

Financial Statement and Dividend Announcement for the quarter ended 30 September 2014

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

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

	Q 3-14	Q 3-13	Increase/ (decrease)	YTD	YTD	Increase/ (decrease)
	S\$'000	S\$'000	%	Q 3-14	Q 3-13	%
				S\$'000	S\$'000	
Revenue	245,748	365,246	(32.7)	636,967	917,927	(30.6)
Cost of sales	<u>(222,650)</u>	<u>(341,412)</u>	(34.8)	<u>(596,564)</u>	<u>(835,492)</u>	(28.6)
Gross profit	23,098	23,834	(3.1)	40,403	82,435	(51.0)
Other items of income						
Interest income	482	591	(18.4)	1,758	2,291	(23.3)
Other income	3,066	1,874	63.6	10,631	7,395	43.8
Other items of expense						
Selling and distribution expenses	(1,839)	(3,840)	(52.1)	(5,491)	(7,749)	(29.1)
Administrative expenses	(15,698)	(19,045)	(17.6)	(47,883)	(59,164)	(19.1)
Finance costs	(285)	(543)	(47.5)	(1,122)	(1,524)	(26.4)
Other expenses	4,549	743	512.2	(826)	917	n.m.
Share of results of associates	<u>62</u>	<u>180</u>	(65.6)	<u>110</u>	<u>111</u>	(0.9)
Profit/ (loss) before tax	13,435	3,794	254.1	(2,420)	24,712	n.m.
Income tax expense	<u>(2,663)</u>	<u>(656)</u>	305.9	<u>(2,107)</u>	<u>(3,797)</u>	(44.5)
Profit/ (loss) for the period	<u>10,772</u>	<u>3,138</u>	243.3	<u>(4,527)</u>	<u>20,915</u>	n.m.
Attributable to:						
Owners of the Company	10,766	3,137	243.2	(4,530)	20,912	n.m.
Non-controlling interests	<u>6</u>	<u>1</u>	500.0	<u>3</u>	<u>3</u>	0.0
	<u>10,772</u>	<u>3,138</u>	243.3	<u>(4,527)</u>	<u>20,915</u>	n.m.

n.m. – Not Meaningful

Consolidated statement of comprehensive income for the quarter ended 30 September 2014

	Group			Group		
	Q3-14 S\$'000	Q3-13 S\$'000	Increase/ (decrease) %	YTD Q3-14 S\$'000	YTD Q3-13 S\$'000	Increase/ (decrease) %
Profit/ (loss) for the period	10,772	3,138	243.3	(4,527)	20,915	n.m.
<u>Other comprehensive income</u>						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation	10,147	(2,025)	n.m.	(4,640)	19,631	n.m.
Share of other comprehensive income of associates	9	48	(81.3)	(21)	143	n.m.
Other comprehensive income for the period, net of tax	<u>10,156</u>	<u>(1,977)</u>	n.m.	<u>(4,661)</u>	<u>19,774</u>	n.m.
Total comprehensive income for the period	<u>20,928</u>	<u>1,161</u>	n.m.	<u>(9,188)</u>	<u>40,689</u>	n.m.
Total comprehensive income attributable to:						
Owners of the Company	20,892	1,167	n.m.	(9,185)	40,646	n.m.
Non-controlling interests	<u>36</u>	<u>(6)</u>	n.m.	<u>(3)</u>	<u>43</u>	n.m.
	<u>20,928</u>	<u>1,161</u>	n.m.	<u>(9,188)</u>	<u>40,689</u>	n.m.

n.m. – Not Meaningful

Other notes:

