



Manufacturing Integration Technology Ltd

(Registration No. 199200075N)

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

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		%
	31/12/2017	31/12/2016	Increase/ -Decrease
Revenue	65,929	35,527	85.6%
Cost of sales	(46,176)	(28,481)	62.1%
Gross profit	19,753	7,046	180.3%
Interest income	159	226	-29.6%
Other gains	2,482	1,177	110.9%
Marketing and distribution costs	(5,054)	(4,958)	1.9%
Administrative expenses	(8,821)	(6,319)	39.6%
Finance costs	(71)	(108)	-34.3%
Other losses	(1,938)	(1,620)	19.6%
Income (Loss) before tax from continuing operations	6,510	(4,556)	NM
Income tax expense	(504)	(940)	-46.4%
Income (Loss) from continuing operations, net of tax	6,006	(5,496)	NM
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax	(93)	(318)	-70.8%
Other comprehensive loss for the year, net of tax	(93)	(318)	-70.8%
Total comprehensive income (loss)	5,913	(5,814)	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	
		31/12/2017	31/12/2016
1) Other gains include, mainly:			
- Rental income		670	670
- Government grant income		197	-
- Reversal on allowance for impairment loss on inventories		400	72
- Gain on disposal of development projects		396	-
- Gain on disposal of property, plant and equipment		70	-
- Reversal on allowance for impairment loss on trade receivables		-	114
2) Other losses include, mainly:			
- Inventories written down		(717)	(765)
- Allowance for impairment loss on trade receivables		(175)	-
- Amortisation of intangible assets		(41)	(48)
- Amortisation of development projects		(330)	(428)
- Foreign exchange adjustment losses		(572)	(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\$4k in current financial year. (2016: S\$0.94m)

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	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Non-current assets:				
Plant and equipment	2,263	1,630	1,621	1,284
Investment properties	8,761	8,950	8,761	8,950
Development projects	3,592	2,878	3,128	2,466
Other assets, non-current	-	43	-	43
Investments in subsidiaries	-	-	6,172	7,988
Intangible assets	48	42	48	42
Deferred tax assets	1,330	1,346	217	217
Total non-current assets	15,994	14,889	19,947	20,990
Current assets:				
Inventories	16,457	14,564	1,674	7,020
Trade and other receivables	14,368	11,996	17,187	14,954
Other assets, current	816	229	313	113
Cash and cash equivalents	21,884	17,892	18,764	14,085
Total current assets	53,525	44,681	37,938	36,172
Total assets	69,519	59,570	57,885	57,162
Equity and liabilities				
Equity				
Share capital	47,051	46,621	47,051	46,621
Other reserves	247	297	265	222
Retained earnings (accumulated losses)	3,832	(1,720)	3,060	396
Total equity	51,130	45,198	50,376	47,239
Non-current liability:				
Other finance liabilities, non-current	70	116	70	116
Total non-current liability	70	116	70	116
Current liabilities:				
Trade and other payables	16,270	9,086	5,670	4,981
Income tax payable	1,830	1,279	1,550	1,050
Other financial liabilities, current	47	3,637	47	3,637
Provisions	172	254	172	139
Total current liabilities	18,319	14,256	7,439	9,807
Total liabilities	18,389	14,372	7,509	9,923
Total equity and liabilities	69,519	59,570	57,885	57,162

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

As at 31/12/17		As at 31/12/16	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
47	-	3,637	-

Amount repayable after one year

As at 31/12/17		As at 31/12/16	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
70	-	116	-

Details of any collateral

1. Company's motor vehicle is financed under hire purchase arrangement.

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)	
	31/12/2017	31/12/2016
Cash flows from operation activities		
Profit (Loss) before tax	6,510	(4,556)
Adjustments for:-		
Depreciation of property, plant and equipment	849	664
Depreciation of investment properties	189	189
Interest income	(159)	(226)
Interest expense	71	108
Gains on disposal of other assets	(2)	-
Gains on disposal of development projects	(396)	-
Gains on disposal of plant and equipment	(70)	-
Amortisation of development projects	330	428
Amortisation of intangible assets	41	48
Share based payment	224	234
Net effect of exchange rate changes in consolidation foreign operations	(223)	(183)
Operating cash flow from (used in) changes in working capital	7,364	(3,294)
Trade and other receivables	(2,372)	9,589
Other assets	(587)	276
Inventories	(1,893)	1,289
Trade and other payables	7,184	(3,555)
Provisions	(82)	(19)
Net cash flow from operations	9,614	4,286
Income tax paid	(5)	(1,544)
Net cash flow from operating activities	9,609	2,742
Cash flow from investing activities		
Addition of patents	(47)	(50)
Proceed from disposal of development projects	1,224	-
Purchase of plant and equipment	(1,503)	(685)
Proceeds on disposal of plant and equipment	290	-
Proceeds on disposal of other assets	45	-
Development projects incurred	(1,872)	(2,603)
Interest received	159	226
Net cash flow used in investing activities	(1,704)	(3,112)
Cash flows from financing activities		
Interest paid	(71)	(108)
Decrease in borrowings	(3,590)	(900)
Dividend paid	(571)	(1,117)
Re-issued of treasury shares	43	-
Decrease in finance leases	(47)	(47)
Issues of shares	323	-
Net cash used in financing activities	(3,913)	(2,172)
Net increase (decrease) in cash and cash equivalents	3,992	(2,542)
Cash and cash equivalents, statement of cash flows, beginning balance	17,892	20,434
Cash and cash equivalents, statement of cash flows, ending balance	21,884	17,892

