

Second Quarter Financial Statement On The Consolidated Results For The Period Ended 30 June 2015

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

1. (a) **An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

GROUP INCOME STATEMENTS for the second quarter and the half year ended 30 June 2015

	Group			Group		
	3 months ended			6 months ended		
	30-06-15	30-06-14	Change	30-06-15	30-06-14	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	35,462	98,726	(64)	76,406	197,483	(61)
Other operating income	12,095	542	n.m.	16,204	1,858	772
Changes in inventories of finished goods and work-in-progress	(4,239)	(4,213)	1	(9,477)	(7,701)	23
Raw material and consumables used	(21,472)	(53,998)	(60)	(40,538)	(110,582)	(63)
Employee benefits expenses	(11,796)	(26,322)	(55)	(25,463)	(52,239)	(51)
Depreciation and amortisation expense	(1,739)	(3,725)	(53)	(3,517)	(7,786)	(55)
Other operating expenses	(13,616)	(25,266)	(46)	(29,335)	(50,655)	(42)
Share of results of associate	(43)	(2)	n.m.	(122)	(21)	481
Finance costs	(1,623)	(2,127)	(24)	(3,442)	(4,199)	(18)
Loss before income tax	(6,971)	(16,385)	(57)	(19,284)	(33,842)	(43)
Income tax	264	-	n.m.	264	-	n.m.
Loss for the period	(6,707)	(16,385)	(59)	(19,020)	(33,842)	(44)

Loss for the period attributable to:

Equity holders of the Company	(6,744)	(14,344)	(53)	(18,847)	(29,470)	(36)
Non-controlling interests	37	(2,041)	(102)	(173)	(4,372)	(96)
Total	(6,707)	(16,385)	(59)	(19,020)	(33,842)	(44)

n.m. - not meaningful

Statement of Comprehensive Income for the second quarter and the half year ended 30 June 2015

	Group			Group		
	3 months ended			6 months ended		
	30-06-15	30-06-14	Change	30-06-15	30-06-14	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Loss for the period	(6,707)	(16,385)	(59)	(19,020)	(33,842)	(44)
Other comprehensive income / (loss) :						
Items that may be reclassified subsequently to profit or loss						
Exchange realignment of foreign entities	1,238	(485)	(355)	(2,928)	(3,310)	(12)
Total comprehensive loss for the period	(5,469)	(16,870)	(68)	(21,948)	(37,152)	(41)

Total comprehensive loss attributable to:

Equity holders of the Company	(4,889)	(14,594)	(66)	(21,767)	(32,178)	(32)
Non-controlling interests	(580)	(2,276)	(75)	(181)	(4,974)	(96)
Total	(5,469)	(16,870)	(68)	(21,948)	(37,152)	(41)

Notes:

(I) Revenue

	Group			Group		
	3 months ended			6 months ended		
	30-06-15	30-06-14	Change	30-06-15	30-06-14	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sale of goods	35,435	96,653	(63)	76,281	195,289	(61)
Dividend income from available-for-sale investments	-	1,970	(100)	-	1,970	(100)
Interest income	27	103	(74)	125	224	(44)
Total	35,462	98,726	(64)	76,406	197,483	(61)

(II) Loss for the period is arrived at after crediting /(charging) the following:

	Group			Group		
	3 months ended			6 months ended		
	30-06-15	30-06-14	Change	30-06-15	30-06-14	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gain on disposal of subsidiary / non-current assets classified as held for sale	8,134	-	-	8,134	828	882
Net foreign exchange adjustment gain / (loss)	234	643	(64)	3,390	(1,537)	(321)
Depreciation and amortisation expense	(1,739)	(3,725)	(53)	(3,517)	(7,786)	(55)
Interest expenses	(1,623)	(2,127)	(24)	(3,442)	(4,199)	(18)
Provision for stock obsolescence	-	(745)	(100)	-	(2,459)	(100)