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

	Q3-14	Q3-13	YTD	YTD
	S\$'000	S\$'000	Q3-14	Q3-13
			S\$'000	S\$'000
1. Depreciation of property, plant and equipment	18,752	22,013	57,901	64,292
2. Amortization of intangible asset	361	-	1,048	-
3. Amortization of land use rights	66	97	197	290
4. (Reversal of impairment loss)/ impairment loss on property, plant and equipment	(884)	22	(930)	4,493
5. Net loss/ (gain) on disposal of property, plant and equipment	283	(75)	316	326
6. Property, plant and equipment written off	259	49	338	208
7. Inventory provisions	4,954	5,151	5,322	9,649
8. Inventories written back	(125)	(343)	(262)	(1,838)
9. Impairment loss/ (write back) on doubtful receivables	62	(1)	(191)	(258)
10. Bad debt written off/ (recovered)	-	3	-	(123)
11. Trade/ other payables written off	(392)	(54)	(696)	(299)
12. Directors' fees	89	85	268	264
13. Staff costs (including directors' remuneration)	73,641	82,706	187,097	216,291
14. Operating lease expense	4,526	4,186	13,661	12,168
15. Net foreign exchange (gain)/ loss	(2,916)	1,070	(1,220)	(434)
16. Net fair value (gain)/ loss on derivatives	(243)	(1,671)	3,397	(5,173)
17. Loss on disposal of investment in a subsidiary	-	-	59	-
18. (Reversal of provision)/ provision for warranty costs	(2,726)	411	(2,379)	2,487
19. Reversal of allowance on non-cancellable purchase commitments	(80)	-	(583)	-
20. Insurance claim	-	-	(3,912)	-
21. Sales of scrap materials	(960)	(1,224)	(2,010)	(2,966)

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	
	30/09/2014	31/12/2013	30/09/2014	31/12/2013
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	338,465	346,382	15,236	16,028
Intangible assets	4,892	5,689	12	12
Land use rights	12,299	12,564	-	-
Investment in subsidiaries	-	-	253,104	253,155
Investment in associates	1,994	1,930	984	984
Other receivables	-	-	97,201	91,082
Other long term assets	109	151	-	-
Deferred tax assets	25,726	21,121	-	-
	383,485	387,837	366,537	361,261
Current assets				
Inventories	163,385	163,417	3,122	3,369
Trade and other receivables	262,117	322,540	28,152	9,168
Prepaid operating expenses	14,018	11,048	189	104
Derivatives	396	2,650	-	7
Short term deposits pledged	-	6,970	-	-
Cash and cash equivalents	173,956	131,621	26,940	16,344
	613,872	638,246	58,403	28,992
Assets of disposal group classified as held for sale	-	389	-	-
	613,872	638,635	58,403	28,992
Current liabilities				
Trade and other payables	218,727	239,349	34,481	10,421
Accrued operating expenses	64,383	59,671	2,504	4,140
Provisions	4,637	7,063	-	-
Loans and borrowings	107,034	101,632	20,039	12,624
Income tax payable	11,323	16,379	134	-
Derivatives	1,747	119	43	119
	407,851	424,213	57,201	27,304
Liabilities directly associated with disposal group classified as held for sale	-	156	-	-
	407,851	424,369	57,201	27,304
Net current assets	206,021	214,266	1,202	1,688
Non-current liabilities				
Loans and borrowings	1,273	1,601	233	-
Deferred tax liabilities	2,694	1,443	1,375	-
	3,967	3,044	1,608	-
Net assets	585,539	599,059	366,131	362,949

	Group		Company	
	30/09/2014	31/12/2013	30/09/2014	31/12/2013
	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	(50,285)	(50,361)	(50,285)	(50,361)
Accumulated profits	459,676	469,249	287,484	284,880
Other reserves	55,442	55,425	9,207	8,705
Reserve of disposal group classified as held for sale	-	4,037	-	-
	584,558	598,075	366,131	362,949
Non-controlling interests	981	984	-	-
Total equity	585,539	599,059	366,131	362,949

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

Amount repayable within one year or less, or on demand

As at 30/09/2014		As at 31/12/2013	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
635	106,399	640	100,992

Amount repayable after one year

As at 30/09/2014		As at 31/12/2013	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,273	-	1,601	-

Lease obligations of S\$1,908,000 were secured against the respective leased assets.

