

Financial Statements and Related Announcement::Full Yearly Results

Issuer & Securities

Issuer/ Manager	MANUFACTURING INTEGRATION TECHNOLOGY LTD.
Securities	MFG INTEGRATION TECHNOLOGY LTD - SG1H45875967 - M11
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Announcement Details

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Additional Details

For Financial Period Ended	31/12/2016
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Manufacturing Integration Technology Ltd

(Registration No. 199200075N)

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 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		%
	31/12/2016	31/12/2015	Increase/ -Decrease
Revenue	35,527	90,351	-60.7%
Cost of sales	(28,481)	(53,762)	-47.0%
Gross profit	7,046	36,589	-80.7%
Interest income	226	278	-18.7%
Other gains	1,177	2,559	-54.0%
Marketing and distribution costs	(4,958)	(5,835)	-15.0%
Administrative expenses	(6,319)	(9,491)	-33.4%
Finance costs	(108)	(184)	-41.3%
Other losses	(1,620)	(5,050)	-67.9%
(Loss) Income before tax from continuing operations	(4,556)	18,866	NM
Income tax expense	(940)	(3,440)	-72.7%
(Loss) Income from continuing operations, net of tax	(5,496)	15,426	NM
<u>Other comprehensive (loss) income:</u>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax	(318)	140	NM
Other comprehensive (loss) income for the year, net of tax	(318)	140	NM
Total comprehensive (loss) income	(5,814)	15,566	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 & (expenses) the following:-

		Group	
		S\$'000	
		31/12/2016	31/12/2015
1) Other gains include, mainly:			
- Rental income		670	670
- Reversal on allowance for impairment loss on inventories		72	11
- Gain on disposal of development projects		-	309
- Gain on disposal of plant and equipment		-	117
- Foreign exchange adjustment gains		-	1,017
- Reversal on allowance for impairment on trade receivables		114	-
2) Other losses include, mainly:			
- Inventories written down		(765)	(1,383)
- Allowance for impairment on trade receivables		-	(2,365)
- Amortisation of intangible assets		(49)	(40)
- Amortisation of research and development expenditure		(428)	(664)
- Foreign exchange adjustment losses		(233)	-

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

There was an under-provision of tax in respect of prior years of S\$0.94m in current financial year. (2015: S\$0.37m)

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	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Non-current assets:				
Plant and equipment	1,630	1,629	1,284	1,156
Investment properties	8,950	9,139	8,950	9,139
Development projects	2,878	703	2,466	517
Other assets, non-current	43	43	43	43
Investments in subsidiaries	-	-	7,988	14,160
Intangible assets	42	40	42	26
Deferred tax assets	1,346	1,400	217	217
Total non-current assets	14,889	12,954	20,990	25,258
Current assets:				
Inventories	14,588	15,853	7,020	5,862
Trade and other receivables	11,996	21,585	14,954	26,106
Other assets, current	232	505	113	131
Cash and cash equivalents	17,892	20,434	14,085	13,032
Total current assets	44,708	58,377	36,172	45,131
Total assets	59,597	71,331	57,162	70,389
Equity and liabilities				
Equity				
Share capital	46,621	46,431	46,621	46,431
Other reserves	297	506	222	113
(Accumulated losses) retained earnings	(1,720)	4,957	396	9,622
Total equity	45,198	51,894	47,239	56,166
Non-current liabilities:				
Other finance liabilities, non-current	116	3,753	116	3,753
Total non-current liabilities	116	3,753	116	3,753
Current liabilities:				
Trade and other payables	9,113	12,641	4,981	8,074
Income tax payable	1,279	1,823	1,050	1,192
Other financial liabilities, current	3,637	947	3,637	947
Provisions	254	273	139	257
Total current liabilities	14,283	15,684	9,807	10,470
Total liabilities	14,399	19,437	9,923	14,223
Total equity and liabilities	59,597	71,331	57,162	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 31/12/16		As at 31/12/15	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,637	-	947	-

Amount repayable after one year

As at 31/12/16		As at 31/12/15	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
116	-	3,753	-

Details of any collateral

1. Company's motor vehicle is financed under hire purchase arrangement.
2. Term loan of S\$3.59m is secured by our investment properties.

