

Financial Statements and Related Announcement::Half Yearly Results

Issuer & Securities

Issuer/ Manager	MANUFACTURING INTEGRATION TECHNOLOGY LTD.
Securities	MFG INTEGRATION TECHNOLOGY LTD - SG1H45875967 - M11
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For Financial Period Ended	30/06/2016
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Manufacturing Integration Technology Ltd

(Registration No. 199200075N)

HALF YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2016

1(a)(i) A Statement of Comprehensive Income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	S\$' 000		%
	30/06/2016	30/06/2015	Increase/ -Decrease
Revenue	21,828	53,297	-59.0%
Cost of sales	(16,342)	(30,254)	-46.0%
Gross profit	5,486	23,043	-76.2%
Interest income	125	158	-20.9%
Other gains	677	1,076	-37.1%
Marketing and distribution costs	(2,888)	(2,683)	7.6%
Administrative expenses	(3,198)	(5,618)	-43.1%
Finance costs	(60)	(103)	-41.7%
Other losses	(1,007)	(986)	2.1%
(Loss) Income before tax from continuing operations	(865)	14,887	NM
Income tax income (expense)	32	(1,948)	NM
(Loss) Income from continuing operations, net of tax	(833)	12,939	NM
<u>Other comprehensive income:</u>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax	(447)	71	NM
Other comprehensive (loss) income for the period, net of tax	(447)	71	NM
Total comprehensive (loss) income	(1,280)	13,010	NM

NM: Not meaningful

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statements for the current financial period reported on and the corresponding period of the immediately preceding financial year.

The Group's profit from operating activities is arrived at after other items of income & (expense) the following:-

Group	
S\$'000	
30/06/2016	30/06/2015
1) Other Gains include, mainly:	
- Rental income	335
- Reversal on allowance for impairment loss on inventories	1
- Gain on disposal of development projects	344
- Foreign exchange adjustment gains	299
- Reversal on allowance for impairment on trade receivables	114
2) Other Losses include, mainly:	
- Provision for product warranty, net of reversal	(48)
- Inventories written down	(389)
- Amortisation of development projects	(256)
- Foreign exchange adjustment losses	(694)

1(a)(iii) Amount of any adjustment for under or overprovision of tax in respect of prior years.

Not Applicable.

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	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
<u>Non-current assets:</u>				
Property, plant and equipment	1,717	1,629	1,214	1,156
Investment properties	9,045	9,139	9,045	9,139
Intangible assets	32	40	17	26
Development projects	1,227	703	920	517
Investments in subsidiaries	-	-	14,653	14,160
Deferred tax assets	1,319	1,400	217	217
Other assets, non-current	43	43	43	43
Total non-current assets	13,383	12,954	26,109	25,258
<u>Current assets:</u>				
Inventories	13,703	15,853	5,024	5,862
Trade and other receivables, current	13,394	21,585	16,862	26,106
Other assets, current	310	505	148	131
Cash and cash equivalents	22,730	20,434	18,065	13,032
Total current assets	50,137	58,377	40,099	45,131
Total assets	63,520	71,331	66,208	70,389
Equity and liabilities				
<u>Equity:</u>				
Share capital	46,611	46,431	46,611	46,431
Other reserves	65	506	119	113
Retained earnings	2,933	4,957	9,340	9,622
Total equity	49,609	51,894	56,070	56,166
<u>Non-current liabilities:</u>				
Other finance liabilities, non-current	3,280	3,753	3,280	3,753
Total non-current liabilities	3,280	3,753	3,280	3,753
<u>Current liabilities:</u>				
Provisions, current	339	273	322	257
Income tax payable	835	1,823	592	1,192
Trade and other payables, current	8,510	12,641	4,997	8,074
Other financial liabilities, current	947	947	947	947
Total current liabilities	10,631	15,684	6,858	10,470
Total liabilities	13,911	19,437	10,138	14,223
Total equity and liabilities	63,520	71,331	66,208	70,389

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 30/06/16		As at 31/12/15	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
947	-	947	-

Amount repayable after one year

As at 30/06/16		As at 31/12/15	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,280	-	3,753	-

Details of any collateral

1. The Company's motor vehicle is financed under hire purchase arrangement.
2. Term loan of S\$4.04m is secured by our investment properties.

