

**Financial Statement and Dividend Announcement for the quarter ended 30 September 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.**

	<b>Q 3-13</b>	<b>Q 3-12</b>	<b>Increase/ (decrease)</b>	<b>YTD</b>	<b>YTD</b>	<b>Increase/ (decrease)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>Q 3-13</b>	<b>Q 3-12</b>	<b>%</b>
				<b>S\$'000</b>	<b>S\$'000</b>	
<b>Revenue</b>	365,246	271,657	34.5	917,927	801,774	14.5
Cost of sales	<u>(341,412)</u>	<u>(247,690)</u>	37.8	<u>(835,492)</u>	<u>(742,991)</u>	12.4
<b>Gross profit</b>	23,834	23,967	(0.6)	82,435	58,783	40.2
<b>Other items of income</b>						
Interest income	591	1,344	(56.0)	2,291	6,016	(61.9)
Other income	1,874	2,006	(6.6)	7,395	9,521	(22.3)
<b>Other items of expense</b>						
Selling and distribution expenses	(3,840)	(1,682)	128.3	(7,749)	(5,319)	45.7
Administrative expenses	(19,045)	(19,825)	(3.9)	(59,164)	(55,178)	7.2
Financial costs	(543)	(936)	(42.0)	(1,524)	(3,231)	(52.8)
Other expenses	743	(1,207)	n.m.	917	(7,282)	n.m.
Share of results of associates	<u>180</u>	<u>(28)</u>	n.m.	<u>111</u>	<u>(72)</u>	n.m.
<b>Profit before tax</b>	3,794	3,639	4.3	24,712	3,238	663.2
Income tax expense	<u>(656)</u>	<u>(656)</u>	0.0	<u>(3,797)</u>	<u>(837)</u>	353.6
<b>Profit for the period</b>	<u>3,138</u>	<u>2,983</u>	5.2	<u>20,915</u>	<u>2,401</u>	771.1
<b>Attributable to:</b>						
Owners of the Company	3,137	2,982	5.2	20,912	2,398	772.1
Non-controlling interests	<u>1</u>	<u>1</u>	0.0	<u>3</u>	<u>3</u>	0.0
	<u>3,138</u>	<u>2,983</u>	5.2	<u>20,915</u>	<u>2,401</u>	771.1

n.m. – Not Meaningful

**Consolidated statement of comprehensive income for the quarter ended 30 September 2013**

	Group			Group		
	Q3-13 S\$'000	Q3-12 S\$'000	Increase/ (decrease) %	YTD Q3-13 S\$'000	YTD Q3-12 S\$'000	Increase/ (decrease) %
<b>Profit for the period</b>	3,138	2,983	5.2	20,915	2,401	771.1
<b><u>Other comprehensive income</u></b>						
<b>Items that may be reclassified subsequently to profit or loss:</b>						
Foreign currency translation	(2,025)	(11,907)	(83.0)	19,631	(20,455)	n.m.
Share of other comprehensive income of associates	48	-	n.m.	143	-	n.m.
Other comprehensive income for the period, net of tax	<u>(1,977)</u>	<u>(11,907)</u>	(83.4)	<u>19,774</u>	<u>(20,455)</u>	n.m.
<b>Total comprehensive income for the period</b>	<u>1,161</u>	<u>(8,924)</u>	n.m.	<u>40,689</u>	<u>(18,054)</u>	n.m.
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	1,167	(8,895)	n.m.	40,646	(18,005)	n.m.
Non-controlling interests	<u>(6)</u>	<u>(29)</u>	(79.3)	<u>43</u>	<u>(49)</u>	n.m.
	<u>1,161</u>	<u>(8,924)</u>	n.m.	<u>40,689</u>	<u>(18,054)</u>	n.m.

n.m. – Not Meaningful

Other notes:

