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 (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

These figures have not been audited.

	Group			Group		
	3 months ended 30 June			6 months ended 30 June		
	FY 2014	FY 2013	%	FY 2014	FY 2013	%
	S$'000	S$'000	Change	S$'000	S$'000	Change
Sales	**54,855**	42,734	28%	**95,875**	82,037	17%
Cost of sales	**(46,433)**	(35,894)	29%	**(82,075)**	(68,780)	19%
Gross profit	**8,422**	6,840	23%	**13,800**	13,257	4%
Other income	**1,157**	349	232%	**2,986**	679	340%
Other gains	**123**	-	nm	**36**	-	nm
Expenses						
- Distribution and marketing	**(1,844)**	(1,621)	14%	**(3,547)**	(3,474)	2%
- Administrative	**(2,659)**	(2,731)	-3%	**(5,567)**	(5,751)	-3%
- Other	**(742)**	(597)	24%	**(1,317)**	(630)	109%
Profit before income tax	**4,457**	2,240	99%	**6,391**	4,081	57%
Income tax expense	**(223)**	(648)	-66%	**(499)**	(1,120)	-55%
Total profit	**4,234**	1,592	166%	**5,892**	2,961	99%
Profit attributable to:						
Equity holders of the Company	**4,234**	1,288	229%	**5,892**	2,490	137%
Non-controlling interests	**-**	304	-100%	**-**	471	-100%
	4,234	1,592	166%	**5,892**	2,961	99%

nm - Not meaningful

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

	Group		Group	
	3 months ended 30 Jun		6 months ended 30 Jun	
	FY 2014	FY 2013	FY 2014	FY 2013
	S$'000	S$'000	S$'000	S$'000
Interest income	**15**	22	**30**	41
Sale of scrap	**193**	118	**316**	257
Compensation and claims	**22**	33	**32**	57
Depreciation	**(2,175)**	(2,229)	**(4,443)**	(4,419)
(Allowance for)/Write-back of doubtful debts, net	**(94)**	1	**(240)**	(32)
Allowance for stock obsolescence	**(44)**	(400)	**(202)**	(747)
Losses from fire at Malacca plant	**-**	(372)	**-**	(372)
Foreign exchange gain/(loss)	**169**	11	**25**	(85)
Share-based compensation expenses	**(62)**	(252)	**(197)**	(548)
Fair value gains on derivatives	**123**	-	**36**	-
Gain on disposal of non-current asset classified as held for sale	**871**	-	**2,405**	-
(Loss)/Gain on disposal of plant and equipment, net	**(48)**	1	**(48)**	3
Plant and equipment written off	**(570)**	-	**(570)**	-
Restructuring expenses	**(35)**	-	**(566)**	-

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

	Group 3 months ended 30 June			Group 6 months ended 30 June		
	FY 2014 S$'000	FY 2013 S$'000	% change	FY 2014 S$'000	FY 2013 S$'000	% change
Total profit	**4,234**	1,592	166%	**5,892**	2,961	99%
Other comprehensive (loss)/income:						
Currency translation differences arising from consolidation	**(127)**	1,477	nm	**(936)**	2,305	nm
Other comprehensive (loss)/income, net of tax	**(127)**	1,477	nm	**(936)**	2,305	nm
Total comprehensive income	**4,107**	3,069	34%	**4,956**	5,266	-6%
Total comprehensive income attributable to:						
Equity holders of the Company	**4,107**	2,216	85%	**4,956**	3,979	25%
Non-controlling interests	**-**	853	-100%	**-**	1,287	-100%
	4,107	3,069	34%	**4,956**	5,266	-6%

