



MIYOSHI PRECISION 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 Precision 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 2014.

Update on unaudited Financial Position as at 31 August 2014 and for 4Q2014

The Group recorded a 63.7% decrease in revenue from S\$36.6 million in 4Q2013 to S\$13.3 million in 4Q2014. The significant decrease was mainly due to the dilution of shareholding interest and subsequent disposal of principal subsidiary, Giken Sakata (S) Limited (“Giken”) in the current financial year.

Total costs and expenses decreased by S\$23.2 million from S\$40.5 million in 4Q2013 to S\$17.3 million in 4Q2014. This was mainly due to decreases in (1) raw materials and consumables used of S\$15.0 million, (2) employee benefits of S\$4.9 million and (3) other operating expenses of S\$2.4 million. The above reduction in total costs and expenses was in line with the lower revenue in 4Q2014.

Other income decreased by S\$0.7 million from S\$1.2 million in 4Q2013 to S\$0.5 million in 4Q2014. This was mainly due to insurance claim and interest income in 4Q2013 of S\$0.5 million and S\$0.2 million respectively.

Loss for the period increased by S\$1.3 million from loss of S\$2.3 million in 4Q2013 to loss of S\$3.6 million in 4Q2014. This was mainly due to allowance for impairment of plant and equipment of S\$2.8 million in the 4Q2014. The allowance for impairment of plant and equipment in 4Q2013 was S\$1.0 million.

Profit for the year increased by S\$4.7 million from loss of S\$4.7 million in FY2013 to a slight profit of S\$20,000 in FY2014. This was mainly due to increase in other income of S\$4.9 million.

Current assets decreased by S\$31.7 million from S\$65.7 million as at 31 August 2013 to S\$34.0 million as at 31 August 2014. This was mainly due to the disposal of assets held for sale of S\$26.2 million, decreases in trade receivables of S\$4.3 million and cash and bank balances of S\$3.0 million.

Current liabilities decreased by S\$23.0 million from S\$35.4 million as at 31 August 2013 to S\$12.4 million as at 31 August 2014. This was mainly due to reduction in liabilities of a disposal group held for sale of S\$17.5 million, reduction in bank loans of S\$3.5 million and trade payables of S\$1.3 million.

Update on unaudited Financial Position as at 31 August 2014 and for 4Q2014 (con't)

Non-current assets increased by S\$0.2 million from S\$25.8 million as at 31 August 2013 to S\$26.0 million as at 31 August 2014. This was mainly due to capital expenditure of S\$8.8 million, offset by depreciation charge for the year of S\$4.4 million, impairment of plant and equipment of S\$2.1 million, disposal of plant and equipment of S\$1.2 million, currency realignment of S\$0.5 million and write-offs of plant and equipment of S\$0.4 million.

Total equity attributable to owners of the parent decreased to S\$44.0 million as at 31 August 2014, from S\$47.7 million as at 31 August 2013. This was mainly due to the dividend payments of S\$3.2 million and reduction in other reserves of S\$310,000 and reduction in share options reserve of S\$95,000.

Cash and cash equivalents decreased by S\$4.9 million from S\$14.3 million as at 31 August 2013 to S\$9.4 million as at 31 August 2014. Cash and cash equivalents comprised of cash and bank balances, fixed deposits, bank overdrafts and excluding restricted cash.

Net cash from operating activities in FY2014 amounted to S\$585,000. This is mainly due to decrease in trade receivables of S\$3.8 million, offset by the dividend payments of S\$3.2 million.

Net cash used in investing activities in FY2014 amounted to S\$1.8 million. This is mainly due to capital expenditure of S\$8.8 million, offset by proceeds from disposal of property of S\$7.2 million.

Net cash used in financing activities in FY2014 amounted to S\$3.7 million. This is mainly due to repayment of bank loans of S\$4.8 million, offset by proceeds from bank loans of S\$1.2 million.

For more details on the consolidated financial statements of the Group for the fourth quarter ended 31 August 2014 please refer to our separate announcement on the unaudited results released on 30 October 2014.

Update on Recent Developments

On 9 July 2014, the Company announced that its wholly owned subsidiary, Miyoshi Precision (Malaysia) Sdn. Bhd. has entered into a sale and purchase agreement to dispose of its non-core asset, a factory cum office building for cash consideration of RM4.7 million. The period stipulated for the completion of the agreement is 6 months from date of agreement of 9 July 2014. As at date of this update, the transaction has not been completed.

On 14 July 2014, the Company entered into a Memorandum of Understanding in relation to a proposed joint venture with Promise New Energy Development Ltd ("Promise") and the proposed acquisition of shares representing 55% of the entire issued share capital of the joint venture company ("Proposed Transactions"). The Company and Promise intend to enter into a joint venture in relation to the development, manufacture, assembly and sale of electric vehicle project, focusing on light electric vehicles in the PRC. On 13 August 2014, the Company and Promise agreed to extend the deadline to sign the joint venture agreement within 30 days from 13 August 2014.

On 26 August 2014, the Company entered into a Joint Venture Agreement ("JVA") in relation to a proposed joint venture with Promise and the Proposed Transactions.

On 1 September 2014, the Company announced that the First Completion has taken place in accordance with the terms and conditions of the JVA. Following the First Completion, the Company is the holder of 561 Green Galaxy Limited ("GGL") shares and has 5.31% shareholding interest in GGL.

On 15 September 2014, the Company received the approval in principle for the listing and quotation of 32,000,000 new ordinary shares in the capital of the Company ("Consideration Shares") to be issued in pursuant to the Proposed Transactions.

As at date of this update, the Second Completion in accordance with the terms and conditions of the JVA has not taken place and further announcements will be made by the Company in relation to the Proposed Transactions and the Consideration Shares as and when appropriate.

Update on Future Direction

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

CEO

30 October 2014