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

	<b>Q3-13</b>	<b>Q3-12</b>	<b>YTD</b>	<b>YTD</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>Q3-13</b>	<b>Q3-12</b>
			<b>S\$'000</b>	<b>S\$'000</b>
1. Depreciation of property, plant and equipment	22,013	18,261	64,292	50,001
2. Amortization of land use rights	97	-	290	-
3. Impairment loss on property, plant and equipment	22	-	4,493	2,391
4. Net (gain)/ loss on disposal of property, plant and equipment	(75)	(254)	326	(115)
5. Property, plant and equipment written off	49	273	208	587
6. Allowance for inventory obsolescence	5,151	1,361	9,649	3,993
7. Inventories written back	(343)	(88)	(1,838)	(614)
8. Write back on doubtful receivables	(1)	(72)	(258)	(364)
9. Bad debt written off/ (recovered)	3	-	(123)	(42)
10. Directors' fees	85	92	264	279
11. Staff costs (including directors' remuneration)	82,706	66,683	216,291	179,512
12. Operating lease expense	4,186	4,532	12,168	14,267
13. Net foreign exchange loss/ (gain)	1,070	2,877	(434)	4,535
14. Net fair value gain on derivatives	(1,671)	(1,416)	(5,173)	(1,932)
15. Loss on disposal of investment in a subsidiary	-	-	-	1,516
16. Gain on disposal of investment in an associate	-	(9)	-	(9)
17. Provision for warranty costs	411	-	2,487	-

**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	
	30/9/2013	31/12/2012	30/9/2013	31/12/2012
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	339,328	363,912	15,965	17,084
Land use rights	9,674	1,365	-	-
Investment in subsidiaries	-	-	253,778	252,978
Investment in associates	2,097	1,886	984	984
Other investment	12	12	12	12
Other receivables	-	-	90,541	89,047
Other long term assets	169	223	-	-
Deferred tax assets	18,461	12,740	-	-
	<u>369,741</u>	<u>380,138</u>	<u>361,280</u>	<u>360,105</u>
<b>Current assets</b>				
Inventories	230,915	145,509	3,079	3,784
Trade and other receivables	356,502	328,469	47,811	48,617
Prepaid operating expenses	13,555	16,050	112	597
Derivatives	2,648	1,401	1,020	1,190
Short term deposits pledged	9,514	11,491	-	-
Cash and cash equivalents	107,460	166,017	7,859	18,249
	<u>720,594</u>	<u>668,937</u>	<u>59,881</u>	<u>72,437</u>
Assets of disposal group classified as held for sale (Note 1)	989	2,113	-	-
	<u>721,583</u>	<u>671,050</u>	<u>59,881</u>	<u>72,437</u>
<b>Current liabilities</b>				
Trade and other payables	254,195	277,900	9,905	11,329
Accrued operating expenses	60,900	32,189	6,808	6,048
Provisions	6,473	3,918	-	-
Loans and borrowings	147,518	142,228	46,431	80,223
Income tax payable	13,275	10,597	-	150
Derivatives	62	678	62	678
	<u>482,423</u>	<u>467,510</u>	<u>63,206</u>	<u>98,428</u>
Liabilities directly associated with disposal group classified as held for sale (Note 1)	158	453	-	-
	<u>482,581</u>	<u>467,963</u>	<u>63,206</u>	<u>98,428</u>
<b>Net current assets/ (liabilities)</b>	<b>239,002</b>	<b>203,087</b>	<b>(3,325)</b>	<b>(25,991)</b>
<b>Non-current liabilities</b>				
Loans and borrowings	1,761	2,073	-	-
Deferred tax liabilities	1,700	1,402	-	-
	<u>3,461</u>	<u>3,475</u>	<u>-</u>	<u>-</u>
<b>Net assets</b>	<u>605,282</u>	<u>579,750</u>	<u>357,955</u>	<u>334,114</u>

	<b>Group</b>		<b>Company</b>	
	<b>30/9/2013</b>	<b>31/12/2012</b>	<b>30/9/2013</b>	<b>31/12/2012</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	119,725	119,725	119,725	119,725
Treasury shares	(50,361)	(44,285)	(50,361)	(44,285)
Accumulated profits	485,365	474,409	280,037	250,947
Other reserves	45,604	25,088	8,554	7,727
Reserve of disposal group classified as held for sale (Note 1)	3,983	3,890	-	-
	<u>604,316</u>	<u>578,827</u>	<u>357,955</u>	<u>334,114</u>
Non-controlling interests	966	923	-	-
<b>Total equity</b>	<u><u>605,282</u></u>	<u><u>579,750</u></u>	<u><u>357,955</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 remains 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:

