

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1 , Q2 & Q3), HALF-YEAR and FULL YEAR RESULTS

1(a) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the Second Quarter ended 30 June 2015

[illegible]

Notes to Group Consolidated Statement of Comprehensive Income

1(a) (i) Loss for the period is arrived at after (charging) / crediting the following items:

		Quarter Ended 30-Jun		6 Months Ended 30-Jun	
		2015	2014	2015	2014
	Note	S\$'000	S\$'000	S\$'000	S\$'000
(a)	Included in cost of sales are :				
-	Inventories recognised as an expense in cost of sales	(25,070)	(26,174)	(50,359)	(52,688)
-	(Provision)/write-back for inventory obsolescence	1(a)(i)(e)	(704)	221	(778)
-	Depreciation of property, plant and equipment ("PPE")	1(a)(i)(f)	(1,709)	(2,251)	(3,515)
-	Wages and salaries	1(a)(i)(g)	(13,562)	(10,550)	(27,033)
(b)	Included in administrative expenses are :				
-	Depreciation of property, plant and equipment ("PPE")	1(a)(i)(h)	(638)	(514)	(1,293)
-	Amortisation of prepaid land lease payments		(23)	(16)	(46)
-	Amortisation of intangible assets		(111)	(118)	(224)
-	Wages and salaries	1(a)(i)(i)	(3,188)	(3,975)	(6,413)
(c)	Included in other expenses are :-				
-	Foreign currency loss		(270)	(236)	-
-	Net fair value loss on held for trading investments	1(a)(i)(j)	(117)	-	-
-	Allowance for doubtful debts	1(a)(i)(k)	(147)	-	(143)
-	Loss on derivative		(59)	-	-
-	Share of joint venture loss		(26)	-	(26)
(d)	Included in other income are :-				
-	Fair value gain on investment property		-	-	-
-	Write-back of allowance for doubtful debts		-	-	-
-	Property rental income		342	344	660
-	Dividend income from investment securities	1(a)(i)(l)	105	338	298
-	Gain on disposal of PPE and intangible assets		912	53	918
-	Gain on derivative		-	36	4
-	Gain on disposal of held for trading investment	1(a)(i)(m)	234	133	183
-	Net fair value gain/(loss) on held for trading investments		-	22	617
-	Gain on disposal of other investments	1(a)(i)(l)	79	258	107
-	Foreign currency gain		-	-	220
(e)	Provision mainly for obsolete tooling inventory for long outstanding quality issue not accepted by customers.				138
(f)	Depreciation for Q2'15 was lower than Q2'14 due mainly to impairment provision for PPE in Suzhou plant in December 2014.				101
(g)	Q2'15 wages and salaries were higher mainly due to the Precision Sub-Assembly plant in mass production mode in Q2'15 compared to significantly lower Q2'14 revenue impacted by an early end-of-life of a major TV product of a major Japanese customer without replacement.				702
(h)	Higher leasehold building and improvement mainly from renovation of the Assembly plant to cater for mass production.				681
(i)	Lower Q2'15 wages and salaries mainly due to lower G&A headcount.				120
(j)	This relates to fair value gain/(loss) from investment securities under investment portfolio managed by an investment bank.				62
(k)	Provisions were made for certain long-outstanding receivables in dispute with customers due to quality issues.				321
(l)	Reduction in dividend income from Sabana Reits as the company started gradual disposal since June 2014. The gain on disposal for Q2'15 was S\$79K.				(218)
(m)	This relates to gain on disposal of investment securities under investment portfolio managed by an investment bank.				258

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

Balance Sheets (Unaudited)