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

	Group (\$'000)	
	30/06/2016	30/06/2015
<u>Cash flows from operating activities</u>		
(Loss) Profit before tax	(865)	14,887
Adjustments for:		
Depreciation of property, plant and equipment	311	420
Depreciation of investment properties	94	95
Interest income	(125)	(158)
Interest expense	60	103
Gain on disposal of development projects	-	(344)
Amortisation of development projects	256	322
Amortisation of intangible assets	8	17
Net effect of exchange rate changes in consolidating foreign operations	(416)	56
Share based payment	43	43
Operating cash flow from changes in working capital	(634)	15,441
Trade and other receivables	8,191	(7,899)
Other assets	195	(989)
Inventories	2,150	(1,511)
Trade and other payables	(4,131)	(1,878)
Provisions	66	400
Net cash flow from operation	5,837	3,564
Income tax paid	(988)	(193)
Net cash flows from operating activities	4,849	3,371
<u>Cash flows from investing activities</u>		
Purchase of plant and equipment	(428)	(236)
Disposal of development projects	-	996
Development projects incurred	(780)	(759)
Additions of patents	-	(2)
Interest received	125	158
Net cash flows (used in) from investing activities	(1,083)	157
<u>Cash flows from financing activities</u>		
Interest paid	(60)	(103)
Decrease in borrowings	(450)	(1,876)
Dividends paid	(1,117)	(1,100)
Re-issued of treasury shares	180	71
Decrease in finance leases	(23)	(20)
Issue of shares	-	396
Net cash used in financing activities	(1,470)	(2,632)
Net increase in cash and cash equivalents	2,296	896
Cash and cash equivalents, statement of cash flows, beginning balance	20,434	16,945
Cash and cash equivalents, statement of cash flows, ending balance	22,730	17,841

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.

<u>Group</u>	Total equity	Share capital	Retained earnings	Translation reserve	Share option reserve
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Current year:					
Opening balance at 1 January 2016	51,894	46,431	4,957	393	113
Movement in equity:					
Total comprehensive income for the period	(1,280)	-	(833)	(447)	-
Exercise of share options	-	-	27	-	(27)
Expiry of share options	-	-	10	-	(10)
Share based payment expenses	43	-	-	-	43
Dividends paid	(1,117)	-	(1,117)	-	-
Treasury shares reissued pursuant to employees' share option scheme	180	180	-	-	-
Loss on reissuance of treasury shares to equity pursuant to employee share option scheme	(111)	-	(111)	-	-
Closing balance at 30 June 2016	49,609	46,611	2,933	(54)	119
Previous year:					
Opening balance at 1 January 2015	37,930	45,768	(8,278)	253	187
Movement in equity:					
Total comprehensive income for the period	13,010	-	12,939	71	-
Ordinary shares issued pursuant to employees' share option scheme	396	396	-	-	-
Expiry of share options	-	-	128	-	(128)
Share based payment expenses	43	-	-	-	43
Dividends paid	(1,100)	-	(1,100)	-	-
Treasury shares reissued pursuant to employees' share option scheme	71	71	-	-	-
Closing balance at 30 June 2015	50,350	46,235	3,689	324	102

