

Financial Statement and Dividend Announcement for the quarter ended 30 June 2011

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.

	Q2-11	Q2-10	Increase/ (decrease)	YTD	YTD	Increase/ (decrease)
	S\$'000	S\$'000	%	Q2-11	Q2-10	%
				S\$'000	S\$'000	
Revenue	229,917	181,454	26.7	473,206	328,350	44.1
Cost of sales	(199,682)	(153,040)	30.5	(403,230)	(293,408)	37.4
Gross profit	30,235	28,414	6.4	69,976	34,942	100.3
Other items of income						
Interest income	857	499	71.7	1,522	1,092	39.4
Other income	6,507	5,681	14.5	12,428	8,787	41.4
Other items of expense						
Selling and distribution expenses	(1,751)	(2,177)	(19.6)	(3,890)	(4,887)	(20.4)
Administrative expenses	(17,135)	(14,482)	18.3	(33,147)	(28,309)	17.1
Financial costs	(154)	(94)	63.8	(244)	(213)	14.6
Other expenses	(3,246)	(2,524)	28.6	(7,383)	(9,563)	(22.8)
Share of results of associates	(44)	(51)	(13.7)	59	(104)	n.m.
Profit before tax	15,269	15,266	0.0	39,321	1,745	2,153.4
Income tax expense	(4,050)	(2,879)	40.7	(10,249)	(3,878)	164.3
Profit/ (loss), net of tax	11,219	12,387	(9.4)	29,072	(2,133)	n.m.
Attributable to:						
Equity holders of the Company	11,228	12,390	(9.4)	29,090	(1,816)	n.m.
Non-controlling interests	(9)	(3)	200.0	(18)	(317)	(94.3)
	11,219	12,387	(9.4)	29,072	(2,133)	n.m.

n.m. – Not Meaningful

Consolidated statement of comprehensive income for the quarter ended 30 June 2011

	Group			Group		
	Q2-11 S\$'000	Q2-10 S\$'000	Increase/ (decrease) %	YTD Q2-11 S\$'000	YTD Q2-10 S\$'000	Increase/ (decrease) %
Profit/ (loss) for the period	11,219	12,387	(9.4)	29,072	(2,133)	n.m.
Other comprehensive income:						
Foreign currency translation	(4,045)	(2,224)	81.9	(9,584)	(2,603)	268.2
Total comprehensive income for the period	<u>7,174</u>	<u>10,163</u>	(29.4)	<u>19,488</u>	<u>(4,736)</u>	n.m.
Total comprehensive income attributable to:						
Equity holders of the Company	7,191	10,158	(29.2)	19,528	(4,414)	n.m.
Non-controlling interests	<u>(17)</u>	<u>5</u>	n.m.	<u>(40)</u>	<u>(322)</u>	(87.7)
	<u>7,174</u>	<u>10,163</u>	(29.4)	<u>19,488</u>	<u>(4,736)</u>	n.m.

n.m. – Not Meaningful

Other notes:

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

	Q2-11	Q2-10	YTD	YTD
	SS'000	SS'000	Q2-11	Q2-10
			SS'000	SS'000
1. Depreciation of property, plant and equipment	14,164	11,755	30,915	23,065
2. (Reversal of impairment loss)/ impairment loss on property, plant and equipment	(136)	339	(581)	5,478
3. Net (gain)/ loss on disposal of property, plant and equipment	(460)	67	(498)	50
4. Property, plant and equipment written off	17	226	61	463
5. (Reversal of allowance)/ allowance for inventory obsolescence	(2,951)	696	(2,212)	3,500
6. Inventories written back	(610)	(64)	(1,128)	(117)
7. Impairment loss/ (write back) on doubtful receivables	195	72	(52)	(297)
8. Bad debt written off	86	11	126	10
9. Directors' fees	102	90	204	180
10. Staff costs (including directors' remuneration)	54,075	42,316	106,135	82,515
11. Operating lease expense	3,965	4,267	8,067	8,678
12. Net foreign exchange loss	2,843	1,180	6,305	1,649
13. Net fair value (gain)/ loss on derivatives	(1,689)	475	(3,877)	(363)