	<b>Group</b>	
	<b>30/9/2013</b>	<b>31/12/2012</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Assets</b>		
Trade and other receivables	241	1,054
Prepaid operating expenses	1	5
Cash and cash equivalents	747	1,054
Assets of disposal group classified as held for sale	<u>989</u>	<u>2,113</u>
<b>Liabilities</b>		
Trade and other payables	26	10
Accrued operating expenses	114	226
Income tax payable	-	13
Deferred tax liabilities	18	204
	<u>158</u>	<u>453</u>
<b>Net assets of disposal group classified as held for sale</b>	<u><u>831</u></u>	<u><u>1,660</u></u>
<b>Reserve</b>		
Foreign currency translation reserve	<u><u>3,983</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 30/9/2013		As at 31/12/2012	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
2,577	144,941	541	141,687

**Amount repayable after one year**

As at 30/9/2013		As at 31/12/2012	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,761	-	2,073	-

Lease obligations of S\$2,330,000 were secured against the respective leased assets.

Short term loans of S\$2,008,000 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.**

	<b>Q3-13</b>	<b>Q3-12</b>	<b>YTD</b>	<b>YTD</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>Q3-13</b>	<b>Q3-12</b>
			<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>				
Profit before tax	3,794	3,639	24,712	3,238
Adjustments for:				
Depreciation of property, plant and equipment	22,013	18,261	64,292	50,001
Amortization of land use rights	97	-	290	-
Impairment loss on property, plant and equipment	22	-	4,493	2,391
Net (gain)/ loss on disposal of property, plant and equipment	(75)	(254)	326	(115)
Property, plant and equipment written off	49	273	208	587
Allowance for inventory obsolescence	5,151	1,361	9,649	3,993
Inventories written back	(343)	(88)	(1,838)	(614)
Provision for warranty costs	411	-	2,487	-
Impairment write back on doubtful receivables	(1)	(72)	(258)	(364)
Bad debts written off/ (recovered)	3	-	(123)	(42)
Equity compensation expense	201	496	827	1,450
Interest expense	543	936	1,524	3,231
Interest income	(591)	(1,344)	(2,291)	(6,016)
Net fair value gain on derivatives - unrealised	(322)	(1,195)	(1,862)	(584)
Loss on disposal of investment in a subsidiary	-	-	-	1,516
Gain on disposal of investment in an associate	-	(9)	-	(9)
Net unrealised exchange difference	(1,298)	4,226	1,962	5,510
Share of results of associates	(180)	28	(111)	72
<b>Operating cash flows before changes in working capital</b>	<b>29,474</b>	<b>26,258</b>	<b>104,287</b>	<b>64,245</b>
<b>Changes in working capital</b>				
Increase in inventories	(57,836)	(32,940)	(86,505)	(59,738)
(Increase)/ decrease in trade and other receivables	(94,522)	(20,794)	(21,773)	18,786
(Increase)/ decrease in prepaid operating expenses and other long term assets	(4,328)	11,012	3,230	(12,977)
Increase/ (decrease) in trade and other payables	13,520	55,750	(26,248)	(6,517)
Increase/ (decrease) in accrued operating expenses	11,702	(6,236)	27,850	(1,585)
Decrease/ (increase) in amounts due from related parties	45	35	(63)	34
Total changes in working capital	(131,419)	6,827	(103,509)	(61,997)
<b>Cash flows (used in)/ generated from operations</b>	<b>(101,945)</b>	<b>33,085</b>	<b>778</b>	<b>2,248</b>
Income taxes (paid)/ refund	(1,916)	3,653	(6,061)	230
<b>Net cash flows (used in)/ generated from operating activities</b>	<b>(103,861)</b>	<b>36,738</b>	<b>(5,283)</b>	<b>2,478</b>