<u>Company</u>	Total equity	Share capital	Retained earnings / (accumulated losses)	Share option reserve
	S\$'000	S\$'000	S\$'000	S\$'000
Current year :				
Opening balance at 1 January 2016	56,166	46,431	9,622	113
<u>Movements in equity:</u>				
Total comprehensive income for the period	909	-	909	-
Exercise share options	-	-	27	(27)
Expiry of share options	-	-	10	(10)
Share based payment expenses	43	-	-	43
Dividends paid	(1,117)	-	(1,117)	-
Treasury shares reissued pursuant to employees' share option scheme	180	180	-	-
Loss on reissuance of treasury shares to equity pursuant to employees' share option scheme	(111)	-	(111)	-
Closing balance at 30 June 2016	56,070	46,611	9,340	119
Previous year :				
Opening balance at 1 January 2015	36,277	45,768	(9,678)	187
<u>Movements in equity:</u>				
Total comprehensive income for the period	8,245	-	8,245	-
Ordinary share issued pursuant to employees' share option scheme	396	396	-	-
Expiry of share options	-	-	128	(128)
Share based payment expenses	43	-	-	43
Dividends paid	(1,100)	-	(1,100)	-
Treasury shares reissued pursuant to employees' share option scheme	71	71	-	-
Closing balance at 30 June 2015	43,932	46,235	(2,405)	102

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.

Share Capital

As at 30 June 2016, the number of ordinary shares in issue was 225,012,870 of which 473,000 were held by the Company as treasury shares. (31 December 2015: 225,012,870 ordinary shares of which 1,666,000 were held as treasury shares).

Share Options

The Company had granted 9,590,000 new options under the MIT Employees' Share Option Scheme 2009 ("the Scheme") on 20 May 2016.

As at 30 June 2016, the number of outstanding options to subscribe for ordinary shares under the Scheme was 16,027,000 (31 December 2015: 8,021,000). During the period January to June 2016, 1,193,000 options were exercised under the Employees' Share Option Scheme. 391,000 unexercised options had lapsed and were cancelled during the period.

Treasury Shares

As at 30 June 2016, 473,000 ordinary shares were held as Treasury Shares (31 December 2015: 1,666,000). No shares were bought back by the Company during the period.

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.

	Group & Company	
	as at 30/06/16	as at 31/12/15
Total number of issued shares	225,012,870	221,016,870
Add : New issued shares	-	3,996,000
Less : Treasury shares	473,000	1,666,000
Total number of issued shares (excluding treasury shares)	224,539,870	223,346,870

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.

During the period, the Company had transferred 1,193,000 treasury shares to employees on exercise of share options.

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.

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 Group and Company have applied the same accounting policies and methods of computation in the financial statements for the current financial period, which are consistent with those described in the audited financial statements for the year ended 31 December 2015, except for the adoption of the new and revised Financial Reporting Standards ("FRS") which became effective for financial years beginning on or after 1 January 2016.

The adoption of the new and revised FRS does not have any material impact to the financial statements for the Group and Company for the period ended 30 June 2016.

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.

Not applicable.

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.

	Group	
	30/06/16	30/06/15
Earnings per ordinary share of the group, after deducting any provision for preference dividends (in cents):		
(a) Based on weighted average number of ordinary shares on issue; and	-0.37	5.82
(b) On a fully diluted basis	-0.36	5.67

- a) Earnings per ordinary share on existing issued share capital is computed based on the weighted average number of shares in issue during the year.
- b) Earnings per ordinary share on a fully diluted basis is computed based on the weighted average number of shares during the period adjusted to assume conversion of all dilutive ordinary shares.

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.

	Company		Group	
	30/06/16	31/12/15	30/06/16	31/12/15
Net asset value per ordinary share based on issued share capital at the end of (in cents):	24.97	25.15	22.09	23.23

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 the following:
- (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.

Turnover

The Group recorded a lower turnover of S\$21.8m during 1H 2016 compared with S\$53.3m in 1H 2015. The decline of 59% was mainly due to a slowdown across the semiconductor and contract manufacturing services while there were no sales recorded in the solar segment.

