



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 28 February 2015.

Update on unaudited Financial Position as at 28 February 2015 and for 1H2015

The Group recorded a 36.0% decrease in revenue from S\$44.0 million in 1H2014 to S\$28.1 million in 1H2015. 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\$16.6 million from S\$46.9 million in 1H2014 to S\$30.3 million in 1H2015. This was mainly due to decreases in (1) raw materials and consumables used of S\$10.8 million, (2) employee benefits of S\$3.0 million and (3) other operating expenses of S\$2.3 million. The above reduction in total costs and expenses was in line with the lower revenue in 1H2015.

Other income decreased by S\$2.4 million from S\$7.2 million in 1H2014 to S\$4.8 million in 1H2015. This was mainly due to the gain on disposal of asset held for sale of S\$5.1 million in 1H2014, offset by the reversal of impairment of property, plant and equipment of S\$3.2 million in 1H2015.

Profit for the period decreased by S\$1.8 million from S\$4.5 million in 1H2014 to S\$2.7 million in 1H2015. This was mainly due to gain on disposal of asset held for sale of S\$5.1 million recognised in 1H2014 and reversal of impairment of property, plant and equipment of S\$3.2m recognised in 1H2015.

Current assets increased by S\$1.5 million from S\$34.1 million as at 31 August 2014 to S\$35.6 million as at 28 February 2015. This was mainly due to increases in inventories of S\$2.6 million and trade receivables of S\$1.2 million, offset by a decrease in cash and bank balances of S\$2.5 million.

Current liabilities increased by S\$1.9 million from S\$12.4 million as at 31 August 2014 to S\$14.3 million as at 28 February 2015. This was mainly due to increases in trade payables of S\$3.3 million and bank loans of S\$0.8 million, offset by decreases in bank overdrafts of S\$0.6m and other payables and accruals of S\$1.6 million.

Update on unaudited Financial Position as at 28 February 2015 and for 1H2015 (con't)

Non-current assets increased by S\$9.4 million from S\$25.9 million as at 31 August 2014 to S\$35.2 million as at 28 February 2015. This was mainly due to capital expenditure of S\$2.8 million, reversal of impairment of plant and equipment of S\$3.2 million, goodwill on acquisition of a subsidiary of S\$2.5 million, currency realignment of S\$2.6 million from property, plant and equipment, offset by depreciation charge for the period of S\$2.0 million.

Total equity attributable to owners of the parent increased to S\$52.8 million as at 28 February 2015, from S\$44.0 million as at 31 August 2014. This was mainly due to the issue of 32 million new shares amounting to S\$1.9 million as partial consideration of the newly acquired subsidiary, reduction in currency translation reserve (debit balance) of S\$4.2 million and increase in profit attributable to owners of the parent of S\$2.6 million.

Cash and cash equivalents decreased by S\$1.9 million from S\$9.4 million as at 31 August 2014 to S\$7.5 million as at 28 February 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 in 1H2015 amounted to S\$0.2 million. The cash from operations of S\$1.3 million before movements in working capital were reduced by higher inventories of S\$2.0 million, lower other payables and accruals of S\$2.2 million, offset by increased in trade payables of S\$3.1 million.

Net cash used in investing activities in 1H2015 amounted to S\$2.9 million. This is mainly due to capital expenditure of S\$2.8 million.

Net cash from financing activities in 1H2015 amounted to S\$0.6 million mainly due to proceeds from bank loans of S\$1.1 million, offset by repayment of bank loans of S\$0.4 million.

For more details on the consolidated financial statements of the Group for the first half ended 28 February 2015 please refer to our separate announcement on the unaudited results released on 10 April 2015.

Update on Recent Developments

On 4 December 2014, the Company announced that its wholly-owned subsidiary, Miyoshi Saitoh Pte Ltd ("MSPL") has increased its investment in its wholly-owned subsidiary, Wuxi Miyoshi Precision Co., Ltd ("WMP") by capitalizing a sum of US\$1.5 million due and owing to MSPL by WMP. Pursuant to such capitalisation, the registered capital of WMP will be increased from US\$3.5 million to US\$5.0 million.