		Group		Company	
		As at 30-Jun-15 S\$'000	As at 31-Dec-14 S\$'000	As at 30-Jun-15 S\$'000	As at 31-Dec-14 S\$'000
	Note				
Non-current Assets					
Property, plant and equipment ("PPE")		49,743	52,399	24	-
Investment property		16,565	16,260	-	-
Prepaid land lease payment		3,667	3,645	-	-
Intangible assets		626	880	-	-
Investment in subsidiary		-	-	47,061	47,061
Investment in Joint Venture	A	962	-	-	-
Other investments	B	-	5,873	-	5,873
Deposit paid for purchases of property, plant and equipment		546	1,057	-	-
Other receivables	C	1,677	1,677	-	-
Deferred tax assets		3,372	3,306	-	-
		77,158	85,097	47,085	52,934
Current Assets					
Inventories	D	27,946	24,497	-	-
Trade and other receivables		66,272	66,363	2,158	1,857
Tax recoverables		41	40	-	-
Prepayments		846	702	20	43
Loan to subsidiary		-	-	21,261	19,390
Held for trading investments	E	13,584	19,412	13,584	19,412
Derivatives	F	6	40	6	40
Cash and short-term deposit	G	28,790	24,336	11,538	2,023
		137,485	135,390	48,567	42,765
Total Assets		214,643	220,487	95,652	95,699
Current Liabilities					
Invoice financing		5,336	5,444	-	-
Trust receipts	H	2,564	3,938	-	-
Bank overdrafts	H	-	713	-	-
Loans and borrowings	1(b)(ii)	7,900	10,095	-	-
Trade and other payables	I	77,682	74,661	428	554
Provisions	J	233	229	-	-
Derivatives	F	37	76	38	76
Tax payable		1,685	1,890	158	51
		87,537	86,951	624	681
Net Current Assets		49,948	48,439	47,943	42,084
Non-current Liabilities					
Provision	J	614	609	-	-
Deferred tax liabilities		1,739	1,710	137	137
		2,353	2,319	137	137
Total Liabilities		89,890	89,270	761	818
Net Assets		124,753	131,217	94,891	94,881
Share capital		98,021	98,021	98,021	98,021
Treasury shares		(13,164)	(13,164)	(13,164)	(13,164)
Share option reserve		118	83	118	83
Fair value adjustment reserves	B	-	406	-	406
Retained earnings		37,332	44,911	9,916	9,535
Translation reserves		2,446	960	-	-
Total Equity		124,753	131,217	94,891	94,881

Notes to Group Balance Sheet

- A This relates to the Joint Venture of wholly-owned subsidiary, Mansfield Manufacturing Company Limited with Shenzhen Konkia Precision Mould Manufactory Co.,Ltd. Anhui KM Technology is incorporated with a registered share capital of RMB20 million in which Mansfield holds a stake of 49%.
- B The Board of Directors decided to diversify into various investment instruments instead of solely investing in Industrial Reits. The company started to gradually disposed of its Reit investments since June 2014. The remaining balance of 5,048,000 shares as at 31 March 2015 were disposed of in Q2'15 at an average price of S\$0.89.
- C These are mainly long-term rental and utilities deposit for PRC factory facilities.
- D The higher inventory as at 30 June 2015 was due to an increase in inventory for the Assembly plant in Dongguan and the Wuhan plant in the mode of production ramp up.
- E These are quoted equities, trusts and bonds held for trading and managed by an investment bank in Singapore. The fair value was computed based on the last transacted bid prices on the stock exchange or in active markets at the end of the reporting period. The decrease was mainly due to the liquidation of a portfolio in Q2'15 to support the full settlement of the banking facilities detailed in 1(b)(ii)
- F These derivatives are the unrealized fair values gain or loss from forward contracts under the portfolio investment.
- G Increase in cash and bank balances came mainly from net proceeds from the sale of Sabana Reits, liquidation of an investment portfolio and proceed from sale of PPE. These were offset by capital injection of S\$988K into Anhui KM Technology, acquisition of investments securities under the portfolio management, purchase of PPE and increase in working capital as a result of assembly plant production ramp-up and losses incurred in 1H'15.
- H Decrease due to settlement of borrowings as agreed with the bank as detailed in 1(b)(ii) .
- I Increase mainly due to the Assembly plant ramping up their mass production in Q1'15.
- J This comprises a provision for long service payment and a warranty provision relating to the Option Agreement with Alliance Manufacturing Sdn.Bhd under the disposal of Exerion Precision Technology Holding B.V.