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

	Q3-14	Q3-13	YTD Q3-14	YTD Q3-13
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit/ (loss) before tax	13,435	3,794	(2,420)	24,712
Adjustments for:				
Depreciation of property, plant and equipment	18,752	22,013	57,901	64,292
Amortization of intangible asset	361	-	1,048	-
Amortization of land use rights	66	97	197	290
(Reversal of impairment loss)/ impairment loss on property, plant and equipment	(884)	22	(930)	4,493
Net loss/ (gain) on disposal of property, plant and equipment	283	(75)	316	326
Property, plant and equipment written off	259	49	338	208
Inventory provisions	4,954	5,151	5,322	9,649
Inventories written back	(125)	(343)	(262)	(1,838)
(Reversal of provision)/ provision for warranty costs	(2,726)	411	(2,379)	2,487
Impairment loss/ (write back) on doubtful receivables	62	(1)	(191)	(258)
Bad debts written off/ (recovered)	-	3	-	(123)
Reversal of allowance on non-cancellable purchase commitments	(80)	-	(583)	-
Trade/ other payables written off	(392)	(54)	(696)	(299)
Equity compensation expense	212	201	578	827
Finance costs	285	543	1,122	1,524
Interest income	(482)	(591)	(1,758)	(2,291)
Net fair value (gain)/ loss on derivatives - unrealised	(183)	(322)	3,882	(1,862)
Loss on disposal of investment in a subsidiary	-	-	59	-
Net unrealised exchange difference	(2,032)	(1,298)	(112)	1,962
Share of results of associates	(62)	(180)	(110)	(111)
Operating cash flows before changes in working capital	31,703	29,420	61,322	103,988
Changes in working capital				
(Increase)/ decrease in inventories	(24,095)	(57,836)	(6,387)	(86,505)
(Increase)/ decrease in trade and other receivables	(41,549)	(94,522)	59,578	(21,773)
Decrease/ (increase) in prepaid operating expenses and other long term assets	1,001	(4,328)	(2,989)	3,230
Increase/ (decrease) in trade and other payables	35,226	13,574	(39,751)	(25,949)
Increase in accrued operating expenses	5,418	11,702	5,370	27,850
Decrease/ (increase) in amounts due from related parties	20	45	146	(63)
Total changes in working capital	(23,979)	(131,365)	15,967	(103,210)
Cash flows generated from/ (used in) operations	7,724	(101,945)	77,289	778
Income taxes paid	(3,162)	(1,916)	(9,560)	(6,061)
Net cash flows generated from/ (used in) operating activities	4,562	(103,861)	67,729	(5,283)

	Q3-14	Q3-13	YTD	YTD
	S\$'000	S\$'000	Q3-14	Q3-13
			S\$'000	S\$'000
Cash flows from investing activities				
Dividends received from an associated company	-	-	-	150
Interest received	267	610	1,594	2,130
Proceeds from disposal of property, plant and equipment	553	598	939	2,826
Purchase of property, plant and equipment (Note a)	(12,722)	(14,647)	(32,285)	(44,911)
Acquisition of intangible asset (Note a)	-	-	(251)	-
Acquisition of land use rights	-	-	-	(6,732)
Net cash flows used in investing activities	(11,902)	(13,439)	(30,003)	(46,537)
Cash flows from financing activities				
Decrease in short term deposits pledged	-	16,058	6,970	1,977
Dividends paid on ordinary shares	-	-	(4,910)	(9,908)
Purchase of treasury shares	-	-	-	(6,076)
Interest paid	(285)	(543)	(1,122)	(1,524)
Repayment of loans and borrowings	(81,300)	(13,591)	(156,968)	(64,038)
Proceeds from loans and borrowings	113,645	35,450	162,375	66,925
Repayments of obligations under finance lease	(171)	(145)	(480)	(408)
Net cash flows generated from/ (used in) financing activities	31,889	37,229	5,865	(13,052)
Net increase/ (decrease) in cash and cash equivalents	24,549	(80,071)	43,591	(64,872)
Effect of exchange rate changes on cash and cash equivalents	1,422	(321)	(1,569)	6,008
Cash and cash equivalents at beginning of period	147,985	188,599	131,934	167,071
Cash and cash equivalents at end of period	173,956	108,207	173,956	108,207

