

Financial Statement and Dividend Announcement for the quarter ended 30 June 2013

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

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

	Q 2-13	Q 2-12	Increase/ (decrease)	YTD	YTD	Increase/ (decrease)
	S\$'000	S\$'000	%	Q 2-13	Q 2-12	%
				S\$'000	S\$'000	
Revenue	285,046	251,762	13.2	552,681	530,117	4.3
Cost of sales	(256,618)	(236,652)	8.4	(494,080)	(495,300)	(0.2)
Gross profit	28,428	15,110	88.1	58,601	34,817	68.3
Other items of income						
Interest income	836	2,136	(60.9)	1,700	4,672	(63.6)
Other income	3,135	4,114	(23.8)	5,521	7,515	(26.5)
Other items of expense						
Selling and distribution expenses	(2,060)	(1,912)	7.7	(3,909)	(3,637)	7.5
Administrative expenses	(20,571)	(18,061)	13.9	(40,119)	(35,353)	13.5
Financial costs	(443)	(1,151)	(61.5)	(981)	(2,295)	(57.3)
Other expenses	3,364	(2,508)	n.m.	174	(6,075)	n.m.
Share of results of associates	(69)	(26)	165.4	(69)	(44)	56.8
Profit/ (loss) before tax	12,620	(2,298)	n.m.	20,918	(400)	n.m.
Income tax (expense)/ credit	(1,730)	199	n.m.	(3,141)	(181)	1,635.4
Profit/ (loss) for the period	10,890	(2,099)	n.m.	17,777	(581)	n.m.
Attributable to:						
Owners of the Company	10,888	(2,114)	n.m.	17,775	(583)	n.m.
Non-controlling interests	2	15	(86.7)	2	2	0.0
	10,890	(2,099)	n.m.	17,777	(581)	n.m.

n.m. – Not Meaningful

Consolidated statement of comprehensive income for the quarter ended 30 June 2013

	Group			Group		
	Q2-13 S\$'000	Q2-12 S\$'000	Increase/ (decrease) %	YTD Q2-13 S\$'000	YTD Q2-12 S\$'000	Increase/ (decrease) %
Profit/ (loss) for the period	10,890	(2,099)	n.m.	17,777	(581)	n.m.
<u>Other comprehensive income</u>						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation	14,061	1,733	711.4	21,656	(8,548)	n.m.
Share of other comprehensive income of associates	95	-	n.m.	95	-	n.m.
Other comprehensive income for the period, net of tax	<u>14,156</u>	<u>1,733</u>	716.8	<u>21,751</u>	<u>(8,548)</u>	n.m.
Total comprehensive income for the period	<u>25,046</u>	<u>(366)</u>	n.m.	<u>39,528</u>	<u>(9,129)</u>	n.m.
Total comprehensive income attributable to:						
Owners of the Company	25,013	(390)	n.m.	39,479	(9,109)	n.m.
Non-controlling interests	<u>33</u>	<u>24</u>	37.5	<u>49</u>	<u>(20)</u>	n.m.
	<u>25,046</u>	<u>(366)</u>	n.m.	<u>39,528</u>	<u>(9,129)</u>	n.m.

n.m. – Not Meaningful

Other notes:

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

	Q2-13	Q2-12	YTD	YTD
	S\$'000	S\$'000	Q2-13	Q2-12
			S\$'000	S\$'000
1. Depreciation of property, plant and equipment	21,372	16,597	42,279	31,740
2. Amortization of land use rights	144	-	193	-
3. Impairment loss on property, plant and equipment	17	492	4,471	2,391
4. Net loss on disposal of property, plant and equipment	502	269	401	139
5. Property, plant and equipment written off/ (written back)	123	(57)	159	314
6. Allowance for inventory obsolescence	633	539	4,498	2,632
7. Inventories written back	(669)	(286)	(1,495)	(526)
8. Impairment loss/ (write back) on doubtful receivables	165	7	(257)	(292)
9. Bad debt recovered	-	-	(126)	(42)
10. Directors' fees	87	88	179	187
11. Staff costs (including directors' remuneration)	69,746	56,943	133,585	112,829
12. Operating lease expense	4,029	4,660	7,982	9,735
13. Net foreign exchange (gain)/ loss	(1,757)	(1,422)	(1,504)	1,658
14. Net fair value (gain)/ loss on derivatives	(2,060)	3,115	(3,502)	(516)
15. Loss on disposal of investment in a subsidiary	-	-	-	1,516
16. Provision for warranty costs	1,025	-	2,076	-