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30/06/2011	31/12/2010	30/06/2011	31/12/2010
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	243,745	255,549	18,649	19,194
Investment in subsidiaries	-	-	200,765	200,765
Investment in associates	2,277	2,355	1,478	1,478
Other investment	12	12	12	12
Other long term assets	250	-	-	-
Deferred tax assets	8,344	11,537	-	-
Current assets				
Inventories	135,250	100,472	5,252	5,419
Trade and other receivables	198,034	265,507	66,537	77,601
Prepaid operating expenses	14,697	1,894	533	242
Derivatives	3,287	1,481	515	550
Short term investment	16,400	3,906	-	-
Cash and cash equivalents	221,157	214,978	47,818	60,950
	588,825	588,238	120,655	144,762
Current liabilities				
Trade and other payables	217,497	224,504	24,691	32,270
Accrued operating expenses	30,969	35,965	7,792	10,010
Loans and borrowings	25,277	572	24,770	90
Income tax payable	10,775	19,858	357	357
Derivatives	489	296	238	-
	285,007	281,195	57,848	42,727
Net current assets	303,818	307,043	62,807	102,035
Non-current liabilities				
Loans and borrowings	3,206	3,377	23	68
Deferred tax liabilities	1,555	1,528	-	-
	4,761	4,905	23	68
Net assets	553,685	571,591	283,688	323,416
Equity attributable to equity holders of the Company				
Share capital	119,725	119,725	119,725	119,725
Treasury shares	(42,565)	(34,040)	(42,565)	(34,040)
Accumulated profits	462,980	463,701	201,749	233,894
Other reserves	12,643	21,263	4,779	3,837
	552,783	570,649	283,688	323,416
Non-controlling interests	902	942	-	-
Total equity	553,685	571,591	283,688	323,416

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

Amount repayable within one year or less, or on demand

As at 30/06/2011		As at 31/12/2010	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
597	24,680	572	-

Amount repayable after one year

As at 30/06/2011		As at 31/12/2010	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
3,206	-	3,377	-

Lease obligations were secured against the respective leased assets.

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

	Q2-11	Q2-10	YTD	YTD
	S\$'000	S\$'000	Q2-11	Q2-10
			S\$'000	S\$'000
Cash flows from operating activities				
Profit before tax	15,269	15,266	39,321	1,745
Adjustments for:				
Depreciation of property, plant and equipment	14,164	11,755	30,915	23,065
(Reversal of impairment loss)/ impairment loss on property, plant and equipment	(136)	339	(581)	5,478
Net (gain)/ loss on disposal of property, plant and equipment	(460)	67	(498)	50
Property, plant and equipment written off	17	226	61	463
(Reversal of allowance)/ allowance for inventory obsolescence	(2,951)	696	(2,212)	3,500
Inventories written back	(610)	(64)	(1,128)	(117)
Impairment loss/(write back) on doubtful receivables	195	72	(52)	(297)
Bad debts written off	86	11	126	10
Equity compensation expense	559	263	928	478
Interest expense	154	94	244	213
Interest income	(857)	(499)	(1,522)	(1,092)
Net fair value (gain)/loss on derivatives - unrealised	(379)	760	(1,614)	179
Translation difference	146	112	355	(448)
Share of results of associates	44	51	(59)	104
Operating cash flows before changes in working capital	25,241	29,149	64,284	33,331
Changes in working capital				
Increase in inventories	(24,904)	(10,891)	(33,690)	(20,442)
(Increase)/decrease in trade and other receivables	(4,516)	(34,600)	61,930	(28,657)
Increase in prepaid operating expenses	(13,011)	(1,001)	(13,053)	(2,173)
Increase/ (decrease) in trade and other payables	26,257	19,187	(7,743)	15,828
(Decrease)/increase in accrued operating expenses	(497)	780	(4,998)	5,585
Increase in amounts due from related parties	(79)	(6)	(56)	(4)
Total changes in working capital	(16,750)	(26,531)	2,390	(29,863)
Cash flows generated from operations	8,491	2,618	66,674	3,468
Income taxes paid	(5,618)	(1,087)	(14,318)	(2,259)
Net cash flows generated from operating activities	2,873	1,531	52,356	1,209

