

Third Quarter Financial Statement On The Consolidated Results For The Period Ended 30 September 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 third quarter and the nine months ended 30 September 2015

	Group			Group		
	3 months ended			9 months ended		
	30-09-15	30-09-14	Change	30-09-15	30-09-14	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	40,413	82,490	(51)	116,819	279,973	(58)
Other operating income	1,605	1,588	1	17,809	3,446	417
Changes in inventories of finished goods and work-in-progress	(5,433)	(3,608)	51	(14,910)	(11,309)	32
Raw material and consumables used	(21,457)	(44,342)	(52)	(61,995)	(154,924)	(60)
Employee benefits expenses	(14,234)	(26,654)	(47)	(39,697)	(78,893)	(50)
Depreciation and amortisation expense	(1,498)	(3,783)	(60)	(5,015)	(11,569)	(57)
Other operating expenses	(12,513)	(25,281)	(51)	(41,848)	(75,936)	(45)
Share of results of associate	(50)	(6)	n.m.	(172)	(27)	n.m.
Finance costs	(1,591)	(2,132)	(25)	(5,033)	(6,331)	(21)
Loss before income tax	(14,758)	(21,728)	(32)	(34,042)	(55,570)	(39)
Income tax	6	-	-	270	-	-
Loss for the period	(14,752)	(21,728)	(32)	(33,772)	(55,570)	(39)

Loss for the period attributable to:

Equity holders of the Company	(14,752)	(19,292)	(24)	(33,599)	(48,762)	(31)
Non-controlling interests	-	(2,436)	(100)	(173)	(6,808)	(97)
	(14,752)	(21,728)	(32)	(33,772)	(55,570)	(39)

n.m. - not meaningful

Statement of Comprehensive Income for the third quarter and the nine months ended 30 September 2015

	Group			Group		
	3 months ended			9 months ended		
	30-09-15	30-09-14	Change	30-09-15	30-09-14	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Loss for the period	(14,752)	(21,728)	(32)	(33,772)	(55,570)	(39)
Other comprehensive income / (loss):						
Items that may be reclassified subsequently to profit or loss						
Exchange realignment of foreign entities	(5,633)	1,587	n.m.	(8,561)	(1,723)	397
Total comprehensive loss for the period	(20,385)	(20,141)	1	(42,333)	(57,293)	(26)

Total comprehensive loss attributable to:

Equity holders of the Company	(20,385)	(18,161)	12	(42,152)	(50,339)	(16)
Non-controlling interests	-	(1,980)	(100)	(181)	(6,954)	(97)
	(20,385)	(20,141)	1	(42,333)	(57,293)	(26)

Notes:

(I) Revenue

	Group			Group		
	3 months ended			9 months ended		
	30-09-15	30-09-14	Change	30-09-15	30-09-14	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sale of goods	40,386	81,970	(51)	116,667	277,259	(58)
Interest income	27	520	(95)	152	744	(80)
Dividend income from available-for-sale investments	-	-	-	-	1,970	(100)
Total	40,413	82,490	(51)	116,819	279,973	(58)

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

	Group			Group		
	3 months ended			9 months ended		
	30-09-15	30-09-14	Change	30-09-15	30-09-14	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gain on disposal of subsidiary / non-current assets classified as held for sale	-	-	-	8,134	828	882
Provision for stock obsolescence	-	-	-	-	(2,459)	(100)
Net foreign exchange adjustment gain / (loss)	747	224	233	4,137	(1,313)	n.m.
Interest expenses	(1,591)	(2,132)	(25)	(5,033)	(6,331)	(21)

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 September 2015

	Group		Company	
	30-09-15	31-12-14	30-09-15	31-12-14
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets:				
Cash and bank balances	24,022	35,988	1,368	205
Trade receivables	46,807	81,538	-	-
Other receivables, deposits and prepayments	5,019	33,970	70,118	60,263
Inventories	41,092	60,603	-	-
Non-current assets classified as held for sale	566	23,407	-	-
Total current assets	117,506	235,506	71,486	60,468
Non-current assets:				
Associate	1,486	1,580	1,147	1,089
Subsidiaries	-	-	122,356	116,191
Available-for-sale investments	26,315	26,341	25,213	25,272
Land use rights	7,934	7,729	-	-
Property, plant and equipment	59,989	61,739	-	-
Total non-current assets	95,724	97,389	148,716	142,552
Total assets	213,230	332,895	220,202	203,020
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables	37,901	82,143	-	-
Other payables and accruals	44,187	45,182	2,580	2,629
Borrowings	80,612	102,093	-	-
Income tax payable	1,023	1,238	-	-
Total current liabilities	163,723	230,656	2,580	2,629
Non-current liability:				
Borrowings	88,379	81,722	57,074	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	(15,119)	(6,566)	7,652	(372)
Legal reserves	36,947	34,896	-	-
Accumulated losses	(266,569)	(229,914)	1,799	(1,795)
Equity attributable to owners of the Company	(38,872)	4,285	160,548	148,930
Non-controlling interests	-	16,232	-	-
Total equity	(38,872)	20,517	160,548	148,930
Total liabilities and equity	213,230	332,895	220,202	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 30-09-2015		As at 31-12-2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(a) 18,528	23,601	(a) 30,267	25,591
(b) 38,483	-	(c) 46,235	-
Total 57,011	23,601	Total 76,502	25,591