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	
	30/6/2013	31/12/2012	30/6/2013	31/12/2012
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	348,191	363,912	16,443	17,084
Land use rights	9,791	1,365	-	-
Investment in subsidiaries	-	-	252,978	252,978
Investment in associates	1,887	1,886	984	984
Other investment	12	12	12	12
Other receivables	-	-	91,450	89,047
Other long term assets	192	223	-	-
Deferred tax assets	16,033	12,740	-	-
	376,106	380,138	361,867	360,105
Current assets				
Inventories	178,885	145,509	2,907	3,784
Trade and other receivables	262,386	328,469	17,935	48,617
Prepaid operating expenses	9,312	16,050	686	597
Derivatives	2,514	1,401	1,432	1,190
Short term deposits pledged	25,572	11,491	-	-
Cash and cash equivalents	187,731	166,017	10,121	18,249
	666,400	668,937	33,081	72,437
Assets of disposal group classified as held for sale (Note 1)	1,208	2,113	-	-
	667,608	671,050	33,081	72,437
Current liabilities				
Trade and other payables	241,436	277,900	12,908	11,329
Accrued operating expenses	49,184	32,189	6,181	6,048
Provisions	6,143	3,918	-	-
Loans and borrowings	127,088	142,228	50,700	80,223
Income tax payable	11,697	10,597	-	150
Derivatives	250	678	238	678
	435,798	467,510	70,027	98,428
Liabilities directly associated with disposal group classified as held for sale (Note 1)	399	453	-	-
	436,197	467,963	70,027	98,428
Net current assets/ (liabilities)	231,411	203,087	(36,946)	(25,991)
Non-current liabilities				
Loans and borrowings	1,852	2,073	-	-
Deferred tax liabilities	1,745	1,402	-	-
	3,597	3,475	-	-
Net assets	603,920	579,750	324,921	334,114

	Group		Company	
	30/6/2013	31/12/2012	30/6/2013	31/12/2012
	S\$'000	S\$'000	S\$'000	S\$'000
Equity attributable to owners of the Company				
Share capital	119,725	119,725	119,725	119,725
Treasury shares	(50,361)	(44,285)	(50,361)	(44,285)
Accumulated profits	482,233	474,409	247,204	250,947
Other reserves	47,249	25,088	8,353	7,727
Reserve of disposal group classified as held for sale (Note 1)	4,102	3,890	-	-
	<u>602,948</u>	<u>578,827</u>	<u>324,921</u>	<u>334,114</u>
Non-controlling interests	972	923	-	-
Total equity	<u><u>603,920</u></u>	<u><u>579,750</u></u>	<u><u>324,921</u></u>	<u><u>334,114</u></u>

Note 1

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

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

	Group	
	30/6/2013	31/12/2012
	S\$'000	S\$'000
Assets		
Trade and other receivables	339	1,054
Prepaid operating expenses	1	5
Cash and cash equivalents	868	1,054
Assets of disposal group classified as held for sale	<u>1,208</u>	<u>2,113</u>
Liabilities		
Trade and other payables	18	10
Accrued operating expenses	164	226
Income tax payable	5	13
Deferred tax liabilities	212	204
	<u>399</u>	<u>453</u>
Net assets of disposal group classified as held for sale	<u><u>809</u></u>	<u><u>1,660</u></u>
Reserve		
Foreign currency translation reserve	<u><u>4,102</u></u>	<u><u>3,890</u></u>

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

Amount repayable within one year or less, or on demand

As at 30/6/2013		As at 31/12/2012	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
13,013	114,075	541	141,687

Amount repayable after one year

As at 30/6/2013		As at 31/12/2012	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,852	-	2,073	-

Lease obligations of S\$2,403,000 were secured against the respective leased assets.