n.m. - not meaningful

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

STATEMENTS OF FINANCIAL POSITION as at 30 June 2015

	Group		Company	
	30-06-15	31-12-14	30-06-15	31-12-14
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets:				
Cash and bank balances	29,248	35,988	225	205
Trade receivables	47,983	81,538	-	-
Other receivables, deposits and prepayments	9,444	33,970	65,151	60,263
Inventories	48,667	60,603	-	-
Non-current assets classified as held for sale	585	23,407	-	-
Total current assets	135,927	235,506	65,376	60,468
Non-current assets:				
Associate	1,485	1,580	1,110	1,089
Subsidiaries	-	-	118,373	116,191
Available-for-sale investments	26,866	26,341	25,746	25,272
Land use rights	7,730	7,729	-	-
Property, plant and equipment	58,965	61,739	-	-
Total non-current assets	95,046	97,389	145,229	142,552
Total assets	230,973	332,895	210,605	203,020
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables	40,776	82,143	-	-
Other payables and accruals	38,797	45,182	2,397	2,629
Borrowings	85,564	102,093	-	-
Income tax payable	990	1,238	-	-
Total current liabilities	166,127	230,656	2,397	2,629
Non-current liability:				
Borrowings	83,333	81,722	52,880	51,461
Capital, reserves and non-controlling interests:				
Share capital	151,097	151,097	151,097	151,097
Capital reserve	54,772	54,772	-	-
Translation reserves	(9,486)	(6,566)	2,501	(372)
Legal reserves	36,947	34,896	-	-
Accumulated losses	(251,817)	(229,914)	1,730	(1,795)
Equity attributable to owners of the Company	(18,487)	4,285	155,328	148,930
Non-controlling interests	-	16,232	-	-
Total equity	(18,487)	20,517	155,328	148,930
Total liabilities and equity	230,973	332,895	210,605	203,020

1 (b)(ii)

Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less , or on demand

As at 30-06-2015		As at 31-12-2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(a) 26,877	22,372	(a) 30,267	25,591
(b) 36,315	-	(c) 46,235	-
Total 63,192	22,372	Total 76,502	25,591

Amount repayable after one year

As at 30-06-2015		As at 31-12-2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(b) 67,250	16,083	(c) 66,050	15,672

(a) The short term loans are secured by subsidiaries' land use rights, buildings and pledged of trade receivables.

(b) A charge over all of the Group's present shares in Smart Idea Holdings Limited ("SIHL"), representing 16.84% of the issued share capital of SIHL.

(c) A charge over all of the Group's present shares in:

(i) SIHL; and

(ii) Indeed Holdings Limited ("IHL"), representing 51% of the issued share capital of IHL

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
for the period ended 30 June 2015**

Operating activities:

Loss before income tax

Adjustments for:

Share of results of associate

Depreciation and amortisation expense

Gain on disposal of subsidiary / non-current assets held for sale

Gain on disposal of property, plant and equipment

Allowance for inventories

Interest expense

Dividend income

Interest income

Operating cash flows before movements in working capital

Trade receivables

Other receivables and prepaid expenses

Inventories

Trade payables

Other payables

Cash (used in) / generated from operations

Income tax (paid) / refund

Interest paid

Interest received

Net cash (used in) / generated from operating activities

Investing activities:

Additions to property, plant and equipment

Deposit from disposal of available-for-sale investment

Dividend income received

Proceeds from disposal of property, plant and equipment

Proceeds from disposal of subsidiary / non-current assets held for

Net cash generated from investing activities

Financing activities:

Decrease in short-term bank loans

Decrease in other loans payable

Contribution from non-controlling interest

Capital reduction paid to non-controlling interests

Restricted cash

Net cash used in financing activities

Net effect of exchange rate changes in consolidating subsidiaries

Net decrease in cash and cash equivalents

Cash and cash equivalents at beginning of financial period

Effects of exchange rate changes on the balance of cash held in foreign currencies

Cash and cash equivalents at end of financial period

Note 1:

Cash and bank balances

Less: Restricted bank deposits

Cash and cash equivalents per cash flow statement

	Group		Group	
	3 months ended		6 months ended	
	30-06-15	30-06-14	30-06-15	30-06-14
	S\$'000	S\$'000	S\$'000	S\$'000
	(6,971)	(16,385)	(19,284)	(33,842)
	43	2	122	21
	1,739	3,725	3,517	7,786
	(8,134)	-	(8,134)	(828)
	-	-	-	(91)
	-	745	-	2,459
	1,623	2,127	3,442	4,199
	-	(1,970)	-	(1,970)
	(27)	(103)	(125)	(224)
	(11,727)	(11,859)	(20,462)	(22,490)
	14,994	24,220	33,499	54,431
	6,757	398	10,917	1,551
	9,629	5,882	11,936	14,907
	(26,363)	(9,970)	(41,367)	(31,614)
	(806)	1,635	(3,787)	(1,926)
	(7,516)	10,306	(9,264)	14,859
	(34)	(28)	16	9
	(1,623)	(2,127)	(3,442)	(4,199)
	27	103	125	224
	(9,146)	8,254	(12,565)	10,893
	-	(2,475)	-	(5,270)
	-	4,368	-	4,368
	-	1,970	-	1,970
	-	-	3,200	863
	14,507	-	29,185	2,228
	14,507	3,863	32,385	4,159
	(16,749)	(23,352)	(7,206)	(31,633)
	(11,854)	(1,305)	(9,979)	5,749
	-	985	-	985
	(6,302)	-	(6,302)	-
	2,120	(200)	3,991	(23)
	(32,785)	(23,872)	(19,496)	(24,922)
	635	581	(3,164)	1,972
	(26,789)	(11,174)	(2,840)	(7,898)
	46,885	57,381	22,101	54,137
	(744)	(195)	91	(227)
	19,352	46,012	19,352	46,012
	29,248	55,105	29,248	55,105
	(9,896)	(9,093)	(9,896)	(9,093)
	19,352	46,012	19,352	46,012