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

	Group		Company	
	As at 30.06.2014 S$'000	As at 31.12.2013 S$'000	As at 30.06.2014 S$'000	As at 31.12.2013 S$'000
Current assets				
Cash and cash equivalents	**23,425**	26,017	**520**	162
Derivative financial instruments	**71**	38	**-**	**-**
Trade and other receivables	**54,504**	44,961	**32,283**	39,719
Inventories	**23,214**	22,583	**-**	-
Other current assets	**2,168**	1,785	**8**	25
Non-current asset classified as held for sale	**-**	908	**-**	-
	103,382	96,292	**32,811**	39,906
Non-current assets				
Investment in subsidiaries	**-**	-	**39,225**	39,225
Property, plant & equipment	**57,271**	59,902	**-**	-
Deferred tax assets	**540**	560	**-**	-
	57,811	60,462	**39,225**	39,225
Total assets	**161,193**	156,754	**72,036**	79,131
Current liabilities				
Trade and other payables	**48,637**	41,039	**291**	644
Derivative financial instruments	**-**	3	**-**	-
Current income tax liabilities	**1,388**	2,917	**2**	2
	50,025	43,959	**293**	646
Non-current liabilities				
Deferred income tax liabilities	**-**	49	**-**	-
Total liabilities	**50,025**	44,008	**293**	646
Net assets	**111,168**	112,746	**71,743**	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	**(5,035)**	(4,099)	**-**	-
Other reserves	**2,462**	2,462	**1,028**	1,028
Retained earnings	**43,877**	44,519	**851**	7,593
Total equity	**111,168**	112,746	**71,743**	78,485

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

	As at 30-Jun-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		6 months ended	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	S$'000	S$'000	S$'000	S$'000
Cash flows from operating activities				
Total profit	**4,234**	1,592	**5,892**	2,961
Adjustments for:				
- Income tax expense	**223**	648	**499**	1,120
- Depreciation	**2,175**	2,229	**4,443**	4,419
- Interest income	**(15)**	(22)	**(30)**	(41)
- Fair value gains on derivatives	**(123)**	-	**(36)**	-
- Gain on disposal of non-current asset classified as held for sale	**(871)**	-	**(2,405)**	-
- Loss/(Gain) on disposal of plant and equipment	**48**	(1)	**48**	(3)
- Plant and equipment written off	**570**	-	**570**	-
- Unrealised translation gains	**(165)**	(97)	**(465)**	(217)
Operating income before working capital changes	**6,076**	4,349	**8,516**	8,239
Changes in working capital				
- Trade and other receivables	**(13,605)**	(5,473)	**(9,543)**	(7,379)
- Inventories	**1,036**	(1,142)	**(631)**	(2,811)
- Other current assets	**(208)**	(4,550)	**(383)**	(4,266)
- Trade and other payables	**6,611**	7,434	**7,598**	9,237
Cash (used in)/provided by operations	**(90)**	618	**5,557**	3,020
Income tax paid	**(880)**	(52)	**(2,026)**	(111)
Net cash (used in)/provided by operating activities	**(970)**	566	**3,531**	2,909
Cash flow from investing activities				
Purchase of plant and equipment	**(1,639)**	(1,676)	**(3,305)**	(2,794)
Proceeds from disposal of non-current asset classified as held for sale	**1,726**	-	**3,260**	-
Proceeds from disposal of plant and equipment	**137**	6	**137**	75
Interest received	**15**	22	**30**	41
Net cash provided by/(used in) investing activities	**239**	(1,648)	**122**	(2,678)
Cash flow from financing activities				
Dividends paid	**(6,534)**	-	**(6,534)**	-
Net cash used in financing activities	**(6,534)**	-	**(6,534)**	-
Net (decrease)/increase in cash and cash equivalents held	**(7,265)**	(1,082)	**(2,881)**	231
Cash and cash equivalents at beginning of the period	**30,563**	31,883	**26,017**	30,390
Effects of currency translation on cash and cash equivalents	**127**	247	**289**	427
Cash and cash equivalents at end of the period	**23,425**	31,048	**23,425**	31,048

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 months ended 30 June

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 April 2014	71,124	(1,260)	(4,908)	2,462	46,177	-	113,595
Total comprehensive income/(loss) for the period	-	-	(127)	-	4,234	-	4,107
Dividends relating to FY2013 paid	-	-	-	-	(6,534)	-	(6,534)
Balance at 30 June 2014	**71,124**	**(1,260)**	**(5,035)**	**2,462**	**43,877**	**-**	**111,168**
FY 2013							
Balance at 1 April 2013	71,124	(1,260)	(4,854)	4,011	41,458	14,763	125,242
Total comprehensive income for the period	-	-	928	-	1,288	853	3,069
Balance at 30 June 2013	**71,124**	**(1,260)**	**(3,926)**	**4,011**	**42,746**	**15,616**	**128,311**