Short term loans of S\$12,462,000 were secured against the short term deposits pledged which is arranged under a banking product that generates higher interest income.

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.

	Q2-13	Q2-12	YTD	YTD
	S\$'000	S\$'000	Q2-13	Q2-12
			S\$'000	S\$'000
Cash flows from operating activities				
Profit/ (loss) before tax	12,620	(2,298)	20,918	(400)
Adjustments for:				
Depreciation of property, plant and equipment	21,372	16,597	42,279	31,740
Amortization of land use rights	144	-	193	-
Impairment loss on property, plant and equipment	17	492	4,471	2,391
Net loss on disposal of property, plant and equipment	502	269	401	139
Property, plant and equipment written off/ (written back)	123	(57)	159	314
Allowance for inventory obsolescence	633	539	4,498	2,632
Inventories written back	(669)	(286)	(1,495)	(526)
Provision for warranty costs	1,025	-	2,076	-
Impairment loss/ (write back) on doubtful receivables	165	7	(257)	(292)
Bad debts recovered	-	-	(126)	(42)
Equity compensation expense	243	543	626	954
Interest expense	443	1,151	981	2,295
Interest income	(836)	(2,136)	(1,700)	(4,672)
Net fair value (gain)/ loss on derivatives - unrealised	(864)	3,427	(1,540)	611
Loss on disposal of investment in a subsidiary	-	-	-	1,516
Net unrealised exchange difference	2,694	(167)	3,260	1,283
Share of results of associates	69	26	69	44
Operating cash flows before changes in working capital	37,681	18,107	74,813	37,987
Changes in working capital				
Increase in inventories	(27,416)	(9,173)	(28,669)	(26,798)
(Increase)/ decrease in trade and other receivables	(12,183)	(10,776)	72,749	39,580
Decrease/ (increase) in prepaid operating expenses and other long term assets	174	(13,954)	7,558	(23,989)
Increase/ (decrease) in trade and other payables	19,534	(16,162)	(39,768)	(62,267)
Increase in accrued operating expenses	8,366	3,419	16,148	4,651
Increase in amounts due from related parties	(106)	(21)	(108)	(1)
Total changes in working capital	(11,631)	(46,667)	27,910	(68,824)
Cash flows generated from/ (used in) operations	26,050	(28,560)	102,723	(30,837)
Income taxes paid	(2,104)	(1,912)	(4,145)	(3,423)
Net cash flows generated from/ (used in) operating activities	23,946	(30,472)	98,578	(34,260)

	Q2-13	Q2-12	YTD	YTD
	S\$'000	S\$'000	Q2-13	Q2-12
			S\$'000	S\$'000
Cash flows from investing activities				
Dividends received from an associated company	-	-	150	-
Interest received	797	2,312	1,520	4,969
Proceeds from disposal of property, plant and equipment	1,703	323	2,228	642
Purchase of property, plant and equipment (Note a)	(15,759)	(29,748)	(30,264)	(46,775)
Acquisition of land use rights	(6,732)	-	(6,732)	-
Net cash flows used in investing activities	(19,991)	(27,113)	(33,098)	(41,164)
Cash flows from financing activities				
Decrease/ (increase) in short term deposits pledged	3,114	41,278	(14,081)	23,542
Dividends paid on ordinary shares	(9,908)	(19,824)	(9,908)	(19,824)
Purchase of treasury shares	(6,076)	(532)	(6,076)	(1,095)
Proceeds from re-issuance of treasury shares	-	792	-	792
Interest paid	(443)	(1,151)	(981)	(2,295)
Repayment of loans and borrowings	(32,083)	-	(50,447)	-
Proceeds from loans and borrowings	21,263	38,282	31,475	51,456
Repayments of obligations under finance lease	(132)	(143)	(263)	(294)
Net cash flows (used in)/ generated from financing activities	(24,265)	58,702	(50,281)	52,282
Net (decrease)/ increase in cash and cash equivalents	(20,310)	1,117	15,199	(23,142)
Effect of exchange rate changes on cash and cash equivalents	4,187	1,490	6,329	(6,347)
Cash and cash equivalents at beginning of period	204,722	231,966	167,071	264,062
Cash and cash equivalents at end of period	188,599	234,573	188,599	234,573