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

	Group (S\$'000)	
	31/12/2016	31/12/2015
Cash flows from operation activities		
(Loss) Profit before tax	(4,556)	18,866
Adjustments for:-		
Depreciation of plant and equipment	664	830
Depreciation of investment properties	189	190
Interest income	(226)	(278)
Interest expense	108	184
Gains on disposal of development projects	-	(309)
Gains on disposal of plant and equipment	-	(117)
Amortisation of development projects	428	664
Impairment of other assets, non-current	-	-
Amortisation of intangible assets	49	40
Share-based payment	161	74
Net effect of exchange rate changes in consolidation foreign operations	(184)	39
Operating cash flow (used in) from changes in working capital	(3,367)	20,183
Trade and other receivables	9,589	(2,399)
Other assets	273	(246)
Inventories	1,265	4,455
Trade and other payables	(3,528)	(10,474)
Provisions	(19)	66
Net cash flow from operations before tax	4,213	11,585
Income tax paid	(1,544)	(1,447)
Net cash flow from operating activities	2,669	10,138
Cash flow from investing activities		
Addition of patents	(51)	(27)
Disposal of development projects	-	1,047
Purchase of plant and equipment	(685)	(956)
Proceeds on disposal of plant and equipment	-	159
Development projects incurred	(2,603)	(770)
Interest received	226	278
Net cash flow used in investing activities	(3,113)	(269)
Cash flows from financing activities		
Interest paid	(108)	(184)
Decrease in borrowings	(900)	(4,326)
Dividend paid	(1,117)	(2,216)
Re-issued of treasury shares	74	144
Decrease in finance leases	(47)	(120)
Issues of shares	-	396
Net cash used in financing activities	(2,098)	(6,306)
Net (decrease) increase in cash and cash equivalents	(2,542)	3,563
Cash and cash equivalents, statement of cash flows, beginning balance	20,434	16,945
Effect of foreign exchange rate adjustments	-	(74)
Cash and cash equivalents, statement of cash flows, ending balance	17,892	20,434

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.

Group	Total equity	Share capital	Retained earnings (accumulated losses)	Translation reserves	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
Movements in Equity:					
Total comprehensive loss for the year	(5,814)	-	(5,496)	(318)	-
Exercise of share options	-	-	28	-	(28)
Expiry of share options	-	-	24	-	(24)
Share based payment expenses	161	-	-	-	161
Dividends paid	(1,117)	-	(1,117)	-	-
Treasury shares reissued pursuant to employees' share option scheme	190	190	-	-	-
Loss on reissuance of treasury shares to equity pursuant to employees' share option scheme	(116)	-	(116)	-	-
Closing balance at 31 December 2016	45,198	46,621	(1,720)	75	222
Previous Year :					
Opening balance at 1 January 2015	37,930	45,768	(8,278)	253	187
Movements in Equity:					
Total comprehensive income for the year	15,566	-	15,426	140	-
Ordinary share issued pursuant to employees' share option scheme	396	396	-	-	-
Exercise of share options	-	-	136	-	(136)
Expiry of share options	-	-	12	-	(12)
Share based payment expenses	74	-	-	-	74
Dividends paid	(2,216)	-	(2,216)	-	-
Treasury shares reissued pursuant to employees' share option scheme	267	267	-	-	-
Loss on reissuance of treasury shares to equity pursuant to employees' share option scheme	(123)	-	(123)	-	-
Closing balance at 31 December 2015	51,894	46,431	4,957	393	113

