

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1 , Q2 & Q3), HALF-YEAR and FULL YEAR RESULTS

1.(a) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the First Quarter ended 31 March 2014

Group	Note	Quarter Ended 31-Mar		YoY Change %
		2014 S\$'000	2013 S\$'000	
Revenue		54,148	58,108	(6.8)
Cost of sales	1(a)(i)(a)	(49,516)	(49,652)	(0.3)
Gross Profit		4,632	8,456	(45.2)
Other items of expense				
Selling and distribution		(1,026)	(858)	19.6
Administrative expense	1(a)(i)(b)	(8,008)	(10,109)	(20.8)
Finance cost		(69)	(91)	(24.2)
Other expenses	1(a)(i)(c)	(347)	(52)	567.3
Total other item of expenses		(9,450)	(11,110)	(14.9)
Other items of income				
Interest income		103	94	9.6
Other income	1(a)(i)(d)	1,420	1,304	8.9
Total other items of Income		1,523	1,398	8.9
Loss before taxation and non-controlling interest from Continuing Operations		(3,295)	(1,256)	162.3
Tax expense		(508)	(174)	192.0
Loss , net of tax		(3,803)	(1,430)	165.9
Other comprehensive income :				
Foreign currency translation		(3,325)	1,994	NM
Net gain on fair value changes of available-for-sale financial assets		(750)	1,875	NM
Other comprehensive income , net of tax		(4,075)	3,869	NM
Total comprehensive income for the period		(7,878)	2,439	NM
(Loss)/Profit attributable to :				
Owners of the parent		(3,781)	(1,432)	164.0
Non-controlling interests		(22)	2	NM
Loss, net of tax		(3,803)	(1,430)	165.9
Total comprehensive income attributable to :				
Owners of the parent		(7,841)	2,427	NM
Non-controlling interests		(37)	12	NM
Total comprehensive income for the period		(7,878)	2,439	NM
Earning per share (cents)				
Basic	Para 6	(1.68)	(0.63)	166.7
Diluted	Para 6	(1.68)	(0.63)	166.7
NM denotes Not Meaningful				

Notes to Group Consolidated Statement of Comprehensive Income

1(a) (i) Loss for the period is arrived at after (charging) / crediting the following items:

	Note	Quarter Ended 31-Mar	
		2014 S\$'000	2013 S\$'000
(a) Included in cost of sales are :			
- Inventories recognised as an expense in cost of sales		(26,514)	(26,747)
- Write-back/(Provision) for inventory obsolescence		(52)	548
- Depreciation of property, plant and equipment ("PPE")		(2,357)	(2,327)
- Wages and salaries	1(a)(i)(e)	(10,942)	(11,131)
(b) Included in administrative expenses are :			
- Depreciation of property, plant and equipment ("PPE")	1(a)(i)(f)	(541)	(1,194)
- Amortisation of prepaid land lease payments		(18)	(26)
- Amortisation of intangible assets		(126)	(128)
- Wages and salaries	1(a)(i)(e)	(3,956)	(5,015)
(c) Included in other expenses are ;-			
- Net fair value loss on held for trading investments		(240)	-
- Foreign currency loss		(73)	-
- Allowance for doubtful debts		-	(52)
(d) Included in other income are ;-			
- Fair value gain on investment property	(A)	138	-
- Write-back of allowance for doubtful debts		101	-
- Dividend income from investment securities		343	362
- Gain on disposal of PPE		67	79
- Gain on disposal of held for trading investment		188	-
- Foreign currency gain		-	80
(e) Wages and salaries for three months ended 31 March 2014 ("Q1'14") were lower due to retrenchment carried out in 2013 to improve operation productivity and efficiency. This was partially offset by the increase in PRC mandated minimum wage adjustments in Q3'13.			
(f) Depreciation for Q1'14 was lower due to lower amortization of leasehold improvement resulting from conversion of four floors of an existing building to Investment Property (See Note A) in Q1'14 and a number of leasehold items were fully depreciated by end of 2013.			

1(a) (ii) Investment in Associate

(a) Disposal of Exerion Precision Technology Holding B.V.