Amount repayable after one year

As at 30-09-2015		As at 31-12-2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(b) 71,265	17,114	(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 September 2015

	Group		Group	
	3 months ended		9 months ended	
	30-09-15	30-09-14	30-09-15	30-09-14
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities:				
Loss before income tax	(14,758)	(21,728)	(34,042)	(55,570)
Adjustments for:				
Share of results of associate	50	6	172	27
Depreciation and amortisation expense	1,498	3,783	5,015	11,569
Gain on disposal of assets held for sale	-	-	-	(828)
Gain on disposal of property, plant and equipment	-	(331)	-	(422)
Gain on disposal of available-for-sale investment	-	(629)	-	(629)
Gain on disposal of subsidiary / assets held for sale	-	-	(8,134)	-
Allowance / (Reversal) for inventories	-	-	-	2,459
Interest expense	1,591	2,132	5,033	6,331
Dividend income	-	-	-	(1,970)
Interest income	(27)	(520)	(152)	(744)
Operating cash flows before movements in working capital	(11,646)	(17,287)	(32,108)	(39,777)
Trade receivables	1,176	13,212	34,675	67,643
Other receivables and prepaid expenses	4,425	(1,374)	15,342	177
Inventories	7,575	3,505	19,511	18,412
Trade payables	(2,875)	260	(44,242)	(31,354)
Other payables	5,390	1,349	1,603	(577)
Cash generated from / (used in) operations	4,045	(335)	(5,219)	14,524
Income tax refund / (paid)	39	33	55	42
Interest paid	(1,591)	(2,132)	(5,033)	(6,331)
Interest received	27	520	152	744
Net cash generated from / (used in) operating activities	2,520	(1,914)	(10,045)	8,979
Investing activities:				
Additions to property, plant and equipment	-	(2,624)	-	(7,894)
Proceeds from disposal of property, plant and equipment	-	1,903	3,200	2,766
Dividend income	-	-	-	1,970
Proceeds from disposal of subsidiary / asset held for sale	-	-	29,185	2,228
Proceeds from disposal of available-for-sale investment	-	-	-	4,368
Proceeds from capital reduction by available-for-sale investment	1,399	-	1,399	-
Net cash from / (used in) investing activities	1,399	(721)	33,784	3,438
Financing activities:				
(Decrease) / Increase in other loans payable	-	2,844	(9,979)	8,593
(Decrease) / increase in short-term bank loans	(7,949)	(19,871)	(15,155)	(51,504)
Contribution from non-controlling interest	-	-	-	985
Capital reduction paid to non-controlling interests	-	-	(6,302)	-
Restricted cash	392	(196)	4,383	(219)
Net cash used in financing activities	(7,557)	(17,223)	(27,053)	(42,145)
Net effect of exchange rate changes in consolidating subsidiaries	(1,470)	(2,089)	(4,634)	(117)
Net decrease in cash and cash equivalents	(5,108)	(21,947)	(7,948)	(29,845)
Cash and cash equivalents at beginning of financial period	19,352	46,012	22,101	54,137
Effects of exchange rate changes on the balance of cash held in foreign currencies	274	277	365	50
Cash and cash equivalents at end of financial period	14,518	24,342	14,518	24,342
Note 1:				
Cash and bank balances	24,022	33,631	24,022	33,631
Less: Restricted cash	(9,504)	(9,289)	(9,504)	(9,289)
Cash and cash equivalents per cash flow statement	14,518	24,342	14,518	24,342

- 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 September 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 July 2015	151,097	54,772	(9,486)	36,947	(251,817)	(18,487)	-	(18,487)
Total comprehensive loss for the period	-	-	(5,633)	-	(14,752)	(20,385)	-	(20,385)
Balance at 30 September 2015	151,097	54,772	(15,119)	36,947	(266,569)	(38,872)	-	(38,872)

Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2014	151,097	54,772	(4,582)	34,843	(180,376)	55,754	23,754	79,508
Total comprehensive loss for the period	-	-	1,131	-	(19,292)	(18,161)	(1,980)	(20,141)
Balance at 30 September 2014	151,097	54,772	(3,451)	34,843	(199,668)	37,593	21,774	59,367