Company	Total equity	Share capital	Retained earnings (accumulated losses)	Share option reserves
	S\$'000	S\$'000	S\$'000	S\$'000
Current Year :				
Opening balance at 1 January 2016	56,166	46,431	9,622	113
Movements in Equity:				
Total comprehensive loss for the year	(8,045)	-	(8,045)	-
Exercise of share options	-	-	28	(28)
Expiry of share options	-	-	24	(24)
Share based payment expenses	161	-	-	161
Dividends paid	(1,117)	-	(1,117)	-
Treasury shares reissued pursuant to employees' share option scheme	190	190	-	-
Loss on reissuance of treasury shares to equity pursuant to employees' share option scheme	(116)	-	(116)	-
Closing balance at 31 December 2016	47,239	46,621	396	222
Previous Year :				
Opening balance at 1 January 2015	36,277	45,768	(9,678)	187
Movements in Equity:				
Total comprehensive income for the year	21,491	-	21,491	-
Ordinary shares issued pursuant to employees' share option scheme	396	396	-	-
Exercise of share options	-	-	136	(136)
Expiry of share options	-	-	12	(12)
Share based payment expenses	74	-	-	74
Dividends paid	(2,216)	-	(2,216)	-
Treasury shares reissued pursuant to employees' share option scheme	267	267	-	-
Loss on reissuance of treasury shares to equity pursuant to employees' share option scheme	(123)	-	(123)	-
Closing balance at 31 December 2015	56,166	46,431	9,622	113

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 31 December 2016, the number of ordinary shares in issue was 225,012,870 of which 407,000 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 31 December 2016, the number of outstanding options to subscribe for ordinary shares under the Scheme was 15,625,000 (31 December 2015: 8,021,000). During the year, 1,259,000 options were exercised under the Employees' Share Option Scheme. 727,000 unexercised options had lapsed and were cancelled during the year.

Performance Shares

The Company had granted 500,000 share awards to its employee pursuant to the MIT Performance Share Plan on 22 August 2016.

Treasury Shares

As at 31 December 2016, 407,000 ordinary shares were held as Treasury Shares (31 December 2015: 1,666,000). No shares were bought back by the Company during the year.

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 31/12/16	as at 31/12/15
Total number of issued shares	225,012,870	221,016,870
Add : New Issued Shares	0	3,996,000
Less : Treasury Shares	407,000	1,666,000
Total number of issued shares (excluding treasury shares)	224,605,870	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 year, the Company had transferred 1,259,000 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 reporting year, 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, including its consequential amendment and interpretations ("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 year ended 31 December 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 (loss) 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	
	31/12/16	31/12/15
Earnings (loss) 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	(2.45)	6.97
(b) On a fully diluted basis	(2.40)	6.79

- 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	
	31/12/16	31/12/15	31/12/16	31/12/15
Net asset value per ordinary share based on issued share capital at the end of (in cents):	21.03	25.15	20.12	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.

Revenue

Group revenue declined 61% to S\$35.5m in FY2016 from S\$90.3m in the previous financial year. The decline was mainly due to a slowdown in semiconductor equipment orders from our existing customers who had made strong investments in the previous two years. In addition, contract equipment manufacturing (CEM) sales also declined due to lower LED equipment orders and there was a lack of solar projects.

Earnings

The Group recorded a lower Gross profit margin of 19.8% in FY2016 as compared with 40.5% in FY2015. This was mainly due to unabsorbed fixed costs that resulted from our lower sales during the year.

The lower interest income was in line with the lower cash on hand.

Other gains mainly come from rental income from our investment properties in Yishun, reversal on allowance for impairment loss on trade receivables & inventories which were made in previous years.

Following the lower revenue and slower business activities, Marketing and distribution costs and Administrative expenses were lower by 15% and 33% respectively.

Finance costs also decreased due to repayment of loans in MIT Singapore.

The Other losses decreased by 68% mainly due to lower impairment loss on inventories and amortization of research and development expenditure when compared to last financial year.

Overall, the Group recorded a net loss of S\$5.5m in FY2016 from a net profit of S\$15.4m in the previous financial year.

Assets and Liabilities

The increase in Plant and equipment was mainly due to the purchase of tooling for production as well as upgrading of IT resources during the financial year.

After depreciation charges during the year, Investment properties had decreased at the end of the financial year.

The increase of S\$2.2m in Development projects was due to the new projects undertaken by the Group.

Investments in subsidiaries decreased in the Company due to allowance for impairment on investments in subsidiaries during the financial year. However, there is no profit or loss impact at the MIT group level.

In line with the lower revenue, Inventories as well as Trade and other receivables were lower by 8% and 44% respectively.

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

The decreased 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 correspondence with the lower inventory level maintained.