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

	As at 30-Jun-15 S\$'000	As at 31-Dec-14 S\$'000
Amount repayable in one year or less, on demand		
- Secured	7,900	10,095
- Unsecured	-	-
	7,900	10,095
Amount repayable after one year		
- Secured	-	-
- Unsecured	-	-
	-	-
Total	7,900	10,095

Details of any collateral

Bank borrowings facilities relating to overdrafts and trust receipts are secured by corporate guarantee of HK\$50 million (estimated S\$8.0 million) from the Company and its subsidiaries. Total borrowing of S\$7.9 million include borrowing of S\$5.3 million (2014: S\$5.4 million) relating to factoring and is secured by trade receivables.

In the bank facilities letter dated 2 May 2014, the Mansfield Group is to comply with a set of covenants required by the bank. As at 31 March 2015, the Group has breached a covenant of the bank facilities. The Company did not fulfil the requirement to maintain a "Consolidated Tangible Net Worth" of HK\$598.0 million at all time. In April 2015, the Company and the bank have mutually agreed to a full settlement of HK\$30.5 million banking facilities by August 2015. The Company has sufficient cash to support the Group's operation in the absence of this banking facilities. As at 30 June 2015 balance of banking facilities which comprises only trust receipts to be settled amounted to S\$2.6 million (HK\$14.8 million).

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

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

GROUP	Note	Quarter Ended 30-Jun		6 Months Ended 30-Jun	
		2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Cash flows from operating activities :					
Loss before tax		(4,878)	(3,232)	(7,413)	(6,527)
Adjustment items	K	257	117	5,313	(625)
Cash flows used in operations before reinvesting in working capital					
Working capital changes , excluding changes relating to cash		(4,359)	(2,573)	(3,109)	(3,659)
Cash used in operating activities					
Net interest and income tax paid		(51)	(176)	(362)	(59)
Net cash used in operating activities					
		(9,031)	(5,864)	(5,571)	(10,870)
Cash flows from investing activities :					
Purchase of property, plant and equipment ("PPE")		(1,603)	(449)	(2,318)	(1,521)
Deposit refund for property, plant and equipment		28	182	532	269
Proceeds from sale of PPE		2,276	153	2,276	462
Additions to intangible assets		-	(9)	(18)	(35)
Proceed from sales of Sabana Reit	1(b)(i)(B)	4,496	1,552	5,574	1,552
Proceed from sale of intangible assets		-	-	71	-
Proceeds from sale of investment securities	1(b)(i)(E)	9,883	1,447	13,493	4,583
Acquisition of Investment securities under portfolio management	1(b)(i)(E)	(2,979)	(1,791)	(6,871)	(5,077)
Dividend from investment securities		105	338	298	681
Proceed from sales of Exerion (subsidiary company)		-	2,162	-	2,162
Payment received from disposal of MICL (subsidiary company)		-	794	-	1,607
Investment in Joint Venture		-	-	(988)	-
Deposit in an investment portfolio account		(502)	618	(181)	495
Decrease in pledged time deposits		177	288	226	431
(Increase)/Decrease in restricted cash		(108)	(5)	807	21
Effect of exchange rate changes		1,648	814	(1,318)	3,407
Net cash generated from investing activities					
		13,421	6,094	11,583	9,037
Cash flows from financing activities :					
Repayment of short term financing	1(b)(i)(H)	(1,506)	(1,145)	(104)	(798)
Bank loan repayment		-	-	-	(1,631)
Dividend paid to subsidiary shareholder		-	(2,239)	-	(2,239)
Effect of exchange rate changes		42	11	(4)	10
Net cash used in financing activities					
		(1,464)	(3,373)	(108)	(4,658)
Net change in cash and cash equivalents					
		2,926	(3,143)	5,904	(6,491)
Effect of exchange rate changes on cash and cash equivalents					
		117	37	113	51
Cash and cash equivalents as at beginning of period					
		22,536	18,476	19,562	21,810
Cash and cash equivalents as at end of period					
	L	25,579	15,370	25,579	15,370

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENTS (UNAUDITED)