	Q3-13	Q3-12	YTD	YTD
	S\$'000	S\$'000	Q3-13	Q3-12
			S\$'000	S\$'000
<b>Cash flows from investing activities</b>				
Dividends received from an associated company	-	-	150	-
Interest received	610	909	2,130	5,878
Proceeds from disposal of property, plant and equipment	598	585	2,826	1,227
Purchase of property, plant and equipment (Note a)	(14,647)	(65,855)	(44,911)	(112,630)
Acquisition of land use rights	-	-	(6,732)	-
Proceeds from disposal of an associate	-	500	-	500
<b>Net cash flows used in investing activities</b>	<b>(13,439)</b>	<b>(63,861)</b>	<b>(46,537)</b>	<b>(105,025)</b>
<b>Cash flows from financing activities</b>				
Decrease in short term deposits pledged	16,058	916	1,977	24,458
Dividends paid on ordinary shares	-	-	(9,908)	(19,824)
Purchase of treasury shares	-	-	(6,076)	(1,095)
Proceeds from re-issuance of treasury shares	-	-	-	792
Interest paid	(543)	(936)	(1,524)	(3,231)
Repayment of loans and borrowings	(13,591)	(33,558)	(64,038)	(33,558)
Proceeds from loans and borrowings	35,450	-	66,925	51,456
Repayments of obligations under finance lease	(145)	(145)	(408)	(439)
<b>Net cash flows generated from/ (used in) financing activities</b>	<b>37,229</b>	<b>(33,723)</b>	<b>(13,052)</b>	<b>18,559</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(80,071)</b>	<b>(60,846)</b>	<b>(64,872)</b>	<b>(83,988)</b>
Effect of exchange rate changes on cash and cash equivalents	(321)	(8,182)	6,008	(14,529)
Cash and cash equivalents at beginning of period	188,599	234,573	167,071	264,062
<b>Cash and cash equivalents at end of period</b>	<b>108,207</b>	<b>165,545</b>	<b>108,207</b>	<b>165,545</b>

#### Note to the Consolidated Cash Flow Statement

##### (a) Purchase of Property, plant and equipment

Current year additions	15,673	39,045	35,495	124,556
Less: Payable to creditors	(8,342)	(24,130)	(11,036)	(32,057)
	7,331	14,915	24,459	92,499
Payments for prior period/year purchases	7,316	50,940	20,452	20,131
Net cash outflow for purchase	14,647	65,855	44,911	112,630

##### (b) Reconciliation of cash and cash equivalents at 30 September 2013

Cash and cash equivalents at end of period per Statement of Financial Position	107,460
Cash and cash equivalents of disposal group classified as held for sale	747
Cash and cash equivalents at end of period per Cash Flow Statement above	108,207



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 2013

Attributable to owners of the Company

<b>Group</b>	<b>Share capital</b>	<b>Treasury shares</b>	<b>Other reserves</b>	<b>Reserve of disposal group classified as held for sale</b>	<b>Accumulated profits</b>	<b>Total equity attributable to equity holders of the Company</b>	<b>Non-controlling interests</b>	<b>Total equity</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Opening balance at 1 January 2013</b>	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
<b>Other comprehensive income for the period, net of tax</b>	-	-	7,580	-	-	7,580	15	7,595
<b>Total comprehensive income for the period</b>	-	-	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
<b>Total transactions with owners in their capacity as owners</b>	-	-	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)	-	-	-
<b>Total others</b>	-	-	(307)	349	(42)	-	-	-
<b>Closing balance at 31 March 2013</b>	119,725	(44,285)	32,744	4,239	481,253	593,676	939	594,615

(i) Consolidated statement of changes in equity for the 9 months ended 30 September 2013 (cont'd)  
**Attributable to owners of the Company**

<b>Group</b>	<b>Share capital</b>	<b>Treasury shares</b>	<b>Other reserves</b>	<b>Reserve of disposal group classified as held for sale</b>	<b>Accumulated profits</b>	<b>Total equity attributable to equity holders of the Company</b>	<b>Non-controlling interests</b>	<b>Total equity</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Closing balance at 31 March 2013</b>	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
<b>Other comprehensive income for the year, net of tax</b>	-	-	14,125	-	-	14,125	31	14,156
<b>Total comprehensive income for the period</b>	-	-	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)
<b>Total transactions with owners in their capacity as owners</b>	-	(6,076)	243	-	(9,908)	(15,741)	-	(15,741)
<u>Others</u>								
Reserve attributable to disposal group classified as held for sale	-	-	137	(137)	-	-	-	-
<b>Total others</b>	-	-	137	(137)	-	-	-	-
<b>Closing balance at 30 June 2013</b>	119,725	(50,361)	47,249	4,102	482,233	602,948	972	603,920

(i) Consolidated statement of changes in equity for the 9 months ended 30 September 2013 (cont'd)  
 Attributable to owners of the Company