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 2017	45,198	46,621	(1,720)	75	222
Changes in Equity:					
Total comprehensive income for the year	5,913	-	6,006	(93)	-
Ordinary share issued pursuant to employees' share option scheme	323	368	-	-	(45)
Exercise of share options	-	-	119	-	(119)
Expiry of share options	-	-	17	-	(17)
Share based payment expenses	224	-	-	-	224
Dividends paid	(571)	-	(571)	-	-
Treasury shares reissued pursuant to employees' share option scheme	62	62	-	-	-
Loss on reissuance of treasury shares to equity pursuant to employees' share option scheme	(19)	-	(19)	-	-
Closing balance at 31 December 2017	51,130	47,051	3,832	(18)	265
Previous Year :					
Opening balance at 1 January 2016	51,894	46,431	4,957	393	113
Changes 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

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 2017	47,239	46,621	396	222
Changes in Equity:				
Total comprehensive income for the year	3,118	-	3,118	-
Ordinary shares issued pursuant to employees' share option scheme	323	368	-	(45)
Exercise of share options	-	-	119	(119)
Expiry of share options	-	-	17	(17)
Share based payment expenses	224	-	-	224
Dividends paid	(571)	-	(571)	-
Treasury shares reissued pursuant to employees' share option scheme	62	62	-	-
Loss on reissuance of treasury shares to equity pursuant to employees' share option scheme	(19)	-	(19)	-
Closing balance at 31 December 2017	50,376	47,051	3,060	265
Previous Year :				
Opening balance at 1 January 2016	56,166	46,431	9,622	113
Changes 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

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

During the year, the Company issued and allotted 4,024,600 ordinary shares in the share capital of the Company upon exercise of options under the MIT Employees' Share Option Scheme ("the Scheme") and issued and allotted 250,000 ordinary shares in the share capital of the Company to the employee under the MIT Performance Share Plan ("PSP").

As at 31 December 2017, the number of ordinary shares issued was 229,287,470 (31 December 2016: 225,012,870 ordinary shares of which 407,000 were held as treasury shares).

Share Options

The Company had granted 600,000 new options under the Scheme on 5 June 2017.

As at 31 December 2017, the number of outstanding options under the Scheme was 11,371,400 (31 December 2016: 15,625,000). During the year, 4,431,600 options were exercised under the Scheme. 422,000 unexercised options had lapsed and were cancelled during the year.

Performance Shares

The Company had granted 300,000 share awards to its employee pursuant to the MIT Performance Share Plan ("PSP") on 20 June 2017. During the year, the Company has issued and allotted 250,000 ordinary shares in the share capital of the Company to the employee under the PSP. As at 31 December 2017, the number of outstanding performance shares held under the PSP was 550,000 (31 December 2016: 500,000).

Treasury Shares

As at 31 December 2017, no ordinary shares were held as Treasury Shares (31 December 2016: 407,000). 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 31/12/17	as at 31/12/16
Total number of issued shares	225,012,870	225,012,870
Add : New Issued Shares	4,274,600	-
Less : Treasury Shares	-	407,000
Total number of issued shares (excluding treasury shares)	229,287,470	224,605,870

1(d)(iv) A statement showing all sales, transfers, 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 407,000 treasury shares to employees on exercise of share options.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings 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.

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 2016, 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 2017.

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 2017.

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	
	31/12/17	31/12/16
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	2.65	(2.45)
(b) On a fully diluted basis	2.61	(2.40)

- 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	
	31/12/17	31/12/16	31/12/17	31/12/16
Net asset value per ordinary share based on issued share capital at the end of (in cents):	21.97	21.03	22.30	20.12

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 increased 86% to S\$65.9m in FY2017 from S\$35.5m in the previous financial year.

The revenue growth was largely due to higher demand for semiconductor equipment as well as contract equipment manufacturing (CEM) orders from our existing customers.

Earnings

With this high revenue, the Group recorded a profit net of tax of S\$6.0m in FY2017, a turnaround from a loss net of tax of S\$5.5m in the previous corresponding financial year. This strong earning was also achieved on the back of a higher gross margin of 30% in FY2017 as compared with 20% in FY2016.

Other gains mainly come from rental income from our investment properties in Yishun, gain on disposal of development projects and reversal on allowance for impairment loss on inventories which were made in previous years.

The bottom line would have been higher if not for a weakening US dollar that resulted in forex losses of S\$0.6m.

In line with the higher revenue base and business activities, Marketing and distribution costs as well as Administrative expenses were higher by 2% and 40% respectively.

Finance costs decreased due to the full repayment of our industrial property loan.