K. Details of adjustment items as follows:

GROUP	Note	Quarter Ended 30- June		6 Months Ended 30- June	
		2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Depreciation of property, plant and equipment (PPE)		2,347	2,765	4,808	5,663
Amortisation of intangible assets		111	118	224	244
Amortisation of prepaid land lease payment		23	16	46	34
Gain on disposal of PPE and intangible assets		(912)	(53)	(918)	(120)
Gain on disposal of held for trading investment	1(a)(i)(m)	(234)	(133)	(183)	(321)
Gain on disposal of Exerion		-	(121)	-	(121)
Gain on disposal of other investment		(79)	(258)	(107)	(258)
Fixed assets written off		-	4	-	37
Share option expense		41	-	41	15
Share of joint venture loss		26	-	26	-
Provision/(write back) of allowance for doubtful debts		147	-	143	(101)
Net fair value (gain)/loss on held for trading investments	1(a)(i)(j)	117	(22)	(617)	218
Net fair value (gain)/ loss for derivatives		59	(32)	(4)	(57)
Interest expense		51	65	113	134
Interest income		(67)	(99)	(154)	(202)
Provision/(write-back) for obsolete inventories		704	(221)	778	(169)
Unrealised exchange (gain)/loss		(1,975)	(379)	1,409	(4,083)
Net fair value gain on investment property		-	-	-	(138)
Provision for severance benefits and restructuring expenses		3	(1,195)	6	(719)
Dividend income from investment securities		(105)	(338)	(298)	(681)
Total		<u>257</u>	<u>117</u>	<u>5,313</u>	<u>(625)</u>

L For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise:

GROUP	As at 30 June	
	2015 S\$'000	2014 S\$'000
Cash and bank balances	17,878	13,016
Cash and bank balance under portfolio investment management	1,043	1,143
Other Fixed deposits	9,869	5,870
Total cash and bank balance per balance sheet	28,790	20,029
Less : Cash and bank balance under portfolio investment management	(1,043)	(1,143)
Less: Pledged fixed deposit and restricted cash	(2,168)	(2,870)
Net cash and bank balance	25,579	16,016
Less : Bank overdrafts	-	(646)
Cash and cash equivalents at end of period	25,579	15,370 *

* The increase in cash and cash equivalent from 30 June 2014 to 30 June 2015 was mainly due to proceed from sales of PPE, sales of Sabana Reits since June 2014, liquidation of an investment portfolio offset by net purchase of investment securities under portfolio management and acquisition of PPE, acquisition of minority shareholders of a subsidiary in Q3'14 (S\$0.5 million), capital injection into Anhui KM Technology (S\$1.0 million) in Q1'15, increase in working capital due to ramping up for mass production of the Assembly plant from Q4'14 and losses sustained by the Mansfield Group

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 capitalization issues and distributions to shareholders , together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of changes in equity

GROUP	Attributable to owners of the parents							Equity attributable to owners of the parent, total		
	Share Capital S\$'000	Treasury Shares S\$'000	Retained earnings S\$'000	Share Option Reserve S\$'000	Foreign Currency Translation Reserve S\$'000	Fair value adjustment reserve S\$'000	Total other Reserve S\$'000	Equity attributable to owners of the parent, total S\$'000	Non-controlling Interest S\$'000	Total Equity S\$'000
2015										
Balance at 1 January 2015	98,021	(13,164)	44,911	83	960	406	1,449	131,217	-	131,217
Loss for Q1'15	-	-	(2,574)	-	-	-	-	(2,574)	-	(2,574)
Other Comprehensive Income										
Foreign currency translation	-	-	-	-	3,303	-	3,303	3,303	-	3,303
Realisation of fair value gain	-	-	-	-	-	(54)	(54)	(54)	-	(54)
Net loss on fair value changes of available-for-sale financial assets	-	-	-	-	-	(226)	(226)	(226)	-	(226)
Other comprehensive income	-	-	-	-	3,303	(280)	3,023	3,023	-	3,023
Total comprehensive Income	-	-	(2,574)	-	3,303	(280)	3,023	449	-	449
Balance at 31 March 2015	98,021	(13,164)	42,337	83	4,263	126	4,472	131,666	-	131,666
Loss for Q2'15	-	-	(5,011)	-	-	-	-	(5,011)	-	(5,011)
Other Comprehensive Income										
Foreign currency translation	-	-	-	-	(1,817)	-	(1,817)	(1,817)	-	(1,817)
Realisation of fair value gain	-	-	-	-	-	(113)	(113)	(113)	-	(113)
Net loss on fair value changes of available-for-sale financial assets	-	-	-	-	-	(13)	(13)	(13)	-	(13)
Other comprehensive income	-	-	-	-	(1,817)	(126)	(1,943)	(1,943)	-	(1,943)
Total comprehensive Income	-	-	(5,011)	-	(1,817)	(126)	(1,943)	(6,954)	-	(6,954)
Contribution by and distribution to owners										
Share Option expense	-	-	-	41	-	-	41	41	-	41
Expiry of employee share options	-	-	6	(6)	-	-	(6)	-	-	-
Total contribution by and distribution to owners	-	-	6	35	-	-	35	41	-	41
Balance at 30 June 2015	98,021	(13,164)	37,332	118	2,446	-	2,564	124,753	0	124,753