<b>Group</b>	<b>Share capital</b>	<b>Treasury shares</b>	<b>Other reserves</b>	<b>Reserve of disposal group classified as held for sale</b>	<b>Accumulated profits</b>	<b>Total equity attributable to equity holders of the Company</b>	<b>Non-controlling interests</b>	<b>Total equity</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Closing balance at 30 June 2013</b>	119,725	(50,361)	47,249	4,102	482,233	602,948	972	603,920
Profit for the period	-	-	-	-	3,137	3,137	1	3,138
Foreign currency translation	-	-	(2,018)	-	-	(2,018)	(7)	(2,025)
Share of other comprehensive income of associates	-	-	53	-	(5)	48	-	48
<b>Other comprehensive income for the year, net of tax</b>	-	-	(1,965)	-	(5)	(1,970)	(7)	(1,977)
<b>Total comprehensive income for the period</b>	-	-	(1,965)	-	3,132	1,167	(6)	1,161
<u>Contributions by and distributions to owners</u>								
Employee share option scheme -Equity compensation benefits	-	-	201	-	-	201	-	201
<b>Total transactions with owners in their capacity as owners</b>	-	-	201	-	-	201	-	201
<u>Others</u>								
Reserve attributable to disposal group classified as held for sale	-	-	119	(119)	-	-	-	-
<b>Total others</b>	-	-	119	(119)	-	-	-	-
<b>Closing balance at 30 September 2013</b>	119,725	(50,361)	45,604	3,983	485,365	604,316	966	605,282

**(ii) Consolidated statement of changes in equity for the 9 months ended 30 September 2012**  
**Attributable to owners of the Company**

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

(ii) Consolidated statement of changes in equity for the 9 months ended 30 September 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	S\$'000
<b>Closing balance at 31 March 2012</b>	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
<b>Other comprehensive income for the year, net of tax</b>	-	-	1,724	-	1,724	9	1,733
<b>Total comprehensive income for the period</b>	-	-	1,724	(2,114)	(390)	24	(366)
<u>Contributions by and distributions to owners</u>							
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)
<b>Total transactions with owners in their capacity as owners</b>	-	237	566	(19,824)	(19,021)	-	(19,021)
<b>Closing balance at 30 June 2012</b>	119,725	(44,561)	35,626	456,660	567,450	942	568,392

(ii) Consolidated statement of changes in equity for the 9 months ended 30 September 2012 (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	S\$'000
<b>Closing balance at 30 June 2012</b>	119,725	(44,561)	35,626	-	456,660	567,450	942	568,392
Profit for the period	-	-	-	-	2,982	2,982	1	2,983
Foreign currency translation	-	-	(11,877)	-	-	(11,877)	(30)	(11,907)
<b>Other comprehensive income for the year, net of tax</b>	-	-	(11,877)	-	-	(11,877)	(30)	(11,907)
<b>Total comprehensive income for the period</b>	-	-	(11,877)	-	2,982	(8,895)	(29)	(8,924)
<u>Contributions by and distributions to owners</u>								
Employee share option scheme -Equity compensation benefits	-	-	496	-	-	496	-	496
<b>Total transactions with owners in their capacity as owners</b>	-	-	496	-	-	496	-	496
<u>Others</u>								
Reserve attributable to disposal group classified as held for sale	-	-	(3,969)	3,969	-	-	-	-
Disposal of associate	-	-	(31)	-	-	(31)	-	(31)
Total others	-	-	(4,000)	3,969	-	(31)	-	(31)
						-		
<b>Closing balance at 30 September 2012</b>	119,725	(44,561)	20,245	3,969	459,642	559,020	913	559,933

(iii) Statement of changes in equity of the Company for the 9 months ended 30 September 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	
<b>Opening balance at 1 January 2013</b>	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
<b>Total transactions with owners in their capacity as owners</b>	-	-	383	-	383
<b>Balance at 31 March 2013</b>	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)
<b>Total transactions with owners in their capacity as owners</b>	-	(6,076)	243	(9,908)	(15,741)
<b>Balance at 30 June 2013</b>	119,725	(50,361)	8,353	247,204	324,921
Profit for the period	-	-	-	32,833	32,833
<u>Contributions by and distributions to owners</u>					
Employee Share Option Scheme - Equity compensation benefits	-	-	201	-	201
<b>Total transactions with owners in their capacity as owners</b>	-	-	201	-	201
<b>Balance at 30 September 2013</b>	119,725	(50,361)	8,554	280,037	357,955

(iv) Statement of changes in equity of the Company for the 9 months ended 30 September 2012