Earnings

The Group posted a lower Gross profit margin of 25% in 1H 2016 as compared with 43% in 1H 2015. This is largely attributable to the lower revenue base and the consequent large unabsorbed direct overheads during the period.

Interest income in 1H 2016 decreased to S\$0.13m compared to S\$0.16 in the same period last year as a result of lower interest rate for RMB fixed deposits.

The Other gains of S\$0.68m came mainly from rental income from our industrial property at North Spring Bizhub, Yishun (S\$0.33m) and reversal on allowance for impairment on trade receivables (S\$0.11m) during the period

The increase in Marketing and distribution costs were mainly due to increase in sales commission payable as well as higher travelling expenses to penetrate new markets.

In line with the lower revenue base and slower business activities, Administrative expenses were lower by 43%.

Finance costs decreased due to repayment of loans by MIT Singapore.

The increase in Other losses was mainly due to foreign exchange adjustment losses of S\$0.69m during the 1H 2016 as USD had weakened by 4.6% from 1.414 (31 Dec 2015) to 1.349 (30 Jun 2016) against SGD.

As a result, the Group recorded a Net loss after tax of S\$0.83m for the first half of FY2016.

Assets and Liabilities

The increase in Property, plant & equipment was mainly due to the purchase of some tooling for production as well as upgrading of IT resources during the period.

After depreciation and amortization charged during the period, Investment properties as well as Intangible assets decreased respectively at the end of the financial period.

The increase of S\$0.52m in Development projects was due to the new development projects undertaken by the Group.

In line with the lower revenue and intensive collection efforts during the period, Inventories as well as Trade and other receivables were lower by 14% and 38% respectively.

Other assets decreased due to lower prepayment and deposits when compared to the same period of last year.

The decrease in Other financial liabilities was mainly a result of repayment of bank loans, primarily for the industrial property, during the financial period.

The lower amount in Trade and other payables was in line with the lower inventory level maintained.

Cash Flow

Despite lower sales, the Group achieved a positive cash flow from operating activities of S\$4.8m during this period.

After investments in tooling & IT resources (S\$0.43m), dividend payment (S\$1.11m), repayment of bank loans (S\$0.45m) etc, we ended the period with higher cash and cash equivalent of S\$22.7m, an increase of 11% when compared with the end of FY2015.

With this strong cash position, the Cash and cash equivalents per share stood at 10.1 cents, or 46% of Net asset per share.

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

The Group announced a profit warning on 19 July after a preliminary review of our financial performance.

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 line with Gartner's forecast that worldwide semiconductor capital spending will decline 4.7% in 2016, our semiconductor sales trended down in 1H 2016. It had also resulted in a lower order book of S\$12.7m as at 5 August 2016. This is certainly a low number by recent standards but we continue to receive new enquiries from leading international and Asian semiconductor IDMs, OSATs and foundries. As such, we are currently developing new solutions for their specific needs and remain hopeful that they will contribute to a bottoming of our sales in 2H2016 and lead to an upturn in 2017. Specifically, we see continued strong interests in advanced packaging from leading mobile communication players.

In contract manufacturing, we are discussing with an existing customer to extend the scope of our services from the current module level assembly to a full system assembly. If successful, we should see an improvement in contract manufacturing sales from 2017 onwards.

Enquiries from the solar segment are expected to remain weak.

Despite a challenging global economic environment, Management is working towards returning the Group to profitability in the second half of the year.

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?

Name of Dividend	Special
Dividend Type	Cash
Dividend Amount per Share	0.5 cents
Tax Rate	Tax Exempt (One-Tier)

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended.

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.

The Company does not have a shareholders' mandate for IPTs.

During the period ended 30 June 2016, the Group did not enter into any interested person transaction which aggregate value exceeds S\$100,000.

14. Confirmation Pursuant to Rule 720(1) of the Listing Manual - The Directors' and Executive Officers' Undertakings

The Company confirms that it has procured the requisite undertakings from all its directors and executive officers under Listing Rule 720(1).

