MFS TECHNOLOGY LTD

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

1(a)(i) An income statement and statement of comprehensive income or a statement of comprehensive income

These figures have not been audited.

	The Group		
	3 months ended 31 Mar		
	FY 2014	FY 2013	%
	S$'000	S$'000	change
Sales	**41,020**	39,303	4%
Cost of sales	**(35,642)**	(32,885)	8%
Gross profit	**5,378**	6,418	-16%
Other income	**1,829**	332	451%
Other gains/(losses)	**(87)**	-	N/m
Expenses			
- Distribution and marketing	**(1,703)**	(1,853)	-8%
- Administrative	**(2,908)**	(3,020)	-4%
- Restructuring expenses	**(531)**	-	N/m
- Other	**(44)**	(33)	33%
Profit before income tax	**1,934**	1,844	5%
Income tax expense	**(276)**	(475)	-42%
Total profit	**1,658**	1,369	21%
Profit attributable to:			
Equity holders of the Company	**1,658**	1,202	38%
Non - controlling interests	**-**	167	N/m
	1,658	1,369	21%

N/m : Not Meaningful

1(a)(ii) Notes to the Consolidated Income Statement

	The Group	
	3 months ended 31 Mar	
	S$'000	S$'000
Interest income	**15**	19
Sale of scrap	**123**	139
Compensation and claims	**11**	24
Depreciation and amortization	**(2,268)**	(2,190)
Allowance for doubtful debts	**(146)**	(33)
Allowance for stock obsolescence	**(157)**	(347)
Foreign exchange loss	**(143)**	(96)
Share-based compensation expenses	**(135)**	(295)
Loss on fair value derivative	**(87)**	-
Gain on sale of property, plant and equipment	**1,534**	2

1(a)(iii) Consolidated Statement of Comprehensive Income

	The Group		
	3 months ended 31 Mar		
	FY 2014	FY 2013	%
	S$'000	S$'000	change
Total profit	**1,658**	1,369	21%
Other comprehensive (loss)/income:			
Currency translation differences arising from consolidation	**(809)**	828	N/m
Other comprehensive (loss)/income, net of tax	**(809)**	828	N/m
Total comprehensive income	**849**	2,197	-61%
Total comprehensive income attributable to:			
Equity holders of the Company	**849**	1,763	-52%
Non-controlling interests	**-**	434	-100%
	849	2,197	-61%

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

	The Group		The Company	
	As at 31-Mar-14 S$'000	As at 31-Dec-13 S$'000	As at 31-Mar-14 S$'000	As at 31-Dec-13 S$'000
Current assets				
Cash and cash equivalents	**30,563**	26,017	**162**	162
Derivative financial instruments	**-**	38	**-**	**-**
Trade and other receivables	**40,899**	44,961	**39,560**	39,719
Inventories	**24,250**	22,583	**-**	-
Other current assets	**1,960**	1,785	**104**	25
Non-current asset classified as held for sale (Note)	**879**	908	**-**	-
	98,551	96,292	**39,826**	39,906
Non-current assets				
Investment in subsidiaries	**-**	-	**39,225**	39,225
Property, plant & equipment	**58,638**	59,902	**-**	-
Deferred tax asset	**544**	560	**-**	-
	59,182	60,462	**39,225**	39,225
Total assets	**157,733**	156,754	**79,051**	79,131
Current liabilities				
Trade and other payables	**42,026**	41,039	**643**	644
Derivative financial instruments	**53**	3	**-**	-
Current income tax liabilities	**2,059**	2,917	**2**	2
	44,138	43,959	**645**	646
Non-current liabilities				
Deferred income tax liabilities	**-**	49	**-**	-
Total liabilities	**44,138**	44,008	**645**	646
Net Assets	**113,595**	112,746	**78,406**	78,485
Share capital and reserves				
Share capital	**71,124**	71,124	**71,124**	71,124
Treasury shares	**(1,260)**	(1,260)	**(1,260)**	(1,260)
Foreign currency translation reserve	**(4,908)**	(4,099)	**-**	-
Other reserves	**2,462**	2,462	**1,028**	1,028
Retained earnings	**46,177**	44,519	**7,514**	7,593
Total Equity	**113,595**	112,746	**78,406**	78,485

Note :
The non-current asset classified as held for sale as at 31 March 2014 relates to the leasehold land located at No. 161, Yuhua Road, Yuhua District, Changsha, Hunan which the Group has committed to sell.