	Q2-11	Q2-10	YTD	YTD
	S\$'000	S\$'000	Q2-11	Q2-10
			S\$'000	S\$'000
Cash flows from investing activities				
Dividends received from an associated company	-	-	150	-
Interest received	857	499	1,522	1,092
Proceeds from disposal of property, plant and equipment	656	2,134	746	2,304
Purchase of property, plant and equipment (a)	(11,831)	(6,549)	(19,065)	(12,935)
Proceeds from short term investments	-	-	3,906	-
Purchase of short term investments	(16,400)	-	(16,400)	-
Cash outflow on acquisition of remaining non-controlling interests	-	(5,130)	-	(5,130)
Net cash flows used in investing activities	(26,718)	(9,046)	(29,141)	(14,669)
Cash flows from financing activities				
Dividends paid on ordinary shares	(29,811)	(26,062)	(29,811)	(26,062)
Purchase of treasury shares	-	(3,391)	(9,777)	(3,391)
Proceeds from re-issuance of treasury shares	810	-	1,266	-
Interest paid	(154)	(94)	(244)	(213)
Proceeds from loans and borrowings	24,680	-	24,680	-
Repayments of obligations under finance lease	(148)	(131)	(289)	(275)
Net cash flows used in financing activities	(4,623)	(29,678)	(14,175)	(29,941)
Net (decrease)/ increase in cash and cash equivalents	(28,468)	(37,193)	9,040	(43,401)
Effect of exchange rate changes on cash and cash equivalents	(1,267)	(2,241)	(2,861)	(2,543)
Cash and cash equivalents at beginning of period	250,892	240,180	214,978	246,690
Cash and cash equivalents at end of period	221,157	200,746	221,157	200,746
Note to the Consolidated Cash Flow Statement				
(a) Purchase of Property, plant and equipment				
Current year additions	13,174	5,617	23,112	13,526
Less: Payable to creditors	(8,582)	(2,149)	(8,877)	(4,275)
	4,592	3,468	14,235	9,251
Payments for prior period/year purchases	7,239	3,081	4,830	3,684
Net cash outflow for purchase	11,831	6,549	19,065	12,935

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 2011

Attributable to equity holders of the Company

Group	Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Accumulated profits S\$'000	Total equity attributable to equity holders of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Opening balance at 1 January 2011	119,725	(34,040)	21,263	463,701	570,649	942	571,591
Profit for the period	-	-	-	17,862	17,862	(9)	17,853
Other comprehensive income for the period	-	-	(5,525)	-	(5,525)	(14)	(5,539)
Total comprehensive income for the period	-	-	(5,525)	17,862	12,337	(23)	12,314
Contributions by and distributions to equity holders							
Employee share option scheme							
-Equity compensation benefits	-	-	369	-	369	-	369
Purchase of treasury shares	-	(9,777)	-	-	(9,777)	-	(9,777)
Treasury shares reissued pursuant to employee share option plans	-	436	20	-	456	-	456
Total transactions with owners in their capacity as owners	-	(9,341)	389	-	(8,952)	-	(8,952)
Closing balance at 31 March 2011	119,725	(43,381)	16,127	481,563	574,034	919	574,953
Profit for the period	-	-	-	11,228	11,228	(9)	11,219
Other comprehensive income for the period	-	-	(4,037)	-	(4,037)	(8)	(4,045)
Total comprehensive income for the period	-	-	(4,037)	11,228	7,191	(17)	7,174
Contributions by and distributions to equity holders							
Employee share option scheme							
-Equity compensation benefits	-	-	559	-	559	-	559
Treasury shares reissued pursuant to employee share option plans	-	816	(6)	-	810	-	810
Dividends on ordinary shares	-	-	-	(29,811)	(29,811)	-	(29,811)
Total transactions with owners in their capacity as owners	-	816	553	(29,811)	(28,442)	-	(28,442)
Closing balance at 30 June 2011	119,725	(42,565)	12,643	462,980	552,783	902	553,685

(ii) Consolidated statement of changes in equity for the 6 months ended 30 June 2010