	Share capital	Translation reserves	Accumulated profits	Total equity
Company	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2015	151,097	2,501	1,730	155,328
Total comprehensive income for the period	-	5,151	69	5,220
Balance at 30 September 2015	151,097	7,652	1,799	160,548

Company	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2014	151,097	(9,205)	17,512	159,404
Total comprehensive income for the period	-	4,764	(270)	4,494
Balance at 30 September 2014	151,097	(4,441)	17,242	163,898

- 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 September 2015 and 2014

As at 30 September 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 September 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 financial period based on net loss attributable to the shareholders

	Group		Group	
	3 months ended		9 months ended	
	30-09-15	30-09-14	30-09-15	30-09-14
	cents	cents	cents	cents
(i) Based on the weighted average number of ordinary shares on issue	(3.69)	(4.82)	(8.40)	(12.19)
(ii) On a fully diluted basis	(3.69)	(4.82)	(8.40)	(12.19)

Notes:

- (a) The loss per ordinary share for the financial period 3 and 9 months ended 30 September 2015 are calculated based on 400,000,000 (3 and 9 months ended 30 September 2014 : 400,000,000) ordinary shares issued

- (b) As at end of September 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**

	Group			Company		
	30-09-15	31-12-14	Change	30-09-15	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	(9.72)	1.07	n.m.	40.14	37.23	8

Note:

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

n.m. - not meaningful

- 8 **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**

Third Quarter ended 30 September 2015 ("Q3 2015")

Revenue

For the third quarter ended 30 September 2015 ("Q3 2015"), the Group revenue decreased by 51% to S\$40.4 million compared to S\$82.5 million same period last year. The decline in revenue was mainly due to closure of some loss-making factories and the continuing decrease in market demand for PCs.

Raw material and consumables used

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

Cost of inventories decreased from S\$48.0 million in Q3 2014 to S\$26.9 million in Q3 2015. The decrease is in line with the revenue decline.

Employee benefits expenses

Employee benefits expenses decreased by 47% from S\$26.7 million in Q3 2014 to S\$14.2 million in Q3 2015 mainly due to reduced headcounts from 7326 to 3595 following various cost cutting measures.

Depreciation and amortisation expense

Depreciation and amortisation expenses decreased by 60% from S\$3.8 million in Q3 2014 to S\$1.5 million in Q3 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 51% from S\$25.3 million in Q3 2014 to S\$12.5 million in Q3 2015.

Finance costs

Finance costs decreased by 25% from S\$2.1 million in Q3 2014 to S\$1.6 million in Q3 2015 mainly due to lower borrowings.

Group Net Loss

As a result of the above, the Group incurred a loss attributable to equity holders of the company of S\$14.8 million in Q3 2015 compared to S\$19.3 million in Q3 2014.

Review of Balance Sheet

The Group current assets stood at S\$117.5 million as at 30 September 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\$24.0 million as at 30 September 2015 mainly due to operation loss and repayment of short-term borrowings.
- ii. Trade receivable decreased from S\$81.5 million as at 31 December 2014 to S\$46.8 million as at 30 September 2015 due to collection and lower sales volume for the current period.
- iii. Other receivables, deposits and prepayments decreased from S\$34.0 million as at 31 December 2014 to S\$5.0 million as at 30 September 2015.
- iv. Inventories declined from S\$60.6 million as at 31 December 2014 to S\$41.1 million as at 30 September 2015 in line with the reduced revenue.

The Group current liabilities decreased from S\$230.7 million as at 31 December 2014 to S\$163.7 million as at 30 September 2015. The decrease was largely due to the following:

- i. Trade payable decreased from S\$82.1 million as at 31 December 2014 to S\$37.9 million as at 30 September 2015 due to payments and lower purchases for the current period.
- ii. Borrowings was reduced from S\$102.1 million as at 31 December 2014 to S\$80.6 million as at 30 September 2015 as a result of repayment of short-term borrowings.

The Group's non-current liabilities increased from S\$81.7 million at 31 December 2014 to S\$88.4 million at 30 September 2015. The increase in 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 generated from operating activities in Q3 2015 was S\$2.5 million. This was primarily due to lower loss from operations.

Net cash generated from investing activities of S\$1.4 million in Q3 2015 was due to the proceeds from capital reduction by one of the Group's available-for-sale investment.

Net cash used in financing activities of S\$7.6 million in Q3 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 dispose non-performing assets.

The Group is currently in preliminary discussions with potential buyers to buy over some of its non-performing assets. (Please note 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 or more to complete).

The Group has also engaged a financial adviser to help it review its strategy to return to profitability.

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/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.

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

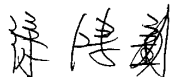
Date : 12 November 2015

Date: 12 November 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 third 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