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

	As at 31-Mar-14		As at 31-Dec-13	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	Nil	Nil	Nil	Nil
Amount repayable after one year	Nil	Nil	Nil	Nil

1(b)(iii) Details of any collateral

Not applicable

1(c) A consolidated 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

	3 months ended	
	31/3/2014	31/3/2013
	S$'000	S$'000
Cash flows from operating activities		
Total profit	**1,658**	1,369
Adjustments for: -		
- Income tax expense	**276**	475
- Depreciation	**2,268**	2,190
- Interest income	**(15)**	(19)
- Fair value loss on derivative	**87**	-
- Gain on sale of property, plant and equipment	**(1,534)**	(2)
- Unrealised translation losses	**(300)**	(123)
Operating income before working capital changes	**2,440**	3,890
Changes in working capital		
- Trade and other receivables	**4,062**	(1,906)
- Inventories	**(1,667)**	(1,669)
- Other current assets	**(175)**	284
- Trade and other payables	**987**	1,803
Cash generated from operations	**5,647**	2,402
Income tax paid	**(1,146)**	(59)
Net cash provided by operating activities	**4,501**	2,343
Cash flow from investing activities		
Purchase of property, plant and equipment	**(1,666)**	(1,118)
Proceeds from the sale of property, plant and equipment	**1,534**	69
Interest received	**15**	19
Net cash used in investing activities	**(117)**	(1,030)
Net increase in cash and cash equivalents held	**4,384**	1,313
Cash and cash equivalents at beginning of the period	**26,017**	30,390
Effects of currency translation on cash and cash equivalents	**162**	180
Cash and cash equivalents at end of the period	**30,563**	31,883

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

Consolidated Statement of Changes in Equity for the three month period ended 31 March

The Group	Share Capital S$'000	Treasury Shares S$'000	Foreign Currency Translation Reserve S$'000	Revaluation and Other Reserves S$'000	Retained Earnings S$'000	Non-controlling interests S$'000	Total Equity S$'000
FY 2014							
Balance at 1 Jan 2014	71,124	(1,260)	(4,099)	2,462	44,519	-	112,746
Total comprehensive income/(loss) for the period	-	-	(809)	-	1,658	-	849
Balance as 31 Mar 2014	**71,124**	**(1,260)**	**(4,908)**	**2,462**	**46,177**	**-**	**113,595**
FY 2013							
Balance at 1 Jan 2013	71,124	(1,260)	(5,415)	4,011	40,256	14,329	123,045
Total comprehensive income/(loss) for the period	-	-	561	-	1,202	434	- 2,197
Balance as 31 Mar 2013	**71,124**	**(1,260)**	**(4,854)**	**4,011**	**41,458**	**14,763**	**125,242**

Statement of Changes in Equity for the three month period ended 31 March

The Company	Share Capital S$'000	Treasury Shares S$'000	Other Reserves S$'000	Retained Earnings S$'000	Total S$'000
FY 2014					
Balance at 1 Jan 2014	71,124	(1,260)	1,028	7,593	78,485
Total comprehensive loss for the period	-	-	-	(79)	(79)
Balance at 31 Mar 2014	**71,124**	**(1,260)**	**1,028**	**7,514**	**78,406**
FY 2013					
Balance at 1 Jan 2013	71,124	(1,260)	1,028	(2,099)	68,793
Total comprehensive loss for the period	-	-	-	(105)	(105)
Balance at 31 Mar 2013	**71,124**	**(1,260)**	**1,028**	**(2,204)**	**68,688**

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

Since 31 December 2013, the Company did not issue any new share.

Share Options

As at 31 March 2014, options to subscribe for 902,750 ordinary shares under the MFS Share Option Scheme remain outstanding (31 March 2013: 1,748,750).

Performance Shares & Share Appreciation Rights

At the Extraordinary General Meeting held on 30 July 2008, the Company's shareholders approved the adoption of the MFS Performance Share Plan and Share Appreciation Rights Plan.

The Remuneration Committee (RC) has the discretion under the MFS Performance Share Plan and Share Appreciation Rights Plan to settle in cash instead of shares. In December 2012, the RC has decided to settle the above in cash.

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 immediate preceding year.