Attributable to equity holders of the Company

Group	Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Accumulated profits S\$'000	Total equity attributable to equity holders of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Opening balance at 1 January 2010	119,725	(7,844)	30,906	432,016	574,803	6,636	581,439
Loss for the period	-	-	-	(14,206)	(14,206)	(314)	(14,520)
Other comprehensive income for the period	-	-	(366)	-	(366)	(13)	(379)
Total comprehensive income for the period	-	-	(366)	(14,206)	(14,572)	(327)	(14,899)
Contributions by and distributions to equity holders							
Employee share option scheme							
-Equity compensation benefits	-	-	215	-	215	-	215
Transfer from retained earnings to statutory reserve fund	-	-	2,510	(2,510)	-	-	-
Total transactions with owners in their capacity as owners	-	-	2,725	(2,510)	215	-	215
Closing balance at 31 March 2010	119,725	(7,844)	33,265	415,300	560,446	6,309	566,755
Profit for the period	-	-	-	12,390	12,390	(3)	12,387
Other comprehensive income for the period	-	-	(2,232)	-	(2,232)	8	(2,224)
Total comprehensive income for the period	-	-	(2,232)	12,390	10,158	5	10,163
Contributions by and distributions to equity holders							
Employee share option scheme							
-Equity compensation benefits	-	-	263	-	263	-	263
Purchase of treasury shares	-	(3,391)	-	-	(3,391)	-	(3,391)
Dividends on ordinary shares	-	-	-	(26,062)	(26,062)	-	(26,062)
Total contributions by and distributions to equity holders	-	(3,391)	263	(26,062)	(29,190)	-	(29,190)
Changes in ownership interests in subsidiaries that do not result in a loss of control							
Acquisition of non-controlling interests	-	-	169	-	169	(5,299)	(5,130)
Total changes in ownership interests in subsidiaries	-	-	169	-	169	(5,299)	(5,130)
Total transactions with owners in their capacity as owners	-	(3,391)	432	(26,062)	(29,021)	(5,299)	(34,320)
Closing balance at 30 June 2010	119,725	(11,235)	31,465	401,628	541,583	1,015	542,598

(iii) Statement of changes in equity of the Company for the 6 months ended 30 June 2011

Company	Attributable to equity holders of the Company				
	Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	Total equity S\$'000
Opening balance at 1 January 2011	119,725	(34,040)	3,837	233,894	323,416
Total comprehensive income for the period	-	-	-	(1,140)	(1,140)
Contributions by and distributions to equity holders					
Employee Share Option Scheme - Equity	-	-	369	-	369
Purchase of treasury shares	-	(9,777)	-	-	(9,777)
Treasury shares reissued pursuant to employee share option plans	-	436	20	-	456
Total transactions with owners in their capacity as owners	-	(9,341)	389	-	(8,952)
Balance at 31 March 2011	119,725	(43,381)	4,226	232,754	313,324
Total comprehensive income for the period	-	-	-	(1,194)	(1,194)
Contributions by and distributions to equity holders					
Employee Share Option Scheme - Equity	-	-	559	-	559
Treasury shares reissued pursuant to employee share option plans	-	816	(6)	-	810
Dividends on ordinary shares	-	-	-	(29,811)	(29,811)
Total transactions with owners in their capacity as owners	-	816	553	(29,811)	(28,442)
Balance at 30 June 2011	119,725	(42,565)	4,779	201,749	283,688

(iv) Statement of changes in equity of the Company for the 6 months ended 30 June 2010

Company	<u>Attributable to equity holders 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 2010	119,725	(7,844)	2,869	136,639	251,389
Total comprehensive income for the period	-	-	-	21,531	21,531
<u>Contributions by and distributions to equity holders</u>					
Employee Share Option Scheme - Equity compensation expense	-	-	215	-	215
Total transactions with owners in their capacity as owners	-	-	215	-	215
Balance at 31 March 2010	119,725	(7,844)	3,084	158,170	273,135
Total comprehensive income for the period	-	-	-	(5,298)	(5,298)
<u>Contributions by and distributions to equity holders</u>					
Employee Share Option Scheme - Equity compensation expense	-	-	263	-	263
Purchase of treasury shares	-	(3,391)	-	-	(3,391)
Dividends on ordinary shares	-	-	-	(26,062)	(26,062)
Total transactions with owners in their capacity as owners	-	(3,391)	263	(26,062)	(29,190)
Balance at 30 June 2010	119,725	(11,235)	3,347	126,810	238,647

- 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 30 June 2011, there has been no increase in the issued and paid-up share capital of the Company.