Statement of Changes in Equity for the three months ended 30 June

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 April 2014	71,124	(1,260)	1,028	7,514	78,406
Total comprehensive loss for the period	-	-	-	(129)	(129)
Dividends relating to FY2013 paid	-	-	-	(6,534)	(6,534)
Balance at 30 June 2014	**71,124**	**(1,260)**	**1,028**	**851**	**71,743**
FY 2013					
Balance at 1 April 2013	71,124	(1,260)	1,028	(2,204)	68,688
Total comprehensive loss for the period	-	-	-	(62)	(62)
Balance at 30 June 2013	**71,124**	**(1,260)**	**1,028**	**(2,266)**	**68,626**

Consolidated Statement of Changes in Equity for the six months ended 30 June

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 January 2014	71,124	(1,260)	(4,099)	2,462	44,519	-	112,746
Total comprehensive income/(loss) for the period	-	-	(936)	-	5,892	-	4,956
Dividends relating to FY2013 paid	-	-	-	-	(6,534)	-	(6,534)
Balance at 30 June 2014	**71,124**	**(1,260)**	**(5,035)**	**2,462**	**43,877**	**-**	**111,168**
FY 2013							
Balance at 1 January 2013	71,124	(1,260)	(5,415)	4,011	40,256	14,329	123,045
Total comprehensive income for the period	-	-	1,489	-	2,490	1,287	5,266
Balance at 30 June 2013	**71,124**	**(1,260)**	**(3,926)**	**4,011**	**42,746**	**15,616**	**128,311**

Statement of Changes in Equity for the six months ended 30 June

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 January 2014	71,124	(1,260)	1,028	7,593	78,485
Total comprehensive loss for the period	-	-	-	(208)	(208)
Dividends relating to FY2013 paid	-	-	-	(6,534)	(6,534)
Balance at 30 June 2014	**71,124**	**(1,260)**	**1,028**	**851**	**71,743**
FY 2013					
Balance at 1 January 2013	71,124	(1,260)	1,028	(2,099)	68,793
Total comprehensive loss for the period	-	-	-	(167)	(167)
Balance at 30 June 2013	**71,124**	**(1,260)**	**1,028**	**(2,266)**	**68,626**

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 30 June 2014, options to subscribe for 829,750 ordinary shares under the MFS Share Option Scheme remain outstanding (30 June 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.

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	30 June 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

	Group 3 months ended 30 June		Group 6 months ended 30 June	
	FY2014	FY2013	FY2014	FY2013
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)	0.65	0.20	0.90	0.38
(ii) On a fully diluted basis (in cents)	0.65	0.20	0.90	0.38

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 30.06.2014	As at 31.12.2013	As at 30.06.2014	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):	17.0	17.3	11.0	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

Financial Period	1 Apr to 30 Jun 2014	1 Apr to 30 Jun 2013	Change		1 Jan to 30 Jun 2014	1 Jan to 30 Jun 2013	Change	
	S$'m	S$'m	S$'m	%	S$'m	S$'m	S$'m	%
FPC Sales	40.3	26.2	14.1	54%	70.0	52.9	17.1	32%
PCB Sales	14.6	16.5	(1.9)	-12%	25.9	29.1	(3.2)	-11%
Total	54.9	42.7	12.2	28%	95.9	82.0	13.9	17%

Second Quarter Review

The Group recorded total revenue of $54.9m for the three months ended 30 June 2014. The increase of $12.2m as compared to the corresponding quarter in FY2013 was mainly attributed to the following:-

(a) Spillover effect from 1Q2014 where deliveries were affected by labor shortages coming off the Chinese New Year celebration.

(b) Higher revenue from our Flexible Printed Circuits (FPC) division due to higher demand from our key customers in Automotive and Consumer segments. The Industrial, Medical and Mobile segments also reported increase in revenue.