On 20 February 2012, the Group and Retnok entered into a sale and purchase (“S&P”) agreement with Alliance Manufacturing Sdn Bhd (“ACM”) for the sale of 30,731 shares (representing 42.7%) and 6,002 shares (representing 8.3%) in Exerion held by the Group and Retnok, respectively, to ACM. In addition, on the same date, the Group entered into a shareholders’ agreement and an option agreement (the “Option Agreement”) with ACM for the sale of the remaining 35,291 shares in Exerion, which represent 49% equity interest. Under the Option Agreement, ACM is granted a call option, exercisable from the date of the option agreement up to and including 31 March 2014, to require the Group to sell all the remaining Exerion shares to ACM; and the Group has been granted a put option, exercisable from 1 April 2014 to 30 April 2014, to require ACM to purchase all the remaining Exerion shares. We had activated the put option to sell the remaining 49% equity interest at Euro 1.25 million (approximately S\$2.16 million) at the time of this announcement.

As at 31 December 2013 and March 2014, the investment in the remaining 49% equity interest is classified as “held-for-sale” as the Group expects the disposal of the remaining 49% equity interest to be completed within the next 12 months. Details as follows:

	S\$'000
Remaining equity interest as at 1 January 2013	1,986
Share of results	-
Exchange differences	<u>70</u>
Investment in associate as at 31 December 2013	2,056
Share of results	-
Exchange differences	<u>(8)</u>
Investment in associate classified as held-for-sale as at 31 March 2014	<u>2,048</u>

(b) Disposal of Mansfield Industrial Co. Ltd (“MICL”)

On 20 February 2012, Mansfield Manufacturing Company Limited entered into an agreement to dispose its 55% shareholding in MICL to the other shareholder who held the remaining 45% of MICL shares. The sale was approved at an Extraordinary General Meeting by Shareholders on 27 April 2012. The sale would take place over two tranches, of which the first sale of 3.6 million shares, representing 36% of the Group’s equity interest in MICL amounting to consideration of S\$5.8 million (HK\$36 million) was completed before 30 April 2012. The second tranche of sales relates to 19 million shares, representing 19% of the Group’s equity interest in MICL with consideration of HK\$19 million (Approximately S\$3.1 million) is expected to be completed before 31 December 2014 and payments scheduled as follows:-

	S\$'000
- Payment received in March 2013 under S&P agreement (HK\$9.0 million)	1,475
- Amount received in March 2014 under S&P agreement (HK\$5.0 million)	813
- Balance receivable on or before 31 December 2014 under S&P agreement (HK\$5.0 million)	<u>819</u>
	<u>3,107</u>

The balance 19% equity interest held is being accounted for as investment in associate after the disposal of the 36% equity. As at 31 December 2013 and 31 March 2014, the investment in the remaining 19% equity interest is classified as “held-for-sale” as the Group expects the disposal of the remaining 19% equity interest to be completed within the next 12 months. Details as follows:

	S\$'000
Carrying value of 19% shareholding in MICL as at 1 January 2013	2,996
Share of results	-
Exchange differences	<u>103</u>
Investment in associate as at 31 December 2013	3,099
Share of results	-
Exchange differences	<u>(11)</u>
Investment in associate as at 31 March 2014	<u>3,088</u>

1(b) (i) A balance sheet (for the issuer and the Group), together with a comparative statement as at the end of the immediately preceding financial year

Balance Sheets (Unaudited)