Attributable to owners of the Company

<u>Company</u>	<u>Share capital</u> <u>S\$'000</u>	<u>Treasury shares</u> <u>S\$'000</u>	<u>Capital reserve</u> <u>S\$'000</u>	<u>Accumulated profits</u> <u>S\$'000</u>	<u>Total equity</u> <u>S\$'000</u>
<b>Opening balance at 1 January 2012</b>	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)
<b>Total transactions with owners in their capacity as owners</b>	-	(563)	411	-	(152)
<b>Balance at 31 March 2012</b>	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)
<b>Total transactions with owners in their capacity as owners</b>	-	237	566	(19,824)	(19,021)
<b>Balance at 30 June 2012</b>	119,725	(44,561)	6,870	246,605	328,639
Profit for the period	-	-	-	1,575	1,575
<u>Contributions by and distributions to owners</u>					
Employee Share Option Scheme - Equity compensation benefits	-	-	496	-	496
<b>Total transactions with owners in their capacity as owners</b>	-	-	496	-	496
<b>Balance at 30 September 2012</b>	119,725	(44,561)	7,366	248,180	330,710



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

#### Share Options

During the quarter ended 30 September 2013, 349,748 options lapsed while no options were exercised.

There are 22,561,617 options outstanding as at 30 September 2013 (31 December 2012: 22,302,055).

#### Share Awards

During the quarter ended 30 September 2013, there has been no change to the number of share awards.

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

#### Treasury Shares

For the third quarter ended 30 September 2013, the Company has not purchased any shares to be held as treasury shares.

The number of treasury shares held by the Company as at 30 September 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 September 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 September 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).

	Q3-13	Q3-12	YTD Q3-13	YTD Q3-12
Operating profit after exceptional items and tax before deducting non-controlling interests as a percentage of revenue	0.9%	1.1%	2.3%	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	0.5%	0.5%	3.5%	0.4%
Earnings per ordinary share				
(a) Based on weighted average number of ordinary shares in issue (cents)	0.38	0.35	2.54	0.28
(b) On a fully diluted basis (cents)*	0.38	0.35	2.54	0.28

\*6,534,092 (3Q2012: 6,928,500) share options and 219,274 (3Q2012: 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).

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

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

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

	Group		Company	
	30/9/2013	31/12/2012	30/9/2013	31/12/2012
Net Asset Value per Ordinary Share based on issued share capital at the end of the period (in cents)	73.86	70.10	43.75	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**

3Q2013 vs. 3Q2012

Revenue increased 34.5% yoy to S\$365.2 million in 3Q2013 mainly due to change in product mix as there were more high component content assembly projects in 3Q2013.

Gross profit decreased 0.6% yoy to S\$23.8 million in 3Q2013 mainly due to higher cost of materials resulting from more high component content assembly projects, increased labor costs, increased depreciation and increased allowance for inventory obsolescence.

The increase in allowance for inventory obsolescence was mainly due to an inventory provision of S\$4.4 million resulting from end of life of a major project.

Total selling & distribution and administrative expenses increased 6.4% yoy to S\$22.9 million in 3Q2013. The increase was mainly due to higher marketing costs incurred for the diversification of customers and products.

Net interest income decreased 88.2% yoy to S\$0.05 million in 3Q2013 mainly due to a decrease in net cash position.

Other expenses became an income of S\$0.7 million in 3Q2013 from an expense of S\$1.2 million in 3Q2012. The decrease of S\$1.9 million was mainly due to a lower net foreign exchange loss of S\$1.1 million in 3Q2013 (3Q2012: S\$2.9 million), which was primarily a result of lower depreciation of USD against SGD in 3Q2013, as compared with 3Q2012. The decrease was also contributed by a higher net fair value gain on derivatives (currency hedge) of S\$1.7 million in 3Q2013 (3Q2012: S\$1.4 million).

The Group recorded income tax expense of S\$0.7 million in 3Q2013, representing an effective tax rate of 17.3% (3Q2012: 18.0%).

As a result of the above factors, the Group achieved net profit after tax of S\$3.1 million in 3Q2013.

### **Balance Sheet Analysis**

The net book value of property, plant and equipment decreased by 6.8% from S\$363.9 million as at 31 December 2012 to S\$339.3 million as at 30 September 2013. The decrease was mainly due to total depreciation of S\$64.3 million, impairment loss of S\$4.5 million, and disposal with net book value of S\$3.2 million, partially offset by total additions of S\$35.5 million and translation difference of S\$13.7 million.

Land use rights increased by 608.7% from S\$1.4 million as at 31 December 2012 to S\$9.7 million as at 30 September 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 44.9% from S\$12.7 million as at 31 December 2012 to S\$18.5 million as at 30 September 2013. The increase was mainly due to recognition of deferred tax assets on the unutilized tax losses and provisions of certain subsidiaries in the PRC.