(c) Offset by lower revenue from our Printed Circuits Board (PCB) division resulting from the pruning of unprofitable and lower margin programs.

First Half Year Review

For the first half financial year ended 30 June 2014, the Group achieved revenue of $95.9m. The increase of $13.9m year on year was mainly attributed to the following:-

(a) Higher FPC revenue driven by demand from Automotive, Consumer and Industrial segments.

(b) Offset by lower PCB revenue mainly due to pruning of unprofitable and lower margin programs.

Profit after tax

Second Quarter Review

The Group achieved a profit after tax of $4.2m for 2Q2014. The increase of $2.6m over the corresponding period last year was mainly attributed to the following:-

(a) Higher gross profit of $1.6m from the higher revenue generated.

(b) One-off gain of $0.9m on disposal of the old factory land in Changsha.

(c) Lower income tax expenses mainly due to write back of over provision for prior years' tax amounting to $0.4m.

(d) Offset by obsolete plant and machinery written off of $0.6m.

First Half Year Review

For 1H2014, PAT achieved was $5.9m, $2.9m or 99% higher year on year. The increase was mainly due to one-off gains on disposal of the old factory land and buildings in Changsha; and higher gross profit as a result of higher sales amounting to $2.4m and $0.5m respectively.

STATEMENT OF FINANCIAL POSITION REVIEW

Current assets

As at 30 June 2014, total current assets amounted to $103.4m or 64% of our total assets. Total current assets increased by $7.1m as compared to 31 December 2013, mainly due to increase in trade and other receivables of $9.5m, inventories of $0.6m, other current assets of $0.4m offset by decrease in cash and cash equivalents of $2.6m, and non-current asset held for sale of $0.9m.

The increase in trade and other receivables was mainly due to higher sales achieved, primarily from a China subsidiary. Inventories increase was mainly due to higher WIP held for delivery in next quarter. The increase in other current assets was primarily due to the deposits placed for purchases of fixed assets. The decrease in cash and cash equivalents was mainly due to payment of 1.0 cent cash dividend to shareholders. The leasehold land located at Yuhua District, Changsha classified as non-current asset held for sale was disposed in 2Q2014.

Non-current assets

As at 30 June 2014, non-current assets amounted to $57.8m or 36% of our total assets.

Total non-current assets decreased $2.6m as compared to 31 December 2013, mainly due to depreciation charged for the period and fixed assets written off in our China plants.

Current liabilities

As at 30 June 2014, current liabilities amounted to $50.0m, 100% of our total liabilities.

Total current liabilities increased $6.1m as compared to 31 December 2013 mainly due to higher purchases and lower tax provision.

STATEMENT OF CASH FLOWS REVIEW

Net cash decreased by $7.3m for the quarter ended 30 June 2014 after taking into account cash generated from investing activities of $0.2m and payment of dividends to shareholders of $6.5m in May 2014. An increase in the working capital to support higher sales resulted in the Group incurring a net cash outflow of $1.0m in 2Q2014 from operating activities.

Cash and cash equivalents as at 30 June 2014 amounted to $23.4m.

The Group did not have any bank borrowings as at 30 June 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 and keen competition among industry players still persist in the FPC and PCB industries. The market is seeing some slow recovery but the tensions in Eastern Europe and Middle East regions and rising interest rates may dampen the recovery.

Having benefited from the momentum built up with our existing customers and the contributions from a diversified customers mix, the Group plans to invest selectively to grow its technological capability in order to compete effectively; and will continue to pursue new customers and product opportunities to diversify its revenue streams and support its growth objectives.

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)
Office rental agreement with Wearnes Technology (Private) Limited (For 3 years period from 01.09.2014 to 31.08.2017)	$936,000 (Before GST)	Nil

14. Subsequent events

The Company has requested for a trading halt in its securities listed on the Singapore Exchange Securities Trading Limited on 1 August 2014. It is in advanced stages of discussion regarding the sale of a significant asset of the Company. The Company will make a further announcement to update the shareholders of the Company on the matter as soon as possible.

15. 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 quarter ended 30 June 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Submitted by Ronnie Chia, Company Secretary on 5/8/2014 to the SGX