	Note	Group		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
Non-current Assets					
Property, plant and equipment ("PPE")	A	66,357	76,854	67	75
Investment property	A	21,587	15,319	-	-
Prepaid land lease payment	A	2,920	3,864	-	-
Intangible assets		1,134	1,232	-	-
Investment in subsidiary		-	-	47,061	47,061
Other investments	B	15,450	16,200	15,450	16,200
Deposit paid for purchases of property, plant and equipment		636	551	-	-
Other receivables	C	1,318	1,358	-	-
Deferred tax assets		906	915	-	-
		110,308	116,293	62,578	63,336
Current Assets					
Inventories	D	24,102	28,056	-	-
Trade and other receivables	E	58,147	64,636	1,131	963
Tax recoverables		262	428	-	-
Loan to associate		954	958	-	-
Prepayments		986	1,513	-	-
Loan to subsidiary		-	-	14,003	14,013
Held for trading investments	F	11,164	11,079	11,164	11,079
Derivatives		4	33	4	33
Cash and bank balances	G	23,596	27,787	10,003	10,286
		119,215	134,490	36,305	36,374
Assets of disposal group classified as held-for-sale	H	5,136	5,155	-	-
		124,351	139,645	36,305	36,374
Total Assets		234,659	255,938	98,883	99,710
Current Liabilities					
Bank loans	G	-	1,631	-	-
Trust receipts		8,236	7,412	-	-
Bank overdrafts	G	206	1,017	-	-
Loans and borrowings	1(b)(ii)	8,442	10,060	-	-
Trade and other payables	I	67,408	78,803	652	546
Provisions	J & G	955	1,649	-	-
Derivatives		10	64	10	64
Tax payable		1,416	1,031	296	262
		78,231	91,607	958	872
Net Current Assets		46,120	48,038	35,347	35,502
Non-current Liabilities					
Deferred tax liabilities		1,391	1,431	50	50
Total Liabilities		79,622	93,038	1,008	922
Net Assets		155,037	162,900	97,875	98,788
Share capital		98,021	98,021	98,021	98,021
Treasury shares		(13,164)	(13,164)	(13,164)	(13,164)
Share option reserve		219	204	219	204
Fair value adjustment reserves	B	2,325	3,075	2,325	3,075
Retained earnings	G	71,500	75,281	10,474	10,652
Translation reserves		(4,294)	(984)	-	-
		154,607	162,433	97,875	98,788
Non-controlling interests		430	467	-	-
Total Equity		155,037	162,900	97,875	98,788

Notes to Group Balance Sheet

- A In Q1'14, one of the subsidiaries transferred four floors of its factory from property, plant and equipment ("PPE") to investment property (IP) due to the change in use. The Group recorded a fair value gain of S\$138,000 for the quarter ended 31 March 2014. This resulted in an increase in Investment property and a reduction in PPE as at 31 March 2014.
- B Decrease in other investments attributed to decrease in market value of the 15-million Sabana shares from S\$1.08 as at 31 December 2013 to S\$1.03 as at 31 March 2014. The decrease in fair value of S\$0.75 million was recorded in other comprehensive income.
- C These are mainly long-term factory rental and utilities deposit for PRC factory facilities.
- D The higher inventory as at 31 December 2013 was due to stock up of raw materials and work-in-progress preparation of the long Chinese New Year (CNY) holiday in January 2014. This was reduced by the end of March 2014 after the holiday seasons.
- E Decrease in trade and other receivables was mainly due to lower sales in Q1'14 compared to Q4'13 due to the long CNY holiday season in January 2014.
- F These are quoted equities and bonds held for trading and managed by an investment bank in Singapore. The fair value was computed based on the last transacted bid prices on the stock exchange or in active markets at the end of the reporting period.
- G Decrease in cash and bank balances mainly due to losses recorded for Q1'14, repayment of bank loan & overdraft and payment of retrenchment expense which resulted in reduction in the provision balance. Cash and bank balance as at 31 March 2014 included S\$1.5 million which forms part of the investment portfolio and S\$3.4 million fixed deposit in a subsidiary pledged to a bank for bill payable facilities
- H Investment in associates has been classified as held for sale as the Group expects to complete the disposal of the remaining interest in both associates within the next 12 months. Details as follows:
- | | S\$'000 |
|--|--------------|
| (1) 49% shareholding in Exerion (Note 1(a)(ii) (a)) | 2,048 |
| (2) 19% shareholding in MICL (Note 1(a)(iii)) | <u>3,088</u> |
| | <u>5,136</u> |
- I Decrease in trade payables due mainly to decrease in purchase as a result of lower sales in Q1'14 compared to Q4'13. Other payables as at 31 March 2014 included S\$2.3 million consideration received as scheduled for the disposal of MICL in Q1'12 under Note 1(a)(ii)(b)
- J It includes provision for long service payment and provision for restructuring which was partially reduced with the completion of certain restructuring activities in Q1'14 provided for in December 2013.