On 10 December 2014, the Company announced that Mr Sin Kwong Wah Andrew is redesignated as Executive Chairman and Director of the Company. He took over from Mr Masayoshi Taira, who is redesignated as Non-Executive Director of the Company.

On 31 December 2014, the Company completed the name change from "Miyoshi Precision Limited" to "Miyoshi Limited" pursuant to the resolution passed at the Extraordinary General Meeting held on 29 December 2014. The proposed change of name has been lodged with Accounting and Corporate Regulatory Authority of Singapore ("ACRA"). ACRA has notified that, with effect from 31 December 2014, the Company shall be known as "Miyoshi Limited". The Company's trading counter name remains unchanged as "Miyoshi".

On 6 February 2015, the Sale and Purchase Agreement ("SPA") in relation to the proposed sale of a factory cum office building located at PLO 122, Jalan Cyber 5, Senai III Industrial Estate 81400, Senai, Johor, Malaysia ("Property") by the Company's wholly-owned subsidiary Miyoshi Precision (Malaysia) Sdn Bhd ("MPM") has been terminated by the Purchaser as certain condition precedent under the SPA cannot be fulfilled. Accordingly, the deposit of RM470,000.00 paid-to-date to MPM will be refunded to the Purchaser.

On 10 February 2015, the Company commenced legal proceedings against its main contractor, Hup Bee Corporation Pte. Ltd., (the “Contractor”) engaged to carry out construction works (“Works”) at the Company’s premises (the “Claim”). The claim is for, *inter alia*, a total refund of a deposit of S\$247,170.00 (the “Deposit”) which the Company has placed with the Contractor pursuant to an agreement entered into with the Contractor. The Contractor has failed to perform its obligations under the agreement and had refused to make full payment for the refund of the Deposit upon the Company’s termination of the agreement and repeated demand for such refund. On 8 April 2015, the Company announced that it has since reached an out-of-court settlement on mutually acceptable terms with the Contractor. The parties will file their notice of discontinuation in respect of the Claim within 7 days of the Company receiving the payment from the Contractor. The Company will keep its shareholders apprised of the date on which the notice of discontinuation is filed.

On 12 February 2015, Mr Ong Wei Jin has been appointed as Joint Secretary of the Company in place of Ms Goh Wei Lin who has resigned as Joint Secretary of the Company with effect from 11 February 2015. Following the aforesaid appointment, Mr Khoo Boo Han and Mr Ong Wei Jin shall act as Joint Secretaries of the Company.

On 3 March 2015, the Company, through its indirect wholly-owned subsidiary, Miyoshi Precision Huizhou Co., Ltd has established a wholly-owned subsidiary, known as Miyoshi Investment (YingTan) Co., Ltd (“New Subsidiary”) in YingTan City, Jiangxi Province, China. The registered capital of the New Subsidiary is RMB300,000 and its principal activities include property development, tourism activities including provision of food and beverages, and the sale of electric vehicles.

On 3 March 2015, the Company announced that its non-wholly owned subsidiary, Miyoshi Hi-Tech Co., Ltd (“MHT”) has increased its share capital by issuing 250,000 new ordinary shares (the “Capital Increase”) to the Company and non-controlling interests of MHT, on a pro-rata basis in accordance with their shareholding interests. The consideration for the Capital Increase of THB25,000,000 is satisfied in full by capitalizing an equivalent sum owing to the Company and its non-controlling interests. The amounts owing by MHT to the Company comprise mainly loans and advances which arose in the normal course of business. The amounts owing to non-controlling interests comprise mainly loans to MHT. The purpose of the capitalization is to strengthen the share capital base of MHT.

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
Executive Chairman and CEO
10 April 2015