Note to the Consolidated Cash Flow Statement

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

Current period additions	30,758	15,673	53,386	35,495
Less: Payable to creditors	(19,081)	(8,342)	(35,052)	(11,036)
Acquired by means of finance leases	(290)	-	(290)	-
	11,387	7,331	18,044	24,459
Payments for prior period/year purchases	1,335	7,316	14,492	20,452
Net cash outflow for purchase	12,722	14,647	32,536	44,911

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 2014

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
Opening balance at 1 January 2014	119,725	(50,361)	55,425	4,037	469,249	598,075	984	599,059
Loss for the period	-	-	-	-	(12,272)	(12,272)	1	(12,271)
Share of other comprehensive income of associates	-	-	52	-	(15)	37	-	37
Foreign currency translation	-	-	(11,774)	-	-	(11,774)	(28)	(11,802)
Other comprehensive income for the period, net of tax	-	-	(11,722)	-	(15)	(11,737)	(28)	(11,765)
Total comprehensive income for the period	-	-	(11,722)	-	(12,287)	(24,009)	(27)	(24,036)
<u>Contributions by and distributions to owners</u>								
Employee share option and award scheme -Equity compensation benefits	-	-	157	-	-	157	-	157
Total transactions with owners in their capacity as owners	-	-	157	-	-	157	-	157
<u>Others</u>								
Reserve attributable to disposal group classified as held for sale	-	-	(1)	1	-	-	-	-
Transfer from retained earnings to statutory reserve fund	-	-	118	-	(118)	-	-	-
Total others	-	-	117	1	(118)	-	-	-
Closing balance at 31 March 2014	119,725	(50,361)	43,977	4,038	456,844	574,223	957	575,180

(i) Consolidated statement of changes in equity for the 9 months ended 30 September 2014 (cont'd)

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
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Closing balance at 31 March 2014	119,725	(50,361)	43,977	4,038	456,844	574,223	957	575,180
Loss for the period	-	-	-	-	(3,024)	(3,024)	(4)	(3,028)
Share of other comprehensive income of associates	-	-	(67)	-	-	(67)	-	(67)
Foreign currency translation	-	-	(2,977)	-	-	(2,977)	(8)	(2,985)
Other comprehensive income for the period, net of tax	-	-	(3,044)	-	-	(3,044)	(8)	(3,052)
Total comprehensive income for the period	-	-	(3,044)	-	(3,024)	(6,068)	(12)	(6,080)
<u>Contributions by and distributions to owners</u>								
Employee share option and award scheme -Equity compensation benefits	-	-	209	-	-	209	-	209
Treasury shares reissued pursuant to employee share award scheme	-	73	(73)	-	-	-	-	-
Dividends on ordinary shares	-	-	-	-	(4,910)	(4,910)	-	(4,910)
Total transactions with owners in their capacity as owners	-	73	136	-	(4,910)	(4,701)	-	(4,701)
<u>Others</u>								
Reserve attributable to disposal group classified as held for sale	-	-	31	(31)	-	-	-	-
Total others	-	-	31	(31)	-	-	-	-
Closing balance at 30 June 2014	119,725	(50,288)	41,100	4,007	448,910	563,454	945	564,399

(i) Consolidated statement of changes in equity for the 9 months ended 30 September 2014 (cont'd)