Inventories increased by 58.7% from S\$145.5 million as at 31 December 2012 to S\$230.9 million as at 30 September 2013 which was mainly due to more high component content assembly projects.

Trade and other receivables increased by 8.5% from S\$328.5 million as at 31 December 2012 to S\$356.5 million as at 30 September 2013 which was partly due to higher proportion of sales towards the last month of 3Q2013 as compared with the last month of 4Q2012.

Prepaid operating expenses decreased by 15.5% from S\$16.1 million as at 31 December 2012 to S\$13.6 million as at 30 September 2013 mainly due to the decrease of prepaid operating expenses for property, plant and equipment of S\$2.1 million.

Trade and other payables decreased by 8.5% from S\$277.9 million as at 31 December 2012 to S\$254.2 million as at 30 September 2013 mainly due to payments of trade payables and fixed assets creditors.

Accrued operating expenses increased by 89.2% from S\$32.2 million as at 31 December 2012 to S\$60.9 million as at 30 September 2013 mainly due to the increase in advance billings to customers on uncompleted tools.

Provisions increased by 65.2% from S\$3.9 million as at 31 December 2012 to S\$6.5 million as at 30 September 2013 mainly due to increase in provision for warranty claims based on increased sales.

The increase in current and non-current loans and borrowings from S\$144.3 million as at 31 December 2012 to S\$149.3 million as at 30 September 2013 is for hedging purpose and general working capital purposes of our subsidiaries.

Cash and cash equivalents including cash and cash equivalents of disposal group classified as held for sale and short term deposits pledged decreased by 34.1% from S\$178.6 million as at 31 December 2012 to S\$117.7 million as at 30 September 2013. Debt was S\$149.3 million, resulting in a net debt position of S\$31.6 million.

### **Cashflow Analysis**

Net cash used in operating activities in 3Q2013 amounted to S\$103.9 million, mainly due to operating cash flows before changes in working capital of S\$29.5 million in 3Q2013 partially offset by increase in trade and other receivables amounting to S\$94.5 million and increase in inventories amounting to S\$57.8 million.

Net cash used in investing activities was S\$13.4 million in 3Q2013, mainly due to net cash outflow for purchase of property, plant and equipment amounting to S\$14.6 million.

Net cash generated from financing activities was S\$37.2 million in 3Q2013, mainly due to proceeds from loans and borrowings amounting to S\$35.5 million and decrease in short term deposits pledged of S\$16.1 million, partially offset by repayment of loans and borrowings amounting to S\$13.6 million.

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

In our business update on 25 October 2013, the Group guided for higher revenue but similar profit in 3Q2013 as compared to 3Q2012.

In line with our guidance, we recorded higher revenue but similar profit in 3Q2013 as compared to 3Q2012.

(S\$'000)	<b>3Q2013</b>	<b>3Q2012</b>
Revenue	365,246	271,657
Net profit after tax	3,138	2,983

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Based on market intelligence, global tablet shipments are expected to surpass the total personal computer (PC) shipments in 4Q2013. It is further expected that by the end of 2015, tablet shipments will surpass total PC shipments, while smartphones shipments will maintain its large volume, accounting for 69% of all global smart connected devices.

For the fourth quarter 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.
- Cost control and productivity improvement to better utilize production capacity and capabilities.

The Group continues to aim for 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 product development, component manufacturing to complete product assembly.

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

The Group expects lower revenue and profit in 4Q2013 as compared to 4Q2012.

The Group expects higher revenue but lower 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\$28.7 million had been disbursed for the Proposed Investment as at 30 September 2013. The said amount was utilized towards payment of the land consideration, professional fees and construction costs. As we adopt a prudent approach towards capital expenditure, we have slowed down the pace of construction due to the current uncertain market situation. We will review the pace of construction in line with market demand.

**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 September 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)
<b>Transaction for Purchases of Goods and Services</b> Morex International Inc & its group of companies	\$4,252,694	-
<b>Transaction for Sales of Goods and Services</b> Morex International Inc & its group of companies	\$358,910	-

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 30<sup>th</sup> September 2013 to be false or misleading in any material aspect.

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Yao Hsiao Tung  
Executive Chairman  
Chief Executive Officer

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Gerald Lim Thien Su  
Director