Note to the Consolidated Cash Flow Statement

(a) Purchase of Property, plant and equipment

Current year additions	10,879	55,500	19,822	85,511
Less: Payable to creditors	(3,944)	(35,355)	(8,083)	(48,809)
	6,935	20,145	11,739	36,702
Payments for prior period/year purchases	8,824	9,603	18,525	10,073
Net cash outflow for purchase	15,759	29,748	30,264	46,775

(b) Reconciliation of cash and cash equivalents at 30 June 2013

	S\$'000
Cash and cash equivalents at end of period per Statement of Financial Position	187,731
Cash and cash equivalents of disposal group classified as held for sale	868
Cash and cash equivalents at end of period per Cash Flow Statement above	188,599

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 2013

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

(i) Consolidated statement of changes in equity for the 6 months ended 30 June 2013 (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 2013	119,725	(44,285)	32,744	4,239	481,253	593,676	939	594,615
Profit for the period	-	-	-	-	10,888	10,888	2	10,890
Foreign currency translation	-	-	14,030	-	-	14,030	31	14,061
Share of other comprehensive income of associates	-	-	95	-	-	95	-	95
Other comprehensive income for the year, net of tax	-	-	14,125	-	-	14,125	31	14,156
Total comprehensive income for the period	-	-	14,125	-	10,888	25,013	33	25,046
<u>Contributions by and distributions to owners</u>								
Employee share option scheme -Equity compensation benefits	-	-	243	-	-	243	-	243
Purchase of treasury shares	-	(6,076)	-	-	-	(6,076)	-	(6,076)
Dividends on ordinary shares	-	-	-	-	(9,908)	(9,908)	-	(9,908)
Total transactions with owners in their capacity as owners	-	(6,076)	243	-	(9,908)	(15,741)	-	(15,741)
<u>Others</u>								
Reserve attributable to disposal group classified as held for sale	-	-	137	(137)	-	-	-	-
Total others	-	-	137	(137)	-	-	-	-
Closing balance at 30 June 2013	119,725	(50,361)	47,249	4,102	482,233	602,948	972	603,920

(ii) Consolidated statement of changes in equity for the 6 months ended 30 June 2012**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 2012	119,725	(44,235)	43,175	477,068	595,733	962	596,695
Profit for the period	-	-	-	1,530	1,530	(13)	1,517
Foreign currency translation	-	-	(10,250)	-	(10,250)	(31)	(10,281)
Other comprehensive income for the period, net of tax	-	-	(10,250)	-	(10,250)	(31)	(10,281)
Total comprehensive income for the period	-	-	(10,250)	1,530	(8,720)	(44)	(8,764)
Contributions by and distributions to owners							
Employee share option scheme -Equity compensation benefits	-	-	411	-	411	-	411
Purchase of treasury shares	-	(563)	-	-	(563)	-	(563)
Total transactions with owners in their capacity as owners	-	(563)	411	-	(152)	-	(152)
Closing balance at 31 March 2012	119,725	(44,798)	33,336	478,598	586,861	918	587,779