Statement of changes in equity (Cont'd)

GROUP	Attributable to owners of the parents							Equity		
	Share Capital S\$'000	Treasury Shares S\$'000	Retained earnings S\$'000	Share Option Reserve S\$'000	Foreign Currency Translation Reserve S\$'000	Fair value adjustment reserve S\$'000	Total other Reserve S\$'000	Equity attributable to owners of the parent, total S\$'000	Non-controlling Interest S\$'000	Total Equity S\$'000
2014										
Balance at 1 January 2014	98,021	(13,164)	75,281	204	(984)	3,075	2,295	162,433	467	162,900
Loss for Q1'14	-	-	(3,781)	-	-	-	-	(3,781)	(22)	(3,803)
<u>Other Comprehensive Income</u>										
Foreign currency translation	-	-	-	-	(3,310)	-	(3,310)	(3,310)	(15)	(3,325)
Net gain on fair value changes of available-for-sale financial assets	-	-	-	-	-	(750)	(750)	(750)	-	(750)
Other comprehensive income	-	-	-	-	(3,310)	(750)	(4,060)	(4,060)	(15)	(4,075)
Total comprehensive Income	-	-	(3,781)	-	(3,310)	(750)	(4,060)	(7,841)	(37)	(7,878)
<u>Contribution by and distribution to owners</u>										
Share Option expense	-	-	-	15	-	-	15	15	-	15
Total contribution by and distribution to owners	-	-	-	15	-	-	15	15	-	15
Balance at 31 March 2014	98,021	(13,164)	71,500	219	(4,294)	2,325	(1,750)	154,607	430	155,037
Loss for Q2'14	-	-	(3,860)	-	-	-	-	(3,860)	(17)	(3,877)
<u>Other Comprehensive Income</u>										
Foreign currency translation	-	-	-	-	(431)	-	(431)	(431)	(3)	(434)
Realisation of fair value gain	-	-	-	-	-	(229)	(229)	(229)	-	(229)
Net gain on fair value changes of available-for-sale financial assets	-	-	-	-	-	203	203	203	-	203
Other comprehensive income	-	-	-	-	(431)	(26)	(457)	(457)	(3)	(460)
Total comprehensive Income	-	-	(3,860)	-	(431)	(26)	(457)	(4,317)	(20)	(4,337)
<u>Contribution by and distribution to owners</u>										
Share Option expense accrued	-	-	-	-	-	-	-	-	-	-
Expiry of employee share options	-	-	111	(111)	-	-	(111)	-	-	-
Dividends on ordinary shares	-	-	(2,239)	-	-	-	-	(2,239)	-	(2,239)
Total contribution by and distribution to owners	-	-	(2,128)	(111)	-	-	(111)	(2,239)	-	(2,239)
Balance at 30 June 2014	98,021	(13,164)	65,512	108	(4,725)	2,299	(2,318)	148,051	410	148,461

Statement of changes in equity (Cont'd)