1(d)(i) A statement (for the issuer and 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

STATEMENTS OF CHANGES IN EQUITY for the period ended 30 June 2015

	Share capital	Capital reserve	Translation reserves	Legal reserves	Accumulated losses	Attributable to owners of the Company	Non-controlling interests	Total
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 April 2015	151,097	54,772	(11,341)	37,952	(245,073)	(12,593)	16,631	4,038
Total comprehensive loss for the period	-	-	1,855	-	(6,744)	(4,889)	(580)	(5,469)
Reduction in minority interest upon disposal	-	-	-	-	-	-	(9,749)	(9,749)
Capital Reduction	-	-	-	-	-	-	(6,302)	(6,302)
Disposal of subsidiary	-	-	-	(1,005)	-	(1,005)	-	(1,005)
Balance at 30 June 2015	151,097	54,772	(9,486)	36,947	(251,817)	(18,487)	-	(18,487)

Group								
Balance at 1 April 2014	151,097	54,772	(4,332)	34,843	(166,032)	70,348	25,045	95,393
Total comprehensive loss for the period	-	-	(250)	-	(14,344)	(14,594)	(2,276)	(16,870)
Contribution from non-controlling interest	-	-	-	-	-	-	985	985
Balance at 30 June 2014	151,097	54,772	(4,582)	34,843	(180,376)	55,754	23,754	79,508

	Share capital	Translation reserves	Accumulated profits	Total
Company	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 April 2015	151,097	5,898	(2,152)	154,843
Total comprehensive income for the period	-	(3,397)	3,882	485
Balance at 30 June 2015	151,097	2,501	1,730	155,328

Company				
Balance at 1 April 2014	151,097	(7,598)	15,404	158,903
Total comprehensive income for the period	-	(1,607)	2,108	501
Balance at 30 June 2014	151,097	(9,205)	17,512	159,404

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

There were no changes in the Company's share capital since the end of the previous period reported on
There were no outstanding convertible securities and employees' share options as at 30 June 2015 and 2014
As at 30 June 2015 and 2014, no shares were being held as treasury shares

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 shares as at 30 June 2015 and 31 December 2014 is 400,000,000 shares

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

Not applicable

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

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

3 Where the figures have been audited or reviewed, the auditors' 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

The same accounting policies and methods of computation have been applied in the financial statements as compared with the most recent audited annual financial statements.

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

NIL

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

Loss per ordinary share for the period ended 30 June 2015

Loss per ordinary share for the financial period based on net loss attributable to the shareholders

	Group			
	3 months ended		6 months ended	
	30-06-15	30-06-14	30-06-15	30-06-14
	cents	cents	cents	cents
(i) Based on the weighted average number of ordinary shares on issue; and	(1.69)	(3.59)	(4.71)	(7.37)
(ii) On a fully diluted basis	(1.69)	(3.59)	(4.71)	(7.37)

Notes:

- (a) The loss per ordinary share for the financial period 3 and 6 months ended 30 June 2015 are calculated based on 400,000,000 (3 and 6 months ended 30 June 2014 : 400,000,000) ordinary shares issued
- (b) In June 2015 and 2014, there were no outstanding employees' share options

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

Net asset value per ordinary share as at 30 June 2015

	Group			Company		
	30-06-15	31-12-14	Change	30-06-15	31-12-14	Change
	cents	cents	%	cents	cents	%
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on n.m. - not meaningful	(4.62)	1.07	n.m.	38.83	37.23	4

Note:

The net asset value per ordinary share for the financial period ended 30 June 2015 is calculated based on the issued share capital of 400,000,000 shares (31 December 2014: 400,000,000 shares)

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 (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

Second Quarter ended 30 June 2015 ("Q2 2015")

Revenue

For the second quarter ended 30 June 2015 ("Q2 2015"), the Group revenue decreased by 64% to S\$35.5 million compared to S\$98.7 million same period last year. The decline in revenue follows the closure of several loss making factories and the decrease in demand for PCs.

Other operating income

Other operating income increased from S\$0.5 million in Q2 2014 to S\$12.1 million in Q2 2015 mainly due to the gain on disposal of a subsidiary ("Indeed Holdings Limited") amounting to S\$8.1 million.