Share Capital	31 Mar 2014	31 Dec 2013
No. of issued shares	660,430,497	660,430,497
No. of issued shares (excluding Treasury Shares)	653,430,497	653,430,497
No. of Treasury Shares	7,000,000	7,000,000

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 standard e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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 accounting policies and methods of computation applied by the Group are consistent with those used in its recently audited 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

None

6. Earnings 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

	The Group 3 months ended 31 March	
	FY 2014	**FY 2013**
Earnings per ordinary share for the period based on profit attributable to shareholders:-		
(i) Based on weighted average no. of ordinary shares in issue (in cents)	0.25	0.18
(ii) On a fully diluted basis (in cents)	0.25	0.18

Note: For the purpose of calculating the diluted earnings per share, the weighted average number of ordinary shares in issue had been adjusted to reflect the dilutive effect arising from the exercise of all outstanding share options granted to employees. The number of such shares issue is added to the number of ordinary shares outstanding in the computation of diluted earnings per ordinary share. No adjustment is made to the profit after tax attributed to shareholders.

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 period reported on and (b) immediately preceding financial year

	Group		**Company**	
	As at 31/03/2014	**As at 31/12/2013**	**As at 31/03/2014**	**As at 31/12/2013**
Net asset value per ordinary share based on existing issued share capital at the end of the period reported on (in cents):	17.4	17.3	12.0	12.0

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's 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

INCOME STATEMENT REVIEW

Revenue

The Group recorded total revenue of $41.0m for the three months ended 31 March 2014 ("1Q2014"), a 4% or $1.7m increase year on year.

Our Flexible Printed Circuits (FPC) division reported higher revenue of $29.7 million, an 11% or $3.0 million increase in 1Q2014, mainly due to higher revenue from consumer, medical, industrial and automotive customer segments.

Printed Circuits Board (PCB) division reported a 10% decline in revenue, to $11.3 million, mainly due to reduction of unprofitable and lower margin programs.

Profit after tax

The Group registered a net profit after tax of $1.7m for 1Q2014, $0.3m or 21% higher than the corresponding period of FY2013. This was mainly due to the net impact of the following:

(1) one-off gain of $1.5m on disposal of the old factory building in Changsha;
(2) lower income tax expense of $0.2m due to prior year tax arrears paid by one of China subsidiaries;
(3) lower gross profit of $1.0m for 1Q2014 as a result of price reduction and unfavorable sales mix;
(4) Singapore staff restructuring cost of $0.5m incurred in 1Q2014.

STATEMENT OF FINANCIAL POSITION REVIEW

Current assets

As at 31 March 2014, total current assets amounted to $98.6m or 62% of our total assets. Total current assets increased by $2.2m as compared to 31 December 2013, mainly due to increase in cash and cash equivalents of $4.6m, inventories of $1.7m, and offset by decrease in trade and other receivables of $4.1m.

The increase in cash and cash equivalents was mainly due to better control and faster collection from trade and other receivables. Inventories increase was mainly due to higher WIP held by one of our China subsidiaries for orders to be delivered in April 2014.

Non-current assets

As at 31 March 2014, non-current assets amounted to $59.2m or 38% of our total assets. Non-current assets comprise mostly of fixed assets and deferred tax assets. Total non-current assets decreased $1.3m as compared to 31 December 2013, mainly due to depreciation charged for the period.

Current liabilities

As at 31 March 2014, current liabilities amounted to $44.1m, 100% of our total liabilities. Current liabilities comprises mostly of trade and other payables and tax liabilities. Total current liabilities increased $0.2m as compared to 31 December 2013 mainly due to offset effect of trade and other payables increase of $1m due to higher purchases and lower tax provision.

STATEMENT OF CASH FLOWS REVIEW

$4.5m was generated by operating activities in the three months ended 31 March 2014. The Group utilized $0.1m in investing activities, with $1.6m for purchase of plant and equipment, offset by proceed from sale of old Changsha factory building of $1.5m. Cash and cash equivalents amounted to $30.6m as at 31 March 2014 compared to $26.0m as at 31 December 2013.

The Group did not have any bank borrowings as at 31 March 2014.

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

There is no forecast previously disclosed to shareholders.

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

Production over-capacity remains a feature of FPC and PCB industries resulting in keen competition among industry players. Market demand is muted due to slow recovery in the developed economies and exacerbated by interest rate trending upwards globally.

However, the Group will continue to focus on capturing new opportunities and creating value through technological improvements and process innovations as well as productivity, quality, effective utilization of our facilities and aggressive cost management.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No

(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/recommended, a statement to that effect

Not applicable

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.

Nature and name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Nil	Nil	Nil

14. Statement pursuant to Rule 705(5) of the Listing Manual

The Board of Directors of the Company hereby confirm to the best of their knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the first quarter ended 31 March 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Submitted by Ronnie Chia, Company Secretary on 6/5/2014 to the SGX