



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 30 November 2014.

Update on unaudited Financial Position as at 30 November 2014 and for 1Q2015

The Group recorded a 51.4% decrease in revenue from S\$28.2 million in 1Q2014 to S\$13.7 million in 1Q2015. The significant decrease was mainly due to the 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\$14.0 million from S\$29.1 million in 1Q2014 to S\$15.1 million in 1Q2015. This was mainly due to decreases in (1) raw materials and consumables used of S\$9.7 million, (2) employee benefits of S\$2.5 million and (3) other operating expenses of S\$1.5 million. The above reduction in total costs and expenses was in line with the lower revenue in 1Q2015.

Other income decreased by S\$2.5 million from S\$6.1 million in 1Q2014 to S\$3.6 million in 1Q2015. In 1Q2014, the gain on disposal of asset held for sale and reversal of impairment loss of disposal group were S\$5.1 million and S\$0.6 million respectively. This is offset by the reversal of impairment of property, plant and equipment of S\$3.1 million in 1Q2015. The impairment loss recognised in prior periods was reversed as there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised.

Profit for the period decreased by S\$3.0 million from S\$5.1 million in 1Q2014 to S\$2.1 million in 1Q2015. This was mainly due to decrease in other income of S\$2.5 million.

Current assets increased by S\$1.9 million from S\$34.1 million as at 31 August 2014 to S\$36.0 million as at 30 November 2014. This was mainly due to increases in trade receivables of S\$0.9 million, other receivables and prepayments of S\$1.1 million and inventory of S\$1.0 million, offset by a decrease in cash and bank balances of S\$1.2 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 30 November 2014. This was mainly due to increases in bank loans of S\$1.1 million and trade payables of S\$1.6 million, offset by a decrease in other payables of S\$0.8 million.

Update on unaudited Financial Position as at 30 November 2014 and for 1Q2015 (con't)

Non-current assets increased by S\$6.6 million from S\$25.9 million as at 31 August 2014 to S\$32.5 million as at 30 November 2014. This was mainly due to Goodwill on acquisition of a subsidiary of S\$2.5 million, reversal of impairment of plant and equipment of S\$3.1 million and currency realignment of S\$1.0 million from property, plant and equipment.

Total equity attributable to owners of the parent increased to S\$50.2 million as at 30 November 2014, from S\$44.0 million as at 31 August 2014. This was mainly due to (1) issue of 32 million new shares amounting to S\$1.9 million as partial consideration of the newly acquired subsidiary, (2) current period profit of S\$2.3 million attributable to owners of the parent, (3) and increase in foreign currency translation reserve of S\$2.0 million.

Cash and cash equivalents decreased by S\$1.2 million from S\$9.4 million as at 31 August 2014 to S\$8.2 million as at 30 November 2014. 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 1Q2015 amounted to S\$1.5 million. This is mainly due to increases in trade and other receivables of S\$0.6 million and S\$0.6 million respectively, and decreases of other payables of S\$1.2 million, offset by increase in trade payables of S\$1.5 million.

Net cash used in investing activities in 1Q2015 amounted to S\$0.9 million. This is mainly due to capital expenditure of S\$0.9 million.

Net cash from financing activities in 1Q2015 amounted to S\$1.1 million mainly due to proceeds from bank loans of S\$1.1 million.

For more details on the consolidated financial statements of the Group for the first quarter ended 30 November 2014 please refer to our separate announcement on the unaudited results released on 14 January 2015.

Update on Recent Developments

On 31 October 2014, the Company announced that its indirect wholly-owned subsidiary, Miyoshi Precision Huizhou Co., Ltd has established a wholly-owned subsidiary known as Huizhou Miyoshi Green Galaxy Trading Co., Ltd. The registered capital of the new subsidiary is RMB300,000. The new subsidiary is mainly engaged in the sale of vehicles and vehicle parts.

On 28 November 2014, the Company announced that the Second Completion has taken place in accordance with the terms and conditions of the Joint Venture Agreement ("JVA"). Following the Second Completion, the Company has allotted and issued 32,000,000 Consideration Shares in the Company to Yip Chun Kwa, Cheang Chee Ming, Lim Lee Eng and Tao Hong Ming, being such persons nominated by the JV Partner to be the holders of the Consideration Shares in satisfaction of the consideration for the Proposed Acquisition resulting in the Company holding 55% of the issued share capital of the JV Company. Green Galaxy Limited is now a subsidiary of the Company. With the listing of the Consideration Shares, the total number of issued Shares of the Company has increased from 420,669,490 Shares to 452,669,490.

A Condition Precedent under the JVA is the incorporation of a PRC subsidiary by the JV Company. The JV Company had on 10 October 2014 incorporated Green Galaxy (Jiangxi) Co., Ltd in YingTan City, Jiangxi Province, PRC. The registered capital of the new subsidiary is HK\$40 million (approximately S\$6.7 million). The new subsidiary is mainly engaged in the sale of vehicles and vehicle parts.

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".

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
14 January 2015