



MIYOSHI LIMITED

(Incorporated in the Republic of Singapore)
Company Registration Number: 198703979K

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE SGX-ST LISTING MANUAL

Introduction

Miyoshi Limited (the “Company”, and together with its subsidiaries, the “Group”) was placed on the Watch-List pursuant to Rule 1311 of the Singapore Exchange Securities Trading Limited’s (“SGX-ST”) Listing Manual on 4 December 2013.

Pursuant to Rule 1313(2) of the Listing Manual of SGX-ST, the Board of Directors (the “Board”) of the Company wishes to provide the following updates in respect to the unaudited consolidated financial statements of the Company and its subsidiaries for the financial quarter ended 31 August 2015.

Update on unaudited Financial Position as at 31 August 2015 and for full FY2015

The Group recorded a 22.4% decrease in revenue from S\$70.1 million in FY2014 to S\$54.4 million in FY2015. The significant decrease was mainly due to dilution of shareholding interest and subsequent disposal of principal subsidiary, Giken Sakata (S) Limited (“Giken”) in the last financial year.

Total costs and expenses decreased by S\$19.6 million from S\$77.4 million in FY2014 to S\$57.8 million in FY2015. This was mainly due to decreases in raw materials and consumables used of S\$10.3 million, employee benefits of S\$3.2 million, other operating expenses of S\$5.4 million and depreciation of S\$0.7 million.

Other income decreased by S\$3.0 million from S\$7.6 million in FY2014 to S\$4.6 million in FY2015. This was mainly due to the gain on disposal of asset held for sale of S\$5.1 million in FY2014, reversal of impairment loss of disposal group of S\$0.6 million and gain on disposal of interest in associate of S\$0.6 million, offset by increase income from sales of scrap of S\$2.0 million in FY2015 and fair value gain on investment properties of S\$1.1 million.

Profit before income tax increased by S\$0.9 million from S\$0.3 million for FY2014 to S\$1.2 million for FY2015. This was mainly due to decrease in total costs and expenses of S\$19.6 million and decrease in other income of S\$3.0 million, offset by decrease of revenue of S\$15.7 million.

Fair value gain on investment property for other comprehensive income of S\$0.7 million arose from the transfer of the Senai property from Property, Plant and Equipment to Investment Property in 4Q2015.

Current assets decreased by S\$1.9 million from S\$34.0 million as at 31 August 2014 to S\$32.1 million as at 31 August 2015. This was mainly due to decreases in cash and bank balances and fixed deposits of S\$3.3 million, decrease in non-current assets held for sale of S\$1.9 million, offset by increases in other receivables and prepayments of S\$1.8 million, increases in trade receivables of S\$1.0 million, increases in inventories of S\$0.5 million.

Update on unaudited Financial Position as at 31 August 2015 and for full FY2015 (con't)

Current liabilities decreased by S\$0.3 million from S\$12.4 million as at 31 August 2014 to S\$12.1 million as at 31 August 2015. This was mainly due to decreases in other payables and accruals of S\$1.9 million, bank overdrafts of S\$0.6 million, offset by increases in bank loans of S\$2.0 million.

Non-current assets increased by S\$12.6 million from S\$28.9 million as at 31 August 2014 to S\$41.5 million as at 31 August 2015. This was mainly due to increases in investment properties of S\$6.5 million, property, plant and equipment of S\$2.6 million, intangible assets and goodwill on acquisition of a subsidiary of S\$1.2 million and S\$1.7 million respectively.

Investment properties were mainly the freehold land and building in Calamba City, Laguna, the Philippines and the leasehold land and building in Senai, Johore, Malaysia. Both properties are not owner-occupied and leased to external parties to earn rental income.

Intangible assets and goodwill arises from the Company's investment in Green Galaxy Limited ("GGL"). An external valuer was appointed to perform the purchase price allocation ("PPA") and the annual impairment test of goodwill. As the value in use exceeded the net assets value of GGL, goodwill and intangible assets as at 31 August 2015, no impairment of these assets are required. The intangible assets are amortised over five (5) years.

Total equity attributable to owners of the parent increased to S\$54.8 million as at 31 August 2015, from S\$46.9 million as at 31 August 2014. This was mainly due to reduction in currency translation reserve (debit balance) of S\$4.8 million and increase in profit attributable to owners of the parent of S\$0.5 million, the issue of 32 million new shares amounting to S\$1.9 million as partial consideration of the newly acquired subsidiary and increase in revaluation reserve of S\$0.7 million.

Cash and cash equivalents decreased by S\$2.7 million from S\$9.4 million as at 31 August 2014 to S\$6.7 million as at 31 August 2015. Cash and cash equivalents comprised of cash and bank balances, fixed deposits, bank overdrafts and excluding restricted cash.

Net cash used in operating activities for FY2015 amounted to S\$1.1 million. The cash from operations of S\$4.3 million before movements in working capital were reduced by lower other payables and accruals of S\$2.5 million, higher other receivables and prepayments of S\$1.5 million, higher trade receivables of S\$0.6 million, lower trade payables of S\$0.3 million, interest and taxes paid of S\$0.6 million.

Net cash used in investing activities for FY2015 amounted to S\$5.4 million. This is mainly due to capital expenditure of S\$6.3 million offset by proceeds from disposal of plant and equipment of S\$1.0 million.

Net cash from financing activities for FY2015 amounted to S\$3.5 million mainly due to proceeds from bank loans of S\$4.7 million, offset by repayment of bank loans and other loan of S\$1.0 million and S\$0.1 million respectively.

For more details on the consolidated financial statements of the Group for the full financial year ended 31 August 2015, please refer to our separate announcement on the unaudited results released on 30 October 2015.

Update on Recent Developments

On 25 August 2015, the Company announced that its indirect subsidiary, Green Galaxy (Jiangxi) Limited, has established a wholly-owned subsidiary, known as Suqian Miyoshi Trading Co., Ltd in Suqian, Jiangsu Province, China.

On 5 October 2015, the Company has on 19 September 2015 entered into a memorandum of understanding ("MOU") with Core Power (Fujian) Electric Co., Ltd (the "JV Partner") in relation to the acquisition and/or subscription by the Company of such number of shares in Core Power (Fujian) New Energy Automobile Co., Ltd (the "JV Company"), representing in aggregate, of up to 49% of the entire issued share capital of the JV Company ("Proposed Acquisition").

Update on Future Direction

The Board wishes to update the shareholders that the Company has on 30 October 2015 submitted an application to the SGX-ST for an extension of a further twelve (12) months to apply for its removal from the Watch-List (the "Application"). The Company will update shareholders of the outcome of the Application in due course.

Saved as disclosed, there are no material developments that may have a significant impact on the financial position of the Group.

The Board will update shareholders on material developments in due course and the Company will make further announcements as and when there are subsequent development hereafter.

BY ORDER OF THE BOARD

Sin Kwong Wah Andrew
Executive Chairman and CEO
30 October 2015