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

	As at 31-Mar-14 S\$'000	As at 31-Dec-13 S\$'000
Amount repayable in one year or less, on demand		
- Secured	2,610	2,264
- Unsecured	5,832	7,796
Total	<u>8,442</u>	<u>10,060</u>

Details of any collateral

All bank borrowings, overdrafts and trust receipts are either unsecured or secured by corporate guarantee by the Company and its subsidiaries. The secured borrowing of S\$2.6 million relates to factoring and are secured by invoices

1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

GROUP	Note	Quarter Ended 31-Mar	
		2014 S\$'000	2013 S\$'000
Cash flows from operating activities :			
Loss before tax		(3,295)	(1,256)
Adjustment items	K	<u>2,039</u>	<u>3,277</u>
Cash flows (used in)/from operations before reinvesting in working capital		(1,256)	2,021
Working capital changes, excluding changes relating to cash		<u>(740)</u>	<u>6,076</u>
Cash (used in)/generated from operating activities		(1,996)	8,097
Net interest and income tax paid		117	705
Net cash (used in)/ generated from operating activities		<u>(1,879)</u>	<u>8,802</u>
Net cash used in investing activities :			
Acquisition of property, plant and equipment ("PPE")	L	(1,072)	(506)
Refund/(deposit) paid for property, plant and equipment		87	(706)
Proceeds on sale of property, plant and equipment		309	200
Additions to intangible assets		(26)	(709)
Proceeds from sale of investment securities		2,948	-
Purchase of investment securities		(3,286)	-
Dividend from investment securities		343	361
Payment received from disposal of MICL	1(a)(iii)	813	1,475
Net cash used in investing activities		<u>116</u>	<u>115</u>
Net cash used in financing activities			
Proceed of short term financing		-	(1,515)
Bank loan repayment		(1,631)	(2,218)
Net cash used in financing activities		<u>(1,631)</u>	<u>(3,733)</u>
Net (decrease)/increase in cash and cash equivalents		(3,394)	5,184
Effect of exchange rate changes on cash and cash equivalents		14	58
Cash and cash equivalents as at beginning of period / year		<u>26,770</u>	<u>34,711</u>
Cash and cash equivalents as at end of period / year	M	<u>23,390</u>	<u>39,953</u>

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENTS (UNAUDITED)

K. Details of adjustment items as follows:

GROUP	Quarter Ended	
	31- March	
	2014	2013
	SS'000	SS'000
Depreciation of property, plant and equipment	2,898	3,521
Amortisation of intangible assets	126	128
Amortisation of prepaid land lease payment	18	26
Gain on disposal of property, plant and equipment	(67)	(79)
Fixed assets written off	33	-
Share option expense	15	-
Allowance for doubtful debts	-	52
Allowance for doubtful debts written back	(101)	-
Net fair value loss on held for trading investments	240	-
Net fair value gain for derivatives	(25)	-
Interest expense	69	91
Interest income	(103)	(94)
Provision/(write-back) for obsolete inventories	52	(548)
Unrealised exchange (gain)/loss	(1,111)	64
Fair value gain on investment property	(138)	-
Provision for severance benefits and restructuring expenses	476	477
Dividend income from investment securities	(343)	(361)
Total	2,039	3,277

L Acquisition of PPE was higher in Q1'14 due mainly to purchases of new production and process automation equipment for new products .

M For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise:

GROUP	As at 31 March	
	2014	2013
	SS'000	SS'000
Cash and bank balances	12,147	24,424
Other Fixed deposits	11,449	15,529
Cash and bank balances per Balance Sheet	23,596	39,953
Less : Bank overdrafts	(206)	-
Cash and cash equivalents at end of year	23,390	39,953 *

* Decrease mainly due to the payment of dividend in May 2013, repayment of bank loans, purchase of PPE and conversion to investment securities amounting to S\$11.1 million as at 31 March 2014 under a S\$12-million portfolio investment management mandate signed with an investment bank in June 2013. This was offset by proceed from sale of PPE amounting to S\$11.3 million.