Cash Flow

Despite lower sales, the Group achieved a positive cash flow from operating activities of S\$2.6m during the year.

After significant spending on development projects (S\$2.6m), dividend payments (S\$1.1m), repayment of bank loans (S\$0.9m), investment in tooling & IT resources (S\$0.6m), etc, we ended the year with cash and cash equivalent of S\$17.9m.

Cash and Cash equivalents per share stood at 7.9 cents, which accounts for about 40% of the 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 3 February 2017 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.

FY 2016 was a difficult year due to lower semiconductor and CEM equipment sales as well as a lack of solar orders. But our efforts towards a diversified industry coverage (from semiconductor to automotive, textile, LED etc.), customers base and product offerings continue unabated, despite this temporary setback.

The semiconductor industry is forecasted to achieve steady growth in FY 2017. However, this may be clouded by threats of trade wars and slower economic growth in China.

Nevertheless, we are increasing our R&D efforts and setting up an Engineering Centre to anchor our push and expect to introduce 2 new models of semiconductor equipment for vision inspection and die sorting in FY 2017. Marketing and service supports in the PRC market are also being strengthened.

In Contract Equipment Manufacturing (CEM), we are currently in discussion with an existing customer to expand our service offerings that will lead to higher sales going forward. We are also expanding our design services with the aim of landing subsequent assembly jobs.

With these developments and an outstanding order book of S\$20m as at 22 Feb 2017, the Board is confident of achieving improved performance in FY 2017.

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	Interim	Final
Dividend Type	Cash	Cash
Dividend Amount per Share	0.5 cent	0.5 cent
Tax Rate	Tax Exempt (One-Tier)	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 financial year ended 31 December 2016, the Group did not enter into any interested person transaction which aggregate value exceeds \$100,000.

14. The Directors' and Executive Officers' Undertakings

The Company has procured the requisite undertakings from all its directors and executive officers as referred to in the 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.**

Business Segments

	Manufacturing		Distribution		Unallocated		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment revenue:-								
Sales to external customers	32,424	87,391	3,103	2,960	-	-	35,527	90,351
Segment result	(4,994)	17,035	438	1,350	-	481	(4,556)	18,866
Operating (Loss) Profit before taxation							(4,556)	18,866
Income tax expenses							(940)	(3,440)
Net (Loss) Profit							(5,496)	15,426
Other segment information:								
Segment assets	45,838	59,081	3,463	1,711	10,296	10,539	59,597	71,331

Geographical Segments

	Singapore		China		Asia (others)		Europe & USA		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment revenue:-										
Sales to external customers	10,933	25,282	6,625	40,108	15,222	18,379	2,747	6,582	35,527	90,351
Segment result	1,794	3,284	(1,887)	9,438	(4,330)	4,325	(133)	1,819	(4,556)	18,866
Other geographical information:-										
Segment assets	52,821	60,835	6,776	10,496	-	-	-	-	59,597	71,331

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.**

Segment Result

The Group's total sales turnover from its Manufacturing segment has decreased by 63% when compared with FY2015. However, the Distribution segment has increased by 5% when compared to FY2015.

Asia (including Singapore & China) remains the Group's key market which accounted for 92% of the total revenue. The Sales to customers in Europe & USA decreased 58% to S\$2.7m compared to the previous financial year.

17. A breakdown of sales.

		Group		
		S\$'000		%
		31.12.2016	31.12.2015	Increase/ (Decrease)
a	Sales reported for first half year	21,828	53,297	-59.0%
b	(Loss) Profit after tax reported for the first half year	(833)	12,939	NM
c	Sales reported for second half year	13,699	37,054	-63.0%
d	(Loss) Profit after tax reported for the second half year	(4,663)	2,487	NM

NM: Not meaningful

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

	Latest Full Year (S\$)	Previous Full Year (S\$)
Ordinary	-	2,233,183
Preference	-	-
Total	-	2,233,183

19. 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) of the Listing Manual, we confirm that there is no person occupying managerial positions in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

ON BEHALF OF THE BOARD

Kwong Kim Mone
Chairman and Managing Director
 22 February 2017