COMPANY	Issued Capital S\$'000	Tresury Shares S\$'000	Retained earnings S\$'000	Share Option Reserve S\$'000	Fair Value Adjustment Reserve S\$'000	Total Other reserves S\$'000	Total equity S\$'000
2015							
Balance at 1 January 2015	98,021	(13,164)	9,535	83	406	489	94,881
Profit for Q1'15	-	-	587	-	-	-	587
Other Comprehensive Income							
Realisation of fair value gain	-	-	-	-	(54)	(54)	(54)
Net loss on fair value changes of available-for-sale financial assets	-	-	-	-	(226)	(226)	(226)
Total comprehensive income for Q1'15	-	-	587	-	(280)	(280)	307
Balance at 31 March 2015	98,021	(13,164)	10,122	83	126	209	95,188
Profit for Q2'15	-	-	(212)	-	-	-	(212)
Other Comprehensive Income							
Realisation of fair value gain	-	-	-	-	(113)	(113)	(113)
Net loss on fair value changes of available-for-sale financial assets	-	-	-	-	(13)	(13)	(13)
Total comprehensive income for Q2'15	-	-	(212)	-	(126)	(126)	(338)
Contributions by and distribution to owners							
Expiry of Employees' Share Option	-	-	6	(6)	-	(6)	-
Share Option expense	-	-	-	41	-	41	41
Total contributions and distribution to owners for Q2'15	-	-	6	35	-	35	41
Balance at 30 June 2015	98,021	(13,164)	9,916	118	-	118	94,891
2014							
Balance at 1 January 2014	98,021	(13,164)	10,652	204	3,075	3,279	98,788
Loss for Q1'14	-	-	(178)	-	-	-	(178)
Other Comprehensive Income							
Net loss on fair value changes of available-for-sale financial assets	-	-	-	-	(750)	(750)	(750)
Total comprehensive income	-	-	(178)	-	(750)	(750)	(928)
Contributions by and distribution to owners							
Share option expense accrued	-	-	-	15	-	15	15
Total transactions with owners in their capacity as owners	-	-	-	15	-	15	15
Balance at 31 March 2014	98,021	(13,164)	10,474	219	2,325	2,544	97,875
Profit for Q2'14			34	-	-	-	34
Other Comprehensive Income							
Realisation of fair value gain					(229)	(229)	(229)
Net gain on fair value changes of available-for-sale financial assets	-	-	-		203	203	203
Total comprehensive income	-	-	34	-	(26)	(26)	8
Contributions by and distribution to owners							
Expiry of Employee Share Option	-	-	111	(111)	-	(111)	-
Dividends on ordinary shares	-	-	(2,239)	-	-	-	(2,239)
Total contributions and distribution to owners for Q2'14	-	-	(2,128)	(111)	-	(111)	(2,239)
Balance at 30 June 2014	98,021	(13,164)	8,380	108	2,299	2,407	95,644

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-back, exercise of share options or warrants, conversion of other issues of equity securities, issue of share for cash or as consideration for acquisition or for any 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

(a) Share Capital

Number of ordinary shares as at 30 June 2015 and 31 March 2015 is 246,656,428.

Number of shares that may be issued on conversion of all outstanding options are as follows:-

	As at 30/6/2015	As at 30/6/2014
Options granted under the InnoTek Employees' Share Option Plan I	-	-
Options granted under the InnoTek Employees' Share Option Scheme II **	3,380,000	5,290,000
	<u>3,380,000</u>	<u>5,290,000</u>

** On 23 May 2013, 7,730,000 options were granted to the Group's and the Company's employees under the "InnoTek Employee's Share Option Scheme II" plan which was approved by shareholders at the Extraordinary General Meeting held on 30 April 2008. The option price for the grant was S\$0.28 per share which was based on the average of the last dealt prices for the shares on the SGX-ST over five consecutive Market Days immediately preceding the Date of Grant of Option as determined by the Remuneration Committee. 5,350,000 options had been forfeited since May 2013 due to staff resignation. 1,000,000 share options were granted to a senior management staff at an option price of S\$0.27 on 1 December 2014.

(b) Treasury Shares

	No of shares '000	S\$'000
Balance as at 1 January and 30 June 2015	<u>22,821</u>	<u>13,164</u>

- 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 corresponding period of the immediately preceding financial year.