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

Statement of changes in equity

GROUP	Attributable to owners of the parents							Equity attributable to owners of the parent, total S\$'000	Non-controlling Interest S\$'000	Total Equity S\$'000
	Share Capital S\$'000	Treasury Shares S\$'000	Retained earnings S\$'000	Share Option Reserve S\$'000	Foreign Currency Translation Reserve S\$'000	Fair value adjustment reserve S\$'000	Total other Reserve S\$'000			
2014										
Balance at 1 January 2014	98,021	(13,164)	75,281	204	(984)	3,075	2,295	162,433	467	162,900
Loss for Q1'14	-	-	(3,781)	-	-	-	-	(3,781)	(22)	(3,803)
<u>Other Comprehensive Income</u>										
Foreign currency translation	-	-	-	-	(3,310)	-	(3,310)	(3,310)	(15)	(3,325)
Net gain on fair value changes of available-for-sale financial assets	-	-	-	-	-	(750)	(750)	(750)	-	(750)
Other comprehensive income	-	-	-	-	(3,310)	(750)	(4,060)	(4,060)	(15)	(4,075)
Total comprehensive Income	-	-	(3,781)	-	(3,310)	(750)	(4,060)	(7,841)	(37)	(7,878)
<u>Contribution by and distribution to owners</u>										
Share Option expense	-	-	-	15	-	-	15	15	-	15
Total contribution by and distribution to owners	-	-	-	15	-	-	15	15	-	15
Balance at 31 March 2013	98,021	(13,164)	71,500	219	(4,294)	2,325	(1,750)	154,607	430	155,037
2013										
Balance at 1 January 2013	98,021	(13,132)	76,595	111	(8,859)	3,975	(4,773)	156,711	508	157,219
Loss for Q1'13	-	-	(1,432)	-	-	-	-	(1,432)	2	(1,430)
<u>Other Comprehensive Income</u>										
Foreign currency translation	-	-	-	-	1,984	-	1,984	1,984	10	1,994
Net gain on fair value changes of available-for-sale financial assets	-	-	-	-	-	1,875	1,875	1,875	-	1,875
Other comprehensive income	-	-	-	-	1,984	1,875	3,859	3,859	10	3,869
Total comprehensive Income	-	-	(1,432)	-	1,984	1,875	3,859	2,427	12	2,439
Balance at 31 March 2013	98,021	(13,132)	75,163	111	(6,875)	5,850	(914)	159,138	520	159,658

Statement of changes in equity (Cont'd)

COMPANY	Attributable to owners of the parents						Total equity S\$'000
	Issued Capital S\$'000	Tresury Shares S\$'000	Retained earnings S\$'000	Share Option Reserve S\$'000	Fair Value Adjustment Reserve S\$'000	Total Other reserves S\$'000	
	2013						
Balance at 1 January 2014	98,021	(13,164)	10,652	204	3,075	3,279	98,788
Loss for Q1'14	-	-	(178)	-	-	-	(178)
Other Comprehensive Income							
Net loss on fair value changes of available-for-sale financial assets	-	-	-		(750)	(750)	(750)
Total comprehensive income	-	-	(178)	-	(750)	(750)	(928)
Contributions by and distribution to owners							
Share option expense accrued	-	-	-	15	-	15	15
Total transactions with owners in their capacity as owners	-	-	-	15	-	15	15
Balance at 31 March 2014	98,021	(13,164)	10,474	219	2,325	2,544	97,875

2013

Balance at 1 January 2013	98,021	(13,132)	11,456	111	3,975	4,086	100,431
Loss for Q1'13	-	-	(5)	-	-	-	(5)
Other Comprehensive Income							
Net gain on fair value changes of available-for-sale financial assets	-	-	-		1,875	1,875	1,875
Total comprehensive income	-	-	(5)	-	1,875	1,875	1,870
Balance at 31 March 2013	98,021	(13,132)	11,451	111	5,850	5,961	102,301

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-back, exercise of share options or warrants, conversion of other issues of equity securities, issue of share for cash or as consideration for acquisition or for any 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

(a) Share Capital

Number of ordinary shares as at 31 March 2014 is 246,656,428.