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
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Closing balance at 30 June 2014	119,725	(50,288)	41,100	4,007	448,910	563,454	945	564,399
Profit for the period	-	-	-	-	10,766	10,766	6	10,772
Share of other comprehensive income of associates	-	-	9	-	-	9	-	9
Foreign currency translation	-	-	10,117	-	-	10,117	30	10,147
Other comprehensive income for the period, net of tax	-	-	10,126	-	-	10,126	30	10,156
Total comprehensive income for the period	-	-	10,126	-	10,766	20,892	36	20,928
<u>Contributions by and distributions to owners</u>								
Employee share option and award scheme -Equity compensation benefits	-	-	212	-	-	212	-	212
Treasury shares reissued pursuant to employee share award scheme	-	3	(3)	-	-	-	-	-
Total transactions with owners in their capacity as owners	-	3	209	-	-	212	-	212
<u>Others</u>								
Reserve attributable to disposal group classified as held for sale	-	-	4,007	(4,007)	-	-	-	-
Total others	-	-	4,007	(4,007)	-	-	-	-
Closing balance at 30 September 2014	119,725	(50,285)	55,442	-	459,676	584,558	981	585,539

(ii) Consolidated statement of changes in equity for the 9 months ended 30 September 2013

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
Group	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

(ii) Consolidated statement of changes in equity for the 9 months ended 30 September 2013 (cont'd)

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
Group	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 and award 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 9 months ended 30 September 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 30 June 2013	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
Other comprehensive income for the year, net of tax	-	-	(1,965)	-	(5)	(1,970)	(7)	(1,977)
Total comprehensive income for the period	-	-	(1,965)	-	3,132	1,167	(6)	1,161
<u>Contributions by and distributions to owners</u>								
Employee share option & award scheme -Equity compensation benefits	-	-	201	-	-	201	-	201
Total transactions with owners in their capacity as owners	-	-	201	-	-	201	-	201
<u>Others</u>								
Reserve attributable to disposal group classified as held for sale	-	-	119	(119)	-	-	-	-
Total others	-	-	119	(119)	-	-	-	-
Closing balance at 30 September 2013	119,725	(50,361)	45,604	3,983	485,365	604,316	966	605,282

(iii) Statement of changes in equity of the Company for the 9 months ended 30 September 2014

Company	Attributable to owners of the Company				Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	
Opening balance at 1 January 2014	119,725	(50,361)	8,705	284,880	362,949
Profit for the period	-	-	-	5,710	5,710
<u>Contributions by and distributions to owners</u>					
Employee share option and award scheme - Equity compensation benefits	-	-	157	-	157
Total transactions with owners in their capacity as owners	-	-	157	-	157
Closing balance at 31 March 2014	119,725	(50,361)	8,862	290,590	368,816
Loss for the period	-	-	-	(357)	(357)
<u>Contributions by and distributions to owners</u>					
Employee share option & award scheme - Equity compensation benefits	-	-	209	-	209
Treasury shares reissued pursuant to employee share award scheme	-	73	(73)	-	-
Dividends on ordinary shares	-	-	-	(4,910)	(4,910)
Total transactions with owners in their capacity as owners	-	73	136	(4,910)	(4,701)
Closing balance at 30 June 2014	119,725	(50,288)	8,998	285,323	363,758
Profit for the period	-	-	-	2,161	2,161
<u>Contributions by and distributions to owners</u>					
Employee share option & award scheme - Equity compensation benefits	-	-	212	-	212
Treasury shares reissued pursuant to employee share option plans	-	3	(3)	-	-
Total transactions with owners in their capacity as owners	-	3	209	-	212
Closing balance at 30 September 2014	119,725	(50,285)	9,207	287,484	366,131

(iv) Statement of changes in equity of the Company for the 9 months ended 30 September 2013

Company	Attributable to owners of the Company				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
Closing 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 & award 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)
Closing balance at 30 June 2013	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 & award scheme - Equity compensation benefits	-	-	201	-	201
Total transactions with owners in their capacity as owners	-	-	201	-	201
Closing balance at 30 September 2013	119,725	(50,361)	8,554	280,037	357,955

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 2014, there has been no increase in the issued and paid-up share capital of the Company.