Raw material and consumables used

Changes in inventories of finished goods and work-in-progress

Cost of inventories decreased from S\$58.2 million in Q2 2014 to S\$25.7 million in Q2 2015. The decrease is in line with the revenue decline.

Employee benefits expenses

Employee benefits expenses decreased by 55% from S\$26.3 million in Q2 2014 to S\$11.8 million in Q2 2015 mainly due to reduced headcounts from 9,887 to 4,272 following various cost cutting measures.

Depreciation and amortisation expenses

Depreciation and amortisation expenses decreased by 53% from S\$3.7 million in Q2 2014 to S\$1.7 million in Q2 2015 due to the lower carrying value of the relevant assets.

Other operating expenses

Other operating expenses (which includes selling and distribution costs and manufacturing overheads) were lower by 46% from S\$25.3 million in Q2 2014 to S\$13.6 million in Q2 2015. This is in line with lower revenue.

Finance costs

Finance costs decreased by 24% from S\$2.1 million in Q2 2014 to S\$1.6 million in Q2 2015 mainly due to the lower Group's borrowings.

Group Net Loss

As a result of the above, the Group's loss attributable to equity holders of the Company has narrowed to S\$6.7 million in Q2 2015 compared to S\$14.3 million in Q2 2014.

Review of Balance Sheet

The Group current assets were S\$135.9 million as at 30 June 2015 compared to S\$235.5 million as at 31 December 2014. The decline was mainly due to the following:

- i. Cash and bank balances decreased from S\$36.0 million as at 31 December 2014 to S\$29.2 million as at 30 June 2015 mainly due to operating loss and repayment of short-term borrowings.
- ii. Trade receivable decreased from S\$81.5 million as at 31 December 2014 to S\$48.0 million as at 30 June 2015 due to receipts in 1H 2015 and a lower sales volume for the same period.
- iii. Inventories declined from S\$60.6 million as at 31 December 2014 to S\$48.7 million as at 30 June 2015 due to lower inventory holdings in line with the reduced revenue.

The Group current liabilities decreased from S\$230.7 million as at 31 December 2014 compared to S\$166.1 million as at 30 June 2015. The decrease was largely due to following:

- i. Trade payable decreased from S\$82.1 million as at 31 December 2014 to S\$40.8 million as at 30 June 2015 due to lower purchases made in 1H 2015 and payments made.
- ii. Borrowings reduced from S\$102.1 million as at 31 December 2014 to S\$85.6 million as at 30 June 2015 as a result of repayment of short-term borrowings.

The Group's non-current liability increased from S\$81.7 million at 31 December 2014 to S\$83.3 million at 30 June 2015. The increase in long-term borrowings was due to "translation differences", resulting from the depreciation of the S\$ against both US\$ and the RMB.

Review of Cash Flow Statement

Net cash outflow for operating activities in Q2 2015 was S\$9.1 million. This was primarily due to operation loss.

Net cash generated from investing activities of S\$14.5 million in Q2 2015 was due to the proceeds from disposal of Shanghai Song Yi Industry Co., Ltd and Indeed Holdings Ltd.

Net cash used in financing activities of S\$32.8 million in Q2 2015 was mainly attributed to the short-term borrowings repayment.

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

There were no forecast or prospect statement disclosed to shareholders previously.

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

In order to strengthen the working capital of the Group, Management will continue with the restructuring strategy to lower costs, streamline operations and close down loss making plants. The Group will cease operation of its Chongqing plant end of August 2015 and its Malaysia operation end of September 2015.

The Group is also in preliminary discussions with potential buyers to dispose its non-performing assets. Please note however that under relevant China laws and regulations as well as labour, management rights, taxation and VAT issues, such disposal(s) may take up to one year to complete from agreement with potential buyer(s).

11

Dividend

(a) Current Financial Period Reported On

Any dividend declared 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

No dividend for the period ended 30 June 2015 is recommended or declared.

13

If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

There are no recurrent interested person transactions in the current period

The Company does not have any interested person transaction mandate

BY ORDER OF THE BOARD

Hsu Hung Chun

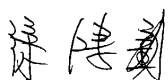
Chairman

Date : 14 August 2015

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

We, Hsu Hung Chun and Hsu Cheng Chien being two directors of Huan Hsin Holdings Ltd (the “Company”), do hereby confirm on behalf of the directors of the Company that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the second quarter 2015 financial statements to be false or misleading in any material aspect.

On behalf of the Board of Directors



Hsu Hung Chun
President



Hsu Cheng Chien
Managing Director

Date: 14 August 2015