	As at 30/6/2015		As at 30/6/2014	
	No of shares '000	\$'000	No of shares '000	\$'000
Total number of issued shares at the end of period	246,656	98,021	246,656	98,021
Number of Treasury Shares at the end of period	(22,821)	(13,164)	(22,821)	(13,164)
Net number of issued shares at the end of period	<u>223,835</u>	<u>84,857</u>	<u>223,835</u>	<u>84,857</u>

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

None

2. Whether the figures have been audited, or reviewed and in accordance with the standard (e.g. The Singapore Standard on Auditing 910 (Engagement to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed by auditors.

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

The figures have not been audited or reviewed by auditors

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

The same accounting policies and method of computation have been applied to the financial statements as in the most recently audited annual financial statements.

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

None.

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

	Quarter Ended 30 June		6 Months Ended 30 June	
	2015	2014	2015	2014
Earning per ordinary share of the Group based on net profit attributable to the shareholders of the Company :				
(i) Based on the weighted average number of shares (in cents)				
Earning per share	<u>(2.24)</u>	<u>(1.72)</u>	<u>(3.39)</u>	<u>(3.41)</u>
Weighted average number of shares ('000)	<u>223,835</u>	<u>223,835</u>	<u>223,835</u>	<u>223,835</u>
(ii) On a fully diluted basis (in cents)				
Earning per share	<u>(2.24)</u>	<u>(1.72)</u>	<u>(3.39)</u>	<u>(3.41)</u>
Adjusted weighted average number of shares ('000)	<u>223,835</u>	<u>223,835</u>	<u>223,835</u>	<u>223,835</u>

7. Net assets 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 period reported on; and (b) immediately preceding financial year

	Group		Company	
	As at 30-Jun-15	As at 31-Dec-14	As at 30-Jun-15	As at 31-Dec-14
Net asset backing per ordinary share based on the total number of issued share excluding treasury shares as at the end of the period reported on	55.7 cents	58.6 cents	42.4 cents	42.4 cents

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital assets or liabilities of the Group during the current financial period reported on

Review for the Quarter ended 30 June 2015 (Q2'15)

	Q2'15 S\$'000	Q2'14 S\$'000	Q2'15 vs Q2'14 S\$'000	Q2'15 vs Q2'14 %
Turnover				
MSF	57,590	54,815	2,775	5.1
Net (Loss)/Profit attributable to owners of the parent				
MSF Group	(4,797)	(3,894)	(903)	23.2
Corporate	(214)	34	(248)	(729.4)
Total	(5,011)	(3,860)	(1,151)	29.8
Basic EPS (cents)	(2.24)	(1.72)	(0.52)	(30.2)

Turnover

The Group's revenue in the April-to-June 2015 quarter ("Q2'15") increased by S\$2.8 million or 5.1% to S\$57.6 million from S\$54.8 million in Q2'14 due mainly to:

- (1) Increase in revenue from the Precision Sub-Assembly segment with commencement of mass production of TV bezels to new non-Japanese customers since Q1'15, mitigating the lower volume as a result of an early end-of-life of a major TV product in Q4'13 from a major Japanese customer without replacement programmes;

Offset by

- (2) Revenue decline from the Tooling segment due to capacity loss, as a result of the disruption of activities caused by the move of the Tooling segment to the same location as the Precision Component segment to enhance operational efficiency. The move was completed end of May 2015 to coincide with the end of rental tenancy of the old Tooling factory. In addition, with the weakened euro, customers from Europe are also increasingly using European tool manufacturers to save costs; and
- (3) Revenue decline from the Precision Component segment due to lower demand for flat TV panels. Certain major Japanese customers are also allocating more new programme production to their plants outside China. Revenue from automotive products also decreased towards the end of 2014 as some programmes went end-of-life.

Net Loss

The Group recorded higher net loss of S\$5.0 million in Q2'15, compared to a loss of S\$3.9 million in Q2'14 due mainly to:

- (1) Decline in MSF's gross profit ("GP") margin in Q2'15 to 4.2% from 8.4% in Q2'14 due mainly to higher obsolete stock provision and high production cost despite the decline of revenue of a subsidiary in the Precision Component segment. Higher initial start-up cost especially in salaries and wages, as well as higher rework cost due to mass production ramp-up for the Precision Sub-Assembly segment also affected gross margin.

This was mitigated by higher gain on disposal of PPE and held for trading investment under investment portfolio.