(ii) Consolidated statement of changes in equity for the 6 months ended 30 June 2012 (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
Closing balance at 31 March 2012	119,725	(44,798)	33,336	478,598	586,861	918	587,779
Loss for the period	-	-	-	(2,114)	(2,114)	15	(2,099)
Foreign currency translation	-	-	1,724	-	1,724	9	1,733
Other comprehensive income for the year, net of tax	-	-	1,724	-	1,724	9	1,733
Total comprehensive income for the period	-	-	1,724	(2,114)	(390)	24	(366)
Contributions by and distributions to owners							
Employee share option scheme -Equity compensation benefits	-	-	543	-	543	-	543
Purchase of treasury shares	-	(532)	-	-	(532)	-	(532)
Treasury shares reissued pursuant to employee share option plans	-	769	23	-	792	-	792
Dividends on ordinary shares	-	-	-	(19,824)	(19,824)	-	(19,824)
Total transactions with owners in their capacity as owners	-	237	566	(19,824)	(19,021)	-	(19,021)
Closing balance at 30 June 2012	119,725	(44,561)	35,626	456,660	567,450	942	568,392

(iii) Statement of changes in equity of the Company for the 6 months ended 30 June 2013

Company	<u>Attributable to owners of the Company</u>				Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	
Opening balance at 1 January 2013	119,725	(44,285)	7,727	250,947	334,114
Profit for the period	-	-	-	2,435	2,435
<u>Contributions by and distributions to owners</u>					
Employee Share Option Scheme - Equity compensation benefits	-	-	383	-	383
Total transactions with owners in their capacity as owners	-	-	383	-	383
Balance at 31 March 2013	119,725	(44,285)	8,110	253,382	336,932
Profit for the period	-	-	-	3,730	3,730
<u>Contributions by and distributions to owners</u>					
Employee Share Option Scheme - Equity compensation benefits	-	-	243	-	243
Purchase of treasury shares	-	(6,076)	-	-	(6,076)
Dividends on ordinary shares	-	-	-	(9,908)	(9,908)
Total transactions with owners in their capacity as owners	-	(6,076)	243	(9,908)	(15,741)
Balance at 30 June 2013	119,725	(50,361)	8,353	247,204	324,921

(iv) Statement of changes in equity of the Company for the 6 months ended 30 June 2012

Company	<u>Attributable to owners of the Company</u>				Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	
Opening balance at 1 January 2012	119,725	(44,235)	5,893	255,091	336,474
Profit for the period	-	-	-	3,148	3,148
<u>Contributions by and distributions to owners</u>					
Employee Share Option Scheme - Equity compensation benefits	-	-	411	-	411
Purchase of treasury shares	-	(563)	-	-	(563)
Total transactions with owners in their capacity as owners	-	(563)	411	-	(152)
Balance at 31 March 2012	119,725	(44,798)	6,304	258,239	339,470
Profit for the period	-	-	-	8,190	8,190
<u>Contributions by and distributions to owners</u>					
Employee Share Option Scheme - Equity compensation benefits	-	-	543	-	543
Purchase of treasury shares	-	(532)	-	-	(532)
Treasury shares reissued pursuant to employee share option plans	-	769	23	-	792
Dividends on ordinary shares	-	-	-	(19,824)	(19,824)
Total transactions with owners in their capacity as owners	-	237	566	(19,824)	(19,021)
Balance at 30 June 2012	119,725	(44,561)	6,870	246,605	328,639

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 2013, there has been no increase in the issued and paid-up share capital of the Company.

Share Options

On 12 April 2013, 499,719 options were issued to employees at an exercise price of S\$0.703. The options are exercisable in 2 stages in the proportion of 50% each after the expiry of 12 months and 24 months.

On 30 April 2013, 243,329 options were issued to controlling shareholder and a director at an exercise price of S\$0.699. The options are exercisable in 2 stages in the proportion of 50% each after the expiry of 12 months and 24 months.