Number of shares that may be issued on conversion of all outstanding options are as follows:-

	As at 31/3/2014	As at 31/3/2013
Options granted under the InnoTek Employees' Share Option Plan I	-	196,000
Options granted under the InnoTek Employees' Share Option Scheme II **	5,420,000	-
	<u>5,420,000</u>	<u>196,000</u>

** On 23 May 2013, 7,730,000 options were granted to the Group's and the Company's employees under the "InnoTek Employee's Share Option Scheme II" plan which was approved by shareholders at the Extraordinary General Meeting held on 30 April 2008. The option price for the grant was S\$0.28 per share which was based on the average of the last dealt prices for the shares on the SGX-ST over five consecutive Market Days immediately preceding the Date of Grant of Option as determined by the Remuneration Committee. 2,310,000 options had been forfeited since May 2013 due to staff resignation.

(b) Treasury Shares

	No of shares '000	S\$'000
Balance as at 1 January 2014	22,821	13,164
No acquisition in Q1'14	-	-
Balance as at 31 March 2014	<u>22,821</u>	<u>13,164</u>

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 corresponding period of the immediately preceding financial year.

	As at 31/3/2014		As at 31/3/2013	
	No of shares '000	\$'000	No of shares '000	\$'000
Total number of issued shares at the end of period	246,656	98,021	246,656	98,021
Number of Treasury Shares at the end of period	<u>(22,821)</u>	<u>(13,164)</u>	<u>(22,704)</u>	<u>(13,132)</u>
Net number of issued shares at the end of period	<u>223,835</u>	<u>84,857</u>	<u>223,952</u>	<u>84,889</u>

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of Treasury Shares as at the end of the current financial period reported on.

None

2. Whether the figures have been audited, or reviewed and in accordance with the standard (e.g. The Singapore Standard on Auditing 910 (Engagement to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed by auditors.

3. **Whether the figures have been audited , or reviewed , the auditor's report (including any qualifications or emphasis of matter)**

The figures have not been audited or reviewed by auditors.

4. **Whether the same accounting policies and methods of computation as in the issuers most recently audited annual financial statements have been applied**

The same accounting policies and method of computation have been applied to the financial statements as in the most recently audited annual financial statements.

5. **Whether there are any changes in the accounting policies and method 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. **Earning 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.**

Earning per ordinary share of the Group based on net profit attributable to the shareholders of the Company :	Quarter Ended	
	31 March	
	2014	2013
	S'000	S'000
(i) Based on the weighted average number of shares (in cents)		
Earning per share	<u>(1.68)</u>	<u>(0.63)</u>
Weighted average number of shares ('000)	<u>223,835</u>	<u>223,952</u>
(ii) On a fully diluted basis (in cents)		
Earning per share	<u>(1.68)</u>	<u>(0.63)</u>
Adjusted weighted average number of shares ('000)	<u>223,835</u>	<u>223,952</u>

7. **Net assets 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 3/31/14	As at 12/31/13	As at 3/31/14	As at 12/31/13
Net asset backing per ordinary share based on the total number of issued share excluding treasury shares as at the end of the period reported on	69.1 cents	72.6 cents	43.7 cents	44.1 cents

The decrease in net asset per ordinary share was mainly due to decrease in fair value of S\$0.8 million for the 15 million units of Sabana Reits, foreign currency translation loss due to weakening of the HKD in 31 March 2014 compared to 31 December 2013 and the comprehensive losses in Q1'14 losses. This can be seen in the Q1'14 Group comprehensive loss of S\$7.9 million.

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group 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

Review for the Quarter ended 31 March 2014 (Q1'14)

	Q1'14 S\$'000	Q1'13 S\$'000	Q1'14 vs Q1'13 S\$'000	Q1'14 vs Q1'13 %
Turnover				
MSF	54,148	58,108	(3,960)	(6.8)
Net Loss attributable to owners of the parent				
MSF Group	(3,600)	(1,420)	(2,180)	(153.5)
Corporate	(181)	(12)	(169)	(1,408.3)
Total	(3,781)	(1,432)	(2,349)	(164.0)
Basic EPS (cents)	(1.68)	(0.63)	(1.05)	(166.7)

The Group's revenue in the January 2014 to March 2014 quarter ("Q1'14") declined S\$4.0 million or 6.8% to S\$54.1 million from S\$58.1 million in Q1'13. Revenue from the Precision sub-assembly and Tooling businesses declined by S\$5.8 million to S\$4.2 million from S\$10.0 million in Q1'13. This was partially offset by higher revenue from the Precision component segment which increased by S\$1.8 million to S\$49.9 million from S\$48.1 million recorded in Q1'13, driven by higher demand for automotive products. The Precision sub-assembly segment revenue was impacted by an early end-of-life of a major TV product in Q4'13 from a major Japanese customer without replacement programmes. The Tooling business was also affected by intense competition from local companies with lower cost structures.