Review for 6 months ended 30 June 2015 (1H'15)

	1H'15 S\$'000	1H'14 S\$'000	1H'15 vs 1H'14 S\$'000	1H'15 vs 1H'14 %
Turnover				
MSF	113,288	108,963	4,325	4.0
Net (Loss)/Profit attributable to owners of the parent				
MSF Group	(7,963)	(7,494)	(469)	6.3
Corporate	378	(147)	525	(357.1)
Total	(7,585)	(7,641)	56	(0.7)
Basic EPS (cents)	(3.39)	(3.41)	0.02	(0.6)

Turnover

The Group's revenue for 6 months ended 30 June 2015 ("1H'15") increased by S\$4.3 million or 4.0% to S\$113.3 million from S\$109.0 million in 1H'14 due mainly to:

- (1) Increase in revenue from the Precision Sub-Assembly segment with commencement of mass production of TV bezels to new non-Japanese customers in 1H'15, mitigating the lower volume as a result of an early end-of-life of a major TV product in Q4'13 from a major Japanese customer without replacement programmes;

Offset by

- (2) Revenue decline from the Tooling segment due to capacity loss as a result of the disruption of activities caused by the move of the Tooling segment to the same location as the Precision Component segment to enhance operational efficiency. Preparations commenced at the end of Q1'15 and the move was completed end of May 2015, in order to coincide with the end of rental tenancy of the old Tooling factory. In addition, with the weakened Euro, customers from Europe are also increasingly using European tool manufacturers to save costs; and
- (3) Revenue decline from the Precision Component segment due to lower demand for flat TV panels. Certain major Japanese customers are also allocating more new programme production to their plants outside China. Revenue from automotive products also decreased towards the end of 2014 as some programmes went end-of-life.

Net Loss

The Group net loss for 1H'15 was S\$7.6 million (comparable to the loss of S\$7.6 million in 1H'14) due mainly to:

- (1) Gain on disposal of PPE
- (2) Net fair value gain on held for trading securities under investment portfolio

This was negated by a decline in MSF's gross profit ("GP") margin in 1H'15 to 5.4% from 8.5% in 1H'14 due mainly to higher obsolete stock provision and high production cost despite the decline of revenue of a subsidiary in the Precision Component segment. Higher initial start-up cost especially in salaries and wages, as well as higher rework cost due to mass production ramp-up for the Precision Sub-Assembly segment also affected gross margin.

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

None

10. A commentary at the date of the announcement of the 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 operating environment in China remains challenging amidst rising competition and labour costs. This has led to leading Japanese brands in the office automation sector migrating to lower-cost countries such as Vietnam. The Group's office automation margins, which are tied to steel prices, remain soft as commodity prices continue to slide.

There is a shift in dynamics in the global automotive industry as connected cars and self-driving vehicles gain popularity. The Group is closely monitoring this trend, which has surfaced at a time when China's automotive market is slowing down. While they have a longer gestation period, the Group's projects for conventional vehicles offer stability. The Group commenced work on an automotive project in car display and expects revenue contributions from this car display business. To augment sales from the automotive business, the Group has appointed sales representatives in the U.S. and Europe, markets that the Group is seeking to penetrate.

11. Dividend

(a) Current Financial period Reported On

Any dividend declared for the present financial period ? No

(b) Corresponding period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year ? No

(c) Date payable

Not applicable

(d) Books closing date

Not Applicable

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

Not Applicable

13. Interested Person Transactions – Rule 920(1)(a)(ii) – An issuer must announce the aggregate value of transactions conducted pursuant to the general mandate for interested person transactions for the financial period which it is required to report on pursuant to Rule 705.

None

14. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(13), the Company confirms that there is no person occupying a managerial position in the Company who is related to the director, chief executive officer or substantial shareholder of the Company.

15. STATEMENT PURSUANT TO SGX LISTING RULE 705(5) OF THE LISTING MANUAL

The directors confirmed that to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the second quarter financial results of the Company and of the Group for the quarter ended 30 June 2015 to be false or misleading in any material aspects.

Signed by Robert Sebastiaan Lette, Chairman

BY ORDER OF THE BOARD

Robert Sebastiaan Lette

Chairman

14 August 2015