Share Options

On 5 May 2011, 2,973,000 options were issued to controlling shareholders and their associate at an exercise price of S\$1.20 with a vesting period of 2 years. For the 6 months ended 30 June 2011, 8,763,000 options were granted under the Scheme.

During the period ended 30 June 2011, 374,000 options lapsed and 1,743,000 options were exercised.

There are 19,766,000 options outstanding as at 30 June 2011 (31 December 2010: 13,120,000).

Treasury Shares

For the second quarter ended 30 June 2011, the Company has not purchased any shares to be held as treasury shares.

The number of treasury shares held by the Company as at 30 June 2011 is 58,678,000 (31 December 2010: 51,969,000).

- 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 2011 was 828,497,000 (31 December 2010: 835,206,000).

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

During the period ended 30 June 2011, 1,743,000 treasury shares were 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 auditors.

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

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

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 2010.

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 2011. 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:

INT FRS 119	Extinguishing Financial Liabilities with Equity Instruments (w.e.f. 1 July 2010)
Amendments to FRS 24	Related Party Disclosures

Improvements to FRSs issued in 2010:

FRS 103 (Revised)	Business Combination
FRS 27	Consolidated and Separate Financial Statements
FRS 107	Financial Instruments: Disclosure
FRS 1	Presentation of Financial Statements

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).

	Q2-11	Q2-10	YTD Q2-11	YTD Q2-10
Operating profit/ (loss) after exceptional items and tax before deducting non-controlling interests as a percentage of revenue	4.9%	6.8%	6.1%	-0.6%
Operating profit/ (loss) after tax attributable to equity holders of the company as a percentage of issued capital and reserves at the end of the period	2.0%	2.3%	5.3%	-0.3%
Earnings per ordinary share				
(a) Based on weighted average number of ordinary shares in issue (cents)	1.31	1.42	3.39	-0.21
(b) On a fully diluted basis (cents)*	1.30	1.42	3.38	-0.21

*8,660,000 (2Q2010: Nil) of share options granted to employees under the existing employee share option plan have been included in the calculation of diluted earnings per share (EPS). For 2Q2010, it is not meaningful to calculate the diluted EPS as the stock option exercise prices are above the market price.

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

- 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	
	30/6/2011	31/12/2010	30/6/2011	31/12/2010
Net Asset Value per Ordinary Share based on issued share capital at the end of the period (in cents)	66.72	68.32	34.24	38.72

- 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

2Q2011 vs. 2Q2010

2Q2011 revenue increased by 26.7% to S\$229.9 million compared to 2Q2010 mainly due to more high level assembly in 2Q2011.

Gross profit increased only by 6.4% to S\$30.2 million mainly due to pricing pressure, relatively higher material costs due to change in product mix, increased labor costs and higher depreciation of S\$3.5 million due to a change in accounting estimate pertaining to useful life of certain Property, Plant and Equipment. Labor costs increased in 2Q2011 as a result of wage increases and market uncertainty which resulted in excess labor. However, they are retained in view of the business forecasted in 2H2011.

Total selling & distribution and administrative expenses were kept under control and increased 13.4% yoy to S\$18.9 million. Net interest income increased by 73.6% yoy to S\$0.7 million due to higher amount of CNY fixed deposits which earns higher interest rate and partially offset by increased USD bank borrowings. Other income increased 14.5% yoy to S\$6.5 million mainly due to gain on derivatives (used to hedge currency risk) totaling S\$1.7 million (2Q2010: loss S\$0.5 million) and government incentives totaling S\$1.4 million (2Q2010: S\$2.1 million). Other expenses increased 28.6% yoy to S\$3.2 million mainly due to foreign exchange loss which arose mainly from depreciation of the USD against SGD and RMB totaling S\$2.8 million (2Q2010: S\$1.2 million).

Income tax expense increased by 40.7% yoy to S\$4.1 million mainly due to higher income tax rates for our PRC subsidiaries, representing an effective tax rate of 26.5% (2Q2010: 18.9%).

As a result of the above factors, the Group achieved net profit after tax of S\$11.2 million in 2Q2011.