During the financial period ended 30 June 2013, 133,738 options lapsed while no options were exercised.

There are 22,911,365 options outstanding as at 30 June 2013 (31 December 2012: 22,302,055).

Share Awards

On 12 April 2013, 88,574 share awards were issued to employees at no exercise price. The awards are vested in 2 stages in the proportion of 50% each after the expiry of 12 months and 24 months.

On 30 April 2013, 130,700 share awards were issued to controlling shareholder, a director and their associate at no exercise price. The awards are vested in 2 stages in the proportion of 50% each after the expiry of 12 months and 24 months.

There are 219,274 share awards outstanding as at 30 June 2013 (31 December 2012: Nil).

Treasury Shares

For the second quarter ended 30 June 2013, the Company has purchased 7,480,000 shares held as treasury shares.

The number of treasury shares held by the Company as at 30 June 2013 is 68,953,500 (31 December 2012: 61,473,500).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued ordinary shares excluding treasury shares as at 30 June 2013 was 818,221,500 (31 December 2012: 825,701,500).

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

During the financial period ended 30 June 2013, there were no sales, transfers, disposal, cancellation or use of treasury shares as at the end of the current financial period reported on.

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

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

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

Not applicable.

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

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

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

In the current financial period, the Group adopted the new/ revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2013.

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

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

The adoption of the above FRS did not result in any substantial change to the Group's accounting policies nor any significant impact on the financial statements.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

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

	Q2-13	Q2-12	YTD Q2-13	YTD Q2-12
Operating profit/ (loss) after exceptional items and tax before deducting non-controlling interests as a percentage of revenue	3.8%	-0.8%	3.2%	-0.1%
Operating profit/ (loss) after tax attributable to owners of the company as a percentage of issued capital and reserves at the end of the period	1.8%	-0.4%	2.9%	-0.1%
Earnings/ (loss) per ordinary share				
(a) Based on weighted average number of ordinary shares in issue (cents)	1.32	(0.25)	2.16	(0.07)
(b) On a fully diluted basis (cents)*	1.32	(0.25)	2.16	(0.07)

*6,607,548 (2Q2012: Nil) share options and 219,274 (2Q2012: Nil) share awards granted to employees under the existing employee share option scheme and employee share award scheme have been included in the calculation of diluted earnings per share (EPS). For 2Q2012, it is not meaningful to calculate the diluted EPS as the Group is in a loss position.

Earnings/ (loss) per share have been computed based on the weighted average number of ordinary shares in issue during the period.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

- (a) **current financial period reported on; and**
 (b) **immediately preceding financial year :**

	Group		Company	
	30/6/2013	31/12/2012	30/6/2013	31/12/2012
Net Asset Value per Ordinary Share based on issued share capital at the end of the period (in cents)	73.69	70.10	39.71	40.46

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Revenue and Profitability Analysis

2Q2013 vs. 2Q2012

Revenue increased 13.2% yoy to S\$285.0 million in 2Q2013 mainly contributed by increased orders from existing customers.

Gross profit increased 88.1% yoy to S\$28.4 million in 2Q2013 mainly due to higher revenue, lesser contribution from high level (higher component content) assembly projects and a positive shift in product mix, partially offset by increased labor costs and overheads.

The increase in labor costs was mainly due to increased headcount as a result of higher sales, increased minimum wages imposed by the applicable local governmental authorities in the PRC and increased provision for bonus which was in line with the turnaround from net loss after tax in 2Q2012 to net profit after tax in 2Q2013.

The increase in overheads arose from increased depreciation due to capital expenditure requirements and increased start up costs for new projects.

Total selling & distribution and administrative expenses increased 13.3% yoy to S\$22.6 million in 2Q2013. The increase was mainly due to higher staff costs as a result of higher provision for bonus in 2Q2013 which was in line with its turnaround from a net loss after tax in 2Q2012 to a net profit after tax in 2Q2013.