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Not Applicable.

16. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not Applicable.

17. **A breakdown of sales.**

Not Applicable.

18. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not Applicable.

ON BEHALF OF THE BOARD

Kwong Kim Mone
Chairman and Managing Director

5 August 2016
Singapore

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

On behalf of the Board of Directors of the Company, we hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the half-year ended 30 June 2016 to be false or misleading.

On behalf of the Board of Directors

Kwong Kim Mone
Chairman and Managing Director

Lee Yong Guan
Director

5 August 2016



Manufacturing Integration Technology Ltd

Blk 5004, #03-12 Ang Mo Kio Ave 5, TECHplace II Singapore 569872 Tel: (65) 6481-0511 Fax: (65) 6481-8955 (General), (65) 6484 2519 (Sales)

PRESS RELEASE

MIT incurs S\$0.83m loss in 1H 2016 on sales of S\$21.8m

- **Loss due to market slowdown and forex losses**
- **Positive operating cash flow of S\$4.8m leads to higher cash position of S\$22.7m**

Singapore, 5 August 2016 – The Board of Directors of Manufacturing Integration Technology Ltd (MIT or the Group) today announced its half-year results for the period ending 30 June 2016.

MIT recorded a 59% drop in sales to S\$21.8m during 1H 2016 from S\$53.3m in 1H 2015. This decline was mainly due to a slowdown across the semiconductor and contract manufacturing services while no sales were recorded in the solar segment. Coupled with a foreign exchange loss of S\$0.69m, the Group registered a net loss after tax of S\$0.83m, down from a profit of \$12.9m in the same period last year.

On the positive side, the Group achieved a positive cash flow from operating activities of S\$4.8m during this period. Despite outflows involving investments in tooling & IT resources (S\$0.43m), dividend payment (S\$1.11m), and repayment of bank loans (S\$0.45m), we ended the period with a higher cash and cash equivalent of S\$22.7m, an increase of 11% when compared with the end of FY2015. This cash balance is equivalent to 10.1 cents per share.

As at 5 August 2016, our order book stood at S\$12.7m, which is a low number by recent standards. But this is in line with Gartner's forecast that worldwide semiconductor capital spending will decline 4.7% in 2016. On the bright side, we continue to entertain and discuss significant projects with leading international and Asian semiconductor IDMs, OSATs and foundries. We are hopeful that some of these projects will lead to a bottoming of our sales in 2H 2016 and see an upturn in 2017. Specifically, we see a strong interest in advanced packaging from leading players in the mobile communication industry.

In contract manufacturing, we are discussing with an existing customer to extend the scope of our services from the current module level assembly to a full system assembly. If successful, we should see an improvement in contract manufacturing sales from 2017 onwards.

Enquiries from the solar equipment sector are expected to remain weak.

Despite these challenging conditions, Management is working to return the Group back to profitability in the second half of the year.



Manufacturing Integration Technology Ltd

Blk 5004, #03-12 Ang Mo Kio Ave 5, TECHplace II Singapore 569872 Tel: (65) 6481-0511 Fax: (65) 6481-8955 (General), (65) 6484 2519 (Sales)

About Manufacturing Integration Technology Ltd (“MIT”)

Incorporated in 1992 and listed on the Singapore Exchange's Mainboard since 1999, MIT is a leading provider of integrated automation solutions to the semiconductor industry worldwide. Its range of high-end equipment include wafer level die marking, sorting and inspection systems. It has also entered into the renewable energy market by producing its proprietary range of solar panel manufacturing equipment for the PV market. The Group has furthermore diversified its business to provide contract equipment manufacturing and precision engineering services to the broader markets with a manufacturing footprint in Shanghai, China. Please visit our website at www.mit.com.sg.

Media Contact

Lim Chin Tong
Executive Director
Manufacturing Integration Technology Ltd
H/P No: 81382298
Email: limct@mit.com.sg