The higher Other losses for this financial year was mainly from:

- Inventories written down (S\$0.7m)
- Amortisation of development projects (S\$0.3m)
- Allowance for impairment loss on trade receivables (S\$0.2m)

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\$0.7m 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 higher revenue, Inventories as well as Trade and other receivables were increased by 13% and 20% respectively.

Other assets increased due to higher 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 higher amount in Trade and other payables was in correspondence with the higher inventory level maintained. We had also made purchases of long lead items for projects to be fulfilled in FY2018.

Cash Flow

The Group achieved a positive cash flow from operating activities of S\$9.6m during the year.

After significant spending on repayment of bank loans (S\$3.6m), development projects (S\$1.9m), investment in tooling & IT resources (S\$1.5m), dividend payments (S\$0.6m) etc, we ended the year with cash and cash equivalent of S\$21.9m. This is 22% higher than the S\$17.9m balance recorded last year.

Cash and Cash equivalents per share stood at 9.5 cents, which accounts for about 43% 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 results are in line with the prospect statement disclosed in the previous results announcement.

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.

The Group returned to profitability in FY 2017 after a strong performance by its semiconductor and CEM segments, but moderated by losses incurred in MIT Shanghai.

The global semiconductor market is forecast to remain active with bright spots in the memory, automotive and IoT segments. In pursuit of these opportunities, we had launched our new high speed C330 sorter and placed out numerous beta units with prospective customers for testing and acceptance. An improved and more advanced vision scanner is expected to be launched later this year.

In CEM, we expect an even better year in 2018 with recovery in orders from the LED area and new projects in the customised automation business.

As at 27 Feb 2018, our outstanding order book stood at S\$22m.

Further to our announcement on 8 Jan 2018 of the proposed disposal of entire share capital of certain subsidiaries, we expect the pace of due diligence and to be stepped up. While there is no assurance that this transaction will be completed, the structure and business of MIT Ltd will be significantly altered if the deal is closed. CEM will become the new core business.

The Board also intends to recommend a return of proceeds (net of all related expenses) from the divestment to shareholders if the deal is successful.

Overall, the Board expects the Group to remain profitable in the current financial year.

11. Dividend**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

Name of Dividend	Interim (Paid)	Final (Propose)
Dividend Type	Cash	Cash
Dividend Amount per Share	0.25 cent	0.75 cent
Tax Rate	Tax Exempt (One-Tier)	Tax Exempt (One-Tier)

During the year, a tax exempt (one-tier) interim dividend of 0.25 cent per ordinary share was approved by the Directors and paid on 4 September 2017 in conjunction with the Group's 25th anniversary celebration.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

The proposed tax exempt (one-tier) final dividend, if approved by shareholders at the forthcoming Annual General Meeting, will be paid on 23 May 2018.

(d) Books closure date

NOTICE IS HEREBY GIVEN THAT the Company's Share Transfer Books and Register of Members will be closed on 10 May 2018 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, up to 5.00 pm on 9 May 2018 will be registered to determine shareholders' entitlements to the said dividend. In respect of ordinary shares in securities accounts with the Central Depository (Pte) Limited ("CDP"), the said dividend will be paid by the Company to CDP which in turn will distribute the dividend to holders of the securities accounts.

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

No 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.**

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

During the financial year ended 31 December 2017, 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.**

During the year, management has changed the segmental reporting to better reflect the performance of the two business units:

(1) Semiconductor (2) Non-semiconductor business.

<u>Business Segments</u>	Semiconductor		Non-semiconductor		Unallocated		Group			
	2017	2016	2017	2016	2017	2016	2017	2016		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
Revenue by segment										
Revenue	53,610	28,396	12,319	7,131	-	-	65,929	35,527		
Segment result	8,017	(2,275)	(1,762)	(2,457)	255	176	6,510	(4,556)		
Profit (Loss) from continuing operations							6,510	(4,556)		
Income tax expenses							(504)	(940)		
Profit (Loss) from continuing operations							6,006	(5,496)		
Assets and reconciliations										
Segment assets	46,861	42,169	12,567	7,105	10,091	10,296	69,519	59,570		
Geographical information	Singapore		China		Asia (others)		Europe & USA		Group	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	32,043	10,933	10,568	6,625	20,579	15,222	2,739	2,747	65,929	35,527
Segment assets	63,186	52,821	6,333	6,749	-	-	-	-	69,519	59,570

- 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 Semiconductor and Non-semiconductor segments have increased significantly by 89% & 73% respectively when compare to FY2016.

Asia (including Singapore & China) remains the Group's key market which accounted for 96% of the total revenue.

17. A breakdown of sales.

		Group		
		S\$'000		%
		31.12.2017	31.12.2016	Increase/ (Decrease)
a	Sales reported for first half year	33,148	21,828	51.9%
b	Profit (Loss) after tax reported for the first half year	2,820	(833)	NM
c	Sales reported for second half year	32,781	13,699	139.3%
d	Profit (Loss) after tax reported for the second half year	3,186	(4,663)	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	2,292,875	-
Preference	-	-
Total	2,292,875	-

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
 27 February 2018