Share Options

During the quarter ended 30 September 2014, 1,322,982 options have lapsed while no option was exercised.

There are 22,310,551 options outstanding as at 30 September 2014 (31 December 2013: 21,199,159).

Share Awards

During the quarter ended 30 September 2014, 18,207 awards have lapsed while no award has vested.

There are 308,770 share awards outstanding as at 30 September 2014 (31 December 2013: 211,917).

Treasury Shares

During the quarter ended 30 September 2014, 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 2014 is 68,848,661 (31 December 2013: 68,953,500).

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 2014 was 818,326,339 (31 December 2013: 818,221,500).

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 quarter ended 30 September 2014, 4,505 treasury shares were transferred to an employee for share awards vested on 12 April 2014.

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 2013.

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 2014.

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

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Revised FRS 27 <i>Separate Financial Statements</i>	1 January 2014
Revised FRS 28 <i>Investments in Associates and Joint Ventures</i>	1 January 2014
FRS 110 <i>Consolidated Financial Statements</i>	1 January 2014
FRS 111 <i>Joint Arrangements</i>	1 January 2014
FRS 112 <i>Disclosure of Interests in Other Entities</i>	1 January 2014
Amendments to FRS 32 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to FRS 36 <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to FRS 39 <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
Amendments to the transition guidance of FRS 110 <i>Consolidated Financial Statements</i> , FRS 111 <i>Joint Arrangements</i> and FRS 112 <i>Disclosure of Interests in Other Entities</i>	1 January 2014
Amendments to FRS 110, FRS 112 and FRS 27: <i>Investment Entities</i>	1 January 2014
Improvements to FRSs:	1 July 2014
- Amendments to FRS 103 <i>Business Combinations</i>	
- Amendments to FRS108 <i>Operating Segments</i>	
- Amendment to FRS 16 <i>Property, Plant and Equipment</i>	
- Amendment to FRS 24 <i>Related Party Disclosures</i>	
- Amendment to FRS 38 <i>Intangible Assets</i>	
- Amendment to FRS 113 <i>Fair Value Measurement</i>	

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).

	Q3-14	Q3-13	YTD Q3-14	YTD Q3-13
Operating profit after exceptional items and tax before deducting non-controlling interests as a percentage of revenue	4.4%	0.9%	(0.7%)	2.3%
Operating profit after tax attributable to owners of the company as a percentage of issued capital and reserves at the end of the period	1.8%	0.5%	(0.8%)	3.5%
Earnings per ordinary share				
(a) Based on weighted average number of ordinary shares in issue (cents)	1.32	0.38	(0.55)	2.54
(b) On a fully diluted basis (cents)*	1.31	0.38	(0.55)	2.54

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

* For 3Q2014, 5,965,000 (3Q2013: 6,534,092) share options and 308,770 (3Q2013: 219,274) 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).

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	
	30/09/2014	31/12/2013	30/09/2014	31/12/2013
Net Asset Value per Ordinary Share based on issued share capital at the end of the period (in cents)	71.43	73.09	44.74	44.36

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

3Q2014 vs. 3Q2013

Revenue decreased by S\$119.5 million (32.7%) yoy to S\$245.7 million in 3Q2014 mainly due to decreased sales volumes to two key customers who were affected by drop in market demand and changes to their business strategies. The decrease was partially offset by the orders from existing and new customers, which was in line with our strategy to increase allocation from existing customers and diversify our customer base.

Despite the decrease in sales by S\$119.5 million (32.7%), gross profit only decreased by S\$0.7 million (3.1%). Gross profit margin increased from 6.5% in 3Q2013 to 9.4% in 3Q2014 mainly due a positive shift in product mix.

Net interest income increased by S\$0.1 million (310.4%) to S\$0.2 million in 3Q2014 mainly due to higher net cash balances in 3Q2014 as compared to 3Q2013.