The Group's net loss increased by S\$2.3 million to S\$3.8 million from S\$1.4 million in Q1'13, mainly from MSF's loss of S\$3.6 million in Q1'14 compared to S\$1.4 million in Q1'13.

MSF's gross profit ("GP") margin in Q1'14 declined to 8.6% from 14.6% in Q1'13 due mainly to lower revenue and increase in minimum wages despite efforts to reduce headcount to improve productivity and efficiency. The Precision sub-assembly segment incurred start-up costs in preparation for mass production for initial orders secured from established non-Japanese TV manufacturers at the end of 2013 amidst lower demand from a major existing Japanese customer. Apart from lower revenue, the Tooling business was also affected by lower margin of some new orders due to intense competition. The Precision sub-assembly and tooling segments incurred a loss of S\$1.9 million in Q1'14 compared to a profit of S\$0.5 million in Q1'13. However, this was partially mitigated by the higher revenue from automotive products and improvement in production efficiency which resulted in lower loss incurred by the Precision component segment in Q1'14 to S\$1.1 million compared to a loss of S\$1.9 million in Q1'13.

The net decline was mitigated by a fair value gain of S\$138,000 arising from the conversion of four floors of unused factory space in Dongguan to investment property. This is in line with the Group's strategy to maximise utilisation of existing facilities by renting out a section of the factory for use as an industrial space.

Corporate's loss of S\$0.2 million higher in Q1'14 compared to breakeven situation in Q1'13 due mainly to a S\$0.2-million fair value loss on held for trading investments.

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

None.

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

Demand for automotive components remains strong while the business outlook for the Group's other main industry sub-sectors – TV components and printing & imaging (formerly referred to as office automation) remain uncertain as our Japanese customers continue to face intense competition from producers from other countries, especially South Korea.

Despite price pressure from local PRC manufacturers having lower cost structures, the Group continues to strive to secure new contracts from non-Japanese customers as well as local domestic companies through early involvement in the product development stage. Additionally, the Group will continue to streamline operations so as to achieve better cost efficiencies.

As a result of increase effort to build new business with China brands, and diversification of customer base to reduce the decline in revenue from Japan-based customers, the Group was able to secure initial orders from other established TV manufacturers. Due to the relatively lower initial volumes and high start-up costs, Q2'14 performance will continue to remain challenging. Barring unforeseen circumstances, the successful production ramp of new TV programmes is expected to contribute to a better performance in the second half of 2014.

Against the above backdrop, the Group will also deepen penetration in automotive components sector to achieve better efficiencies and improve profitability.

11. Dividend

(a) Current Financial period Reported On

Any dividend declared for the present financial period ? No

(b) Corresponding period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year ? No

(c) Date payable

Not Applicable

(d) Books closing date

Not Applicable

12. If no dividend has been declared / recommended , a statement to that effect

Not Applicable

13. Interested Person Transactions – Rule 920(1)(a)(ii) – An issuer must announce the aggregate value of transactions conducted pursuant to the general mandate for interested person transactions for the financial period which it is required to report on pursuant to Rule 705.

None

14. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(13), the Company confirms that there is no person occupying a managerial position in the Company who is related to the director, chief executive officer or substantial shareholder of the Company.

15. STATEMENT PURSUANT TO SGX LISTING RULE 705(5) OF THE LISTING MANUAL

The directors confirmed that to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the first quarter financial results of the Company and of the Group for the quarter ended 31 March 2014 to be false or misleading in any material aspects.

Signed by Robert Sebastiaan Lette, Chairman and Yong Kok Hoon, Managing Director

BY ORDER OF THE BOARD
Yong Kok Hoon
Managing Director
9 May 2014