Cashflow Analysis

Net cash generated from operating activities before working capital changes was S\$25.2 million in 2Q2011. Net cash flows generated from operating activities in 2Q2011 amounted to S\$2.9 million.

Net cash used in investing activities was S\$26.7 million in 2Q2011, mainly due to capital expenditure amounting to S\$11.8 million and purchase of short term investments of S\$16.4 million.

Net cash used in financing activities was approximately S\$4.6 million in 2Q2011, mainly due to dividends paid on ordinary shares of S\$29.8 million partially offset by proceeds from loans and borrowings amounting to S\$24.7 million.

Balance Sheet Analysis

Trade and other receivables decreased by 25.4% from S\$265.5 million as at 31 December 2010 to S\$198.0 million as at 30 June 2011 due to the decrease in revenue by 33.1% from S\$343.8 million to S\$229.9 million from 4Q2010 to 2Q2011.

The increase in short term investment is due to increased investment in bank deposits with a notional amount of RMB 86,000,000 during the financial period ended 30 June 2011. The investment is interest bearing at 3.05% per annum and will mature by August 2011.

The increase in current loans and borrowings (USD20.0 million) is for hedging purpose.

Cash and cash equivalents increased from S\$215.0 million as at 31 December 2010 to S\$221.2 million as at 30 June 2011. Debt was S\$28.5 million, resulting in a net cash position of S\$192.7 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 1Q2011 results announcement made on 3 May 2011, the Group guided for higher revenue and profit in 2Q2011 as compared to 2Q2010 and higher revenue and marginally higher profit as compared to 1Q2011.

Subsequently in our business update on 1 July 2011, the Group guided for higher revenue and a net profit that may or may not be higher as compared to 2Q2010 while lower revenue and a significantly lower net profit after tax as compared to 1Q2011.

In line with our update, we achieved higher revenue of S\$229.9 million and lower net profit of S\$11.2 million in 2Q2011 as compared to 2Q2010. (2Q2010: Revenue - S\$181.5 million; Net profit - S\$12.4 million) As compared to 1Q2011, the revenue was lower at S\$229.9 million while net profit after tax was lower at S\$11.2 million in 2Q2011. (1Q2011: Revenue - S\$243.3 million; Net profit - S\$17.9 million)

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.

The use of metal in smart phones, tablets and other consumer electronic devices is an increasing trend. Hi-P is committed to keeping abreast of this trend and is expanding its production CNC machining capacity and capabilities to better serve customers.

Towards this end, the Group is increasing its production capabilities through the acquisition of additional machinery and equipment and the expansion of its production facilities in Shanghai, Suzhou and Tianjin. Subject to market conditions and the availability of supply of requisite machinery and equipment, the Group plans to incur a capital expenditure of approximately S\$100 million and expects the new equipment to contribute more significantly after the current financial year. The capital expenditure is intended to take place in phases.

The business environment in which the Group operates in remains competitive. Factors such as downward pressure on pricing and increased operating costs arising mainly from increased labor costs and expenditure due to consolidation of production facilities and activities, may affect the performance of the Group in 2H2011.

Notwithstanding the above, the Company wishes to guide the performance of the Group as follows:

The Group expects higher revenue but lower profit in 3Q2011 as compared to 3Q2010.

The Group expects higher revenue and profit in 3Q2011 as compared to 2Q2011.

The Group expects higher revenue and profit for FY2011 as compared to FY2010.

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/recommendeded, a statement to that effect.

Not applicable.

13. Aggregate value of interested persons transactions entered into during the quarter ended 30 June 2011

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 Mox International Inc & its group of companies	\$3,391,840	-

Confirmation by the Board

We, the undersigned, do hereby confirm on behalf of the Board of Hi-P International Limited that, taking into account the matters announced and publicly disclosed by the Company prior to the date of this confirmation and the prevailing accounting policies adopted by the Company in accordance with the Singapore Financial Reporting Standards, to the best of their knowledge, nothing has come to their attention which may render the financial results for the period ended 30th June 2011 (comprising the balance sheets, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement, together with their accompanying notes) to be false or misleading in any material aspect.

Yao Hsiao Tung
Executive Chairman
Chief Executive Officer

Gerald Lim Thien Su
Director