Other income increased by S\$1.2 million (63.6%) yoy to S\$3.1 million in 3Q2014 mainly due to higher incentives from the applicable local governmental authorities in the PRC, and service income from trial runs conducted for customers.

Total selling & distribution and administrative expenses decreased by S\$5.3 million (23.4%) yoy to S\$17.5 million in 3Q2014 mainly due to the reversal of warranty provision of S\$2.7 million in view of the expiry of warranty period. The decrease was also a positive result of the Group's continuous cost control improvement.

Other expense became an income of S\$4.5 million in 3Q2014 mainly consisted of net foreign exchange gain of S\$2.9 million (3Q2013: loss S\$1.1 million), which arose mainly from the appreciation of USD against SGD, and reversal of impairment loss on property, plant and equipment of S\$0.9 million.

The Group recorded an income tax expense of S\$2.7 million in 3Q2014, representing an effective tax rate of 19.8% (3Q2013:17.3%).

As a result of the above factors, the Group achieved net profit after tax of S\$10.8 million in 3Q2014.

Balance Sheet Analysis

The net book value of property, plant and equipment decreased by S\$7.9 million (2.3%) from S\$346.4 million as at 31 December 2013 to S\$338.5 million as at 30 September 2014. The decrease was mainly due to total depreciation of S\$57.9 million, translation loss of S\$2.5 million, partially offset by total additions of S\$53.1 million.

Deferred tax assets increased by S\$4.6 million (21.8%) from S\$21.1 million as at 31 December 2013 to S\$25.7 million as at 30 September 2014 mainly due to recognition of deferred tax assets on certain unutilized tax losses.

Trade and other receivables decreased by S\$60.4 million (18.7%) from S\$322.5 million as at 31 December 2013 to S\$262.1 million as at 30 September 2014 mainly due to the decrease in trade receivables resulting from lower sales in 3Q2014 as compared to 4Q2013.

Prepaid operating expenses increased by S\$3.0 million (26.9%) from S\$11.0 million as at 31 December 2013 to S\$14.0 million as at 30 September 2014 mainly due to the increase in prepayment for property, plant and equipment.

Derivative assets decreased by S\$2.3 million (85.1%) from S\$2.7 million as at 31 December 2013 to S\$0.4 million as at 30 September 2014 and derivative liabilities increased by S\$1.6 million (1,368.1%) from S\$0.1 million as at 31 December 2013 to S\$1.7 million as at 30 September 2014 due to changes in fair value of the derivatives.

Short term deposits of S\$7.0 million were pledged to a bank in the PRC as at 31 December 2013, for settlement of trade payables by the bank on behalf of the Group. The pledged deposits were released by the bank upon repayment of the payables by the Group as at 30 September 2014.

Trade and other payables decreased by S\$20.6 million (8.6%) from S\$239.3 million as at 31 December 2013 to S\$218.7 million as at 30 September 2014 mainly due to the decrease in trade payables resulting from lower sales and hence lower material costs in 3Q2014 as compared to 4Q2013, partially offset by longer payment terms.

Accrued operating expenses increased by S\$4.7 million (7.9%) from S\$59.7 million as at 31 December 2013 to S\$64.4 million as at 30 September 2014. The increase was mainly due to increase in advance billings to customers on engineering services.

Provisions decreased by S\$2.4 million (34.3%) from S\$7.0 million as at 31 December 2013 to S\$4.6 million as at 30 September 2014 mainly due to the reversal of warranty provision of S\$2.7 million in view of the expiry of warranty period.

Deferred tax liabilities increased by S\$1.3 million (86.7%) from S\$1.4 million as at 31 December 2013 to S\$2.7 million as at 30 September 2014 mainly due to deferred tax liabilities recognized in respect of the temporary differences on depreciation and engineering costs that are capitalized.

Current and non-current loans and borrowings increased by S\$5.1 million (4.9%) from S\$103.2 million as at 31 December 2013 to S\$108.3 million as at 30 September 2014 mainly 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 increased by S\$35.1 million (25.2%) from S\$138.9 million as at 31 December 2013 to S\$174.0 million as at 30 September 2014. Debt was S\$108.3 million, resulting in a net cash position of S\$65.7 million (31 December 2013: S\$35.7 million).