Net interest income decreased 60.1% yoy to S\$0.4 million in 2Q2013 mainly due to decrease in net cash position and deposit interest rates.

Other income decreased 23.8% yoy to S\$3.1 million in 2Q2013 mainly due to lower sale of scrap materials and compensation from customers in 2Q2013.

Other expenses became an income of S\$3.4 million in 2Q2013 mainly due to two factors. Firstly, a net fair value gain on derivatives of S\$2.1 million (2Q2012: loss S\$3.1 million) which arose mainly from the lower forward rate, as compared with the contract rate for selling USD and buying RMB, caused by depreciation of USD against RMB. The net fair value loss in 2Q2012 was caused by appreciation of USD against RMB as compared with the contract rate. Secondly, a net foreign exchange gain of S\$1.8 million which arose mainly from appreciation of USD against SGD.

The Group recorded income tax expense of S\$1.7 million in 2Q2013, representing an effective tax rate of 13.7%. The lower effective tax rate, as compared to the respective statutory tax rates of the various entities within the Group, was mainly due to concessionary tax rates obtained by certain China subsidiaries, a reversal of S\$0.7 million in tax provision upon tax refund from the local tax authorities in China, and the utilisation of prior years' tax losses which deferred tax assets were not recognized.

As a result of the above factors, the Group achieved net profit after tax of S\$10.9 million in 2Q2013.

Cashflow Analysis

Net cash generated from operating activities before working capital changes was S\$37.7 million in 2Q2013. Net cash generated from operating activities in 2Q2013 amounted to S\$23.9 million.

Net cash used in investing activities was S\$20.0 million in 2Q2013, mainly due to net cash outflow for purchase of property, plant and equipment amounting to S\$15.8 million and land use rights of S\$6.7 million.

Net cash used in financing activities was S\$24.3 million in 2Q2013, mainly due to repayment of loans and borrowings amounting to S\$32.1 million, dividends paid on ordinary shares of S\$9.9 million, purchase of treasury shares of S\$6.1 million, partly offset by proceeds from loans and borrowings amounting to S\$21.3 million.

Balance Sheet Analysis

The net book value of property, plant and equipment decreased by 4.3% from S\$363.9 million as at 31 December 2012 to S\$348.2 million as at 30 June 2013. The decrease was mainly due to total depreciation of S\$42.3 million, impairment loss of S\$4.5 million, disposal of machineries with net book value of S\$2.6 million, partially offset by total additions of S\$19.8 million and translation difference of S\$15.7 million.

Land use rights increased by 617.3% from S\$1.4 million as at 31 December 2012 to S\$9.8 million as at 30 June 2013. The increase was mainly due to acquisition of land use right over a plot of state-owned land in Nantong Economic & Technological Development Area, People's Republic of China ("PRC"), where the Group's manufacturing and storage facilities are expected to reside.

Deferred tax assets increased by 25.8% from S\$12.7 million as at 31 December 2012 to S\$16.0 million as at 30 June 2013. The increase was mainly due to recognition of deferred tax assets on the unutilized tax losses of certain subsidiaries in PRC.

Inventory increased by 22.9% from S\$145.5 million as at 31 December 2012 to S\$178.9 million as at 30 June 2013 due to build up of inventory for 2H2013.

Trade and other receivables decreased by 20.1% from S\$328.5 million as at 31 December 2012 to S\$262.4 million as at 30 June 2013 which was mainly due to the decrease in sales by 21.9% from S\$365.0 million in 4Q2012 to S\$285.0 million in 2Q2013.

Prepaid operating expenses decreased by 42.0% from S\$16.1 million as at 31 December 2012 to S\$9.3 million as at 30 June 2013 mainly due to the decrease of prepaid operating expenses for property, plant and equipment of S\$5.4 million.

