly, the Group recorded a pre-tax gain of S\$10.5 million for 2Q2016.

Inventories decreased by S\$69.9 million (28.8%) from S\$242.8 million as at 31 December 2015 to S\$172.9 million as at 30 September 2016 mainly due to improved inventory management.

Trade and other receivables decreased by S\$82.9 million (17.2%) from S\$480.2 million as at 31 December 2015 to S\$397.3 million as at 30 September 2016. The decrease was mainly due to a decrease in trade receivables attributed to the Group's tighter controls and a decrease in input VAT.

Prepaid operating expenses decreased by S\$2.3 million (24.2%) from S\$9.6 million as at 31 December 2015 to S\$7.3 million as at 30 September 2016 mainly due to a decrease in prepayment for purchase of property, plant and equipment.

Current and non-current bank deposits totaling S\$9.7 million were earmarked as at 30 September 2016 for purposes of custom clearance, issuance of notes payable and letter of credit.

Notes payable, trade and other payables decreased by S\$111.0 million (29.4%) from S\$377.4 million as at 31 December 2015 to S\$266.4 million as at 30 September 2016. This was mainly due to fewer purchases attributed to better inventory management, and payments made to the fixed assets creditors during the nine months ended 30 September 2016.

Accrued operating expenses decreased by S\$6.9 million (8.5%) from S\$81.5 million as at 31 December 2015 to S\$74.6 million as at 30 September 2016. The decrease was mainly due to decrease in accrual for licensed rights which the Group is no longer obligated to pay for resulting from a change in contract terms, and decrease in accrual for non-cancellable purchase commitments. The decrease was partially offset by higher accrual for bonuses which was aligned with the higher profits for the nine months ended 30 September 2016.

Current and non-current deferred capital grant increased by S\$2.1 million (62.7%) from S\$3.4 million as at 31 December 2015 to S\$5.5 million as at 30 September 2016 mainly due to a government grant received by a subsidiary in the PRC, partially offset by the amortisation of grants.

Current and non-current loans and borrowings decreased by S\$146.7 million (46.4%) from S\$316.3 million as at 31 December 2015 to S\$169.6 million as at 30 September 2016. The decrease was mainly due to the net repayment of loans and borrowings contributed by positive cash flows generated from operating activities.

Cash and cash equivalents and restricted bank deposits decreased by S\$34.5 million (27.3%) from S\$126.2 million as at 31 December 2015 to S\$91.7 million as at 30 September 2016. Debt was S\$169.6 million, resulting in a net debt position of S\$77.9 million (31 December 2015: net debt S\$190.1 million). Consequently, the Group's net gearing ratio improved from 34.2% as at 31 December 2015 to 14.2% as at 30 September 2016.

Cash Flows Analysis

Net cash generated from operating activities before working capital changes was S\$61.1 million for 3Q2016. Net cash generated from operating activities for 3Q2016 amounted to S\$45.2 million.

Net cash used in investing activities was S\$3.7 million for 3Q2016, mainly due to payment made for the purchase of capital expenditure amounting to S\$4.0 million.

Net cash used in financing activities was S\$60.2 million for 3Q2016, mainly due to the net repayment of loans and borrowings amounting to S\$50.0 million, increase in restricted bank deposits of S\$6.4 million, purchase of treasury shares of S\$1.7 million and repayment of obligations under finance lease of S\$1.3 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 2Q2016 results announcement made on 4 August 2016, the Group guided as follows:

- The Group expects lower revenue and profit in 3Q2016 as compared to 3Q2015.

Subsequently in our business update on 19 October 2016, the Group guided for a higher profit in 3Q2016 as compared to 3Q2015 instead.

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

(S\$'000)	3Q2016	3Q2015
Revenue	387,339	394,180
Net profit after tax	30,713	24,325

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.

According to the International Data Corporation (IDC), worldwide smartphone shipments are expected to reach 1.46 billion units with a year-on-year growth rate of 1.6% for 2016. Although growth remains positive, part of the slowdown is attributed to the decline expected in developed regions in 2016, while emerging markets continue with positive growth. Consumer preference for larger screens is expected to continue and the growing interest in augmented and virtual reality (AR/VR) will only drive that forward as phablets (5.5 inches and larger) go from roughly one quarter of the smartphone market to one third by 2020¹.

In a separate study, the IDC also forecasts the worldwide shipments of wearable devices to reach 101.9 million units by the end of 2016, representing 29.0% growth over 2015. In addition, the market for wearable devices will experience a compound annual growth rate of 20.3%, culminating in 213.6 million units shipped in 2020².

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

- Intensifying business development efforts to diversify the Group's customer base
- Improving operational efficiency and tightening cost controls in order to adopt a leaner business model
- Enhancing capacity utilisation across all manufacturing sites

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

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

- The Group expects lower revenue in 4Q2016 as compared to 4Q2015. The Group expects to be profitable in 4Q2016.
- The Group expects higher revenue in 2H2016 as compared to 1H2016. The Group expects to be profitable in 2H2016.
- The Group expects lower revenue in FY2016 as compared to FY2015. The Group expects to be profitable in FY2016.

11. Dividend

(a) Current Financial Period Reported on

Any dividend recommended for the current financial period reported on?

Name of Dividend	:	Interim Dividend
Dividend Type	:	Cash
Dividend Rate	:	0.4 cents per ordinary share
Tax rate	:	Exempt from tax (One-tier corporate tax system)
Total amount payable	:	S\$3.250 million

¹ IDC, Flat Smartphone Growth Projected for 2016 as Mature Markets Veer into Declines, 1 September 2016

² IDC, IDC Forecasts Wearables Shipments to Reach 213.6 Million Units Worldwide in 2020 with Watches and Wristbands Driving Volume While Clothing and Eyewear Gain Traction, 15 June 2016

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend : Interim Dividend
Dividend Type : Cash
Dividend Rate : 0.3 cents per ordinary share
Tax rate : Exempt from tax (One-tier corporate tax system)
Total amount payable : S\$2.449 million

(c) Date payable

To be announced later.

(d) Books closure date

To be announced later.

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 30 September 2016

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)
N.A	N.A	N.A

14. Confirmation of undertakings from directors and executive officers pursuant to Rule 720(1) of SGX-ST Listing Manual

Pursuant to Listing Rule 720(1), the Company has procured undertakings from all its directors and executive officers in the format as set out in Appendix 7.7 of the SGX-ST Listing Manual.

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 September 2016 to be false or misleading in any material aspect.

Yao Hsiao Tung
Executive Chairman
Chief Executive Officer

Gerald Lim Thien Su
Director