Cashflow Analysis

Net cash generated from operating activities before working capital changes was S\$31.7 million in 3Q2014. Net cash generated from operating activities in 3Q2014 amounted to S\$4.6 million.

Net cash used in investing activities was S\$11.9 million in 3Q2014, mainly due to net cash outflow for purchase of capital expenditure amounting to S\$12.7 million.

Net cash generated from financing activities was S\$31.9 million in 3Q2014, mainly due to net proceeds from loans and borrowings amounting to S\$32.3 million.

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

In the Group's 2Q2014 results announcement made on 4 Aug 2014, the Group guided as follows:

The Group expects lower revenue but higher profit in 3Q2014 as compared to 3Q2013.

In line with our guidance, we recorded lower revenue but achieved higher profit in 3Q2014 as compared to 3Q2013.

(S\$'000)	3Q2014	3Q2013
Revenue	245,748	365,246
Net profit after tax	10,772	3,138

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 smartphone outlook remains strong. According to renowned technology research firm International Data Corporation ("IDC"), more than 1.25 billion smartphones will be shipped worldwide in 2014, representing a 23.8% increase from the 1.01 billion units shipped in 2013. Looking ahead, total volumes are forecast to reach 1.8 billion units in 2018, resulting in a 12.7% compound annual growth rate (CAGR) for the 2013 – 2018 forecast period. Emerging markets are expected to continue accounting for more than 50% annual smartphone shipments.

On the smartphone design front, American information technology research and advisory firm Gartner Inc ("Gartner") reported that high-end smartphone players have tried to mitigate the lack of technology breakthrough with the improvement in design elements¹, migrating from plastic to metal components. These players have hoped that the design upgrade will inspire consumers to upgrade their handsets as well. As such, the Group will accommodate the change to gradually shift its production to more metal processing for its wireless segment to ride on the industry-wide design change.

Taking into account the industry outlook and challenges for the smartphone market, the Group will maintain its focus on:

- Smooth execution and delivery for several new major projects,
- Ongoing diversification of its customer base and product segments,
- Better utilization of production capacity and capabilities, and
- Continuous improvement on cost control via automation, lean organization & manufacturing consolidation.

With the positive industry outlook and processes in place to mitigate the challenges, the Group will commence production at the 65,000 sqm Nantong plant (Phase 1A) from end of 4Q2014 gradually.

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.

¹ eWeek.com, Smartphone Growth Continues, but Headed for a Slowdown: Gartner, 14 February 2014

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. (cont'd)

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

The Group expects higher revenue in 4Q2014 as compared to 4Q2013. The Group expects to be profitable in 4Q2014.

The Group expects higher revenue in 2H2014 as compared to 1H2014. The Group expects to be profitable in 2H2014.

The Group expects lower revenue but higher profit in FY2014 as compared to FY2013.

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

The construction at the Nantong plant for a site area comprising approximately 65,000 sqm (Phase 1A) is on schedule. Production will commence from end of 4Q2014 gradually at the newly constructed site area.

As at 30 September 2014, capital expenditure of an aggregate amount of S\$59.9 million had been incurred for the proposed investment. The said amount was utilized towards land use rights, construction and renovation costs and professional fees.

11. Dividend

(a) Current Financial Period Reported on

Any dividend recommended for the current financial period reported on?

Not applicable.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Not applicable.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

13. Aggregate value of interested persons transactions entered into during the quarter ended 30 September 2014

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 Moxel International Inc & its group of companies	\$164,029	-
Transaction for Sales of Goods and Services Moxel International Inc & its group of companies	-	-

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 September 2014 to be false or misleading in any material aspect.

Yao Hsiao Tung
Executive Chairman
Chief Executive Officer

Gerald Lim Thien Su
Director