Trade and other payables decreased by 13.1% from S\$277.9 million as at 31 December 2012 to S\$241.4 million as at 30 June 2013 mainly due to the decrease in cost of sales by 21.3% from S\$325.9 million in 4Q2012 to S\$256.6 million in 2Q2013 and payments to fixed assets creditors.

Accrued operating expenses increased by 52.8% from S\$32.2 million as at 31 December 2012 to S\$49.2 million as at 30 June 2013 mainly due to the increase in advance billings to customers on uncompleted tools.

Cash and cash equivalents including cash and cash equivalents of disposal group classified as held for sale and short term deposits pledged increased by 19.9% from S\$178.6 million as at 31 December 2012 to S\$214.2 million as at 30 June 2013.

Current and non-current loans and borrowings decreased by 10.6% from S\$144.3 million as at 31 December 2012 to S\$128.9 million as at 30 June 2013 mainly due to repayment of loans and borrowings.

Net cash position increased by 148.8% from S\$34.3 million as at 31 December 2012 to S\$85.2 million as at 30 Jun 2013.

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 1Q2013 results announcement made on 7 May 2013, the Group guided as follows:

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

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

In line with our guidance, we recorded higher revenue in 2Q2013 as compared to 2Q2012. The Group recorded a profit in 2Q2013. The Group recorded higher revenue and profit in 2Q2013 as compared to 1Q2013.

(S\$'000)	2Q2013	1Q2013	2Q2012
Revenue	285,046	267,635	251,762
Net profit/ (loss) after tax	10,890	6,887	(2,099)

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 latest Worldwide IT Spending Forecast report by technology research firm Gartner indicates that the smartphone and tablet markets are expected to post yoy growth in revenue of 38.9% and 9.3% respectively for 2013¹. The Group's emphasis on innovation will allow it to provide existing and potential customers, who are market leaders in the smartphone and tablet markets, with quality and reliable components to address their needs.

For the second half of 2013, the Group will maintain its focus on:

- Ongoing diversification of its customer base.
- Continuous improvement of its cost structure via automation and lean manufacturing.
- Maximizing of shareholder value through profitability and growth.

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

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

The Group expects to record higher revenue and profit in 3Q2013 as compared to 3Q2012.

The Group expects to record higher revenue and profit in 2H2013 as compared to 1H2013.

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

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

With reference to the Company's announcement dated 8 January 2013 regarding the proposed investment in NETDA (the "Proposed Investment"), the Company wishes to update shareholders that an aggregate amount of S\$23.0 million had been disbursed for the Proposed Investment as at 30 June 2013. The said amount was utilized towards payment of the land consideration, professional fees and construction costs. The construction is currently in progress and will continue through to the next quarter and the end of the current financial year, when the development is expected to be partially completed.

¹ Gartner Says Worldwide IT Spending on Pace to Reach \$3.7 Trillion in 2013, <http://www.gartner.com/newsroom/id/2537815>, 2 July 2013

11. Dividend

(a) Current Financial Period Reported on

Any dividend recommended for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13. Aggregate value of interested persons transactions entered into during the quarter ended 30 June 2013

Name of interested person	Aggregate value of all interested person transactions during the period under review (excluding transactions less than \$100,000 and transactions conducted under the shareholders mandate pursuant to rule 920)	Aggregate value of all interested person transactions conducted under the shareholders mandate pursuant to rule 920 (excluding transactions less than \$100,000)
Transaction for Purchases of Goods and Services Mox International Inc & its group of companies	\$1,510,729	-
Transaction for Sales of Goods and Services Mox International Inc & its group of companies	\$194,627	-

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

Confirmation by the Board

We, the undersigned, do hereby confirm on behalf of the Board of Hi-P International Limited that, to the best of its knowledge, nothing has come to its attention which may render the financial statements for the period ended 30th June 2013 to be false or misleading in any material aspect.

Yao Hsiao Tung
Executive Chairman
Chief Executive Officer

Gerald Lim Thien Su
Director