



Manufacturing Integration Technology Ltd

(Registration No. 199200075N)

HALF YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2014

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		%
	30/06/2014	30/06/2013	Increase/ -Decrease
Revenue	22,337	13,195	69.3%
Cost of Sales	(17,349)	(12,441)	39.5%
Gross Profit	4,988	754	561.5%
<u>Other Items of Income</u>			
Interest Income	32	70	-54.3%
Dividend Income from quoted corporation	-	25	-100.0%
Other Credits	657	311	111.3%
<u>Other Items of Expense</u>			
Selling and Distribution Costs	(1,748)	(1,886)	-7.3%
Administrative Expenses	(2,638)	(2,990)	-11.8%
Finance Costs	(138)	(12)	1050.0%
Other Charges	(351)	(327)	7.3%
Profit (Loss) Before Tax from Continuing Operations	802	(4,055)	NM
Income Tax Expenses	-	-	NM
Profit (Loss) from Continuing Operations, Net of Tax	802	(4,055)	NM
<u>Other Comprehensive Income:</u>			
Available-for-sale Financial Assets, Net of Tax	-	(33)	-100.0%
Exchange Differences on Translating Foreign Operations, Net of Tax	(127)	196	NM
Other Comprehensive (Loss) Income for the Period, Net of Tax	(127)	163	NM
Total Comprehensive Income (Loss)	675	(3,892)	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	
30/06/2014	30/06/2013
1) Other Credits include, mainly:	
- Rental income	55
- Reversal for impairment on inventories obsolescence	473
- Foreign exchange translation gains, net	-
	258
2) Other Charges include, mainly:	
- Provision for product warranty	(42)
- Impairment of development expenditures	-
- Amortisation of research and development expenditure	(121)
- Foreign exchange translation losses, net	(182)
	(120)
	(175)
	-

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	
	30/06/2014	31/12/2013	30/06/2014	31/12/2013
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-Current Assets:				
Property, Plant and Equipment	1,386	11,325	316	9,885
Investment Property	9,424	-	9,424	-
Intangible Assets	62	67	12	17
Development Projects	2,049	1,167	1,996	1,167
Investments in Subsidiaries	-	-	15,965	15,471
Deferred Tax Assets	509	509	-	-
Other Assets, Non-Current	50	50	50	50
Total Non-Current Assets	13,480	13,118	27,763	26,590
Current Assets:				
Inventories	16,460	15,156	4,932	4,224
Trade and Other Receivables	11,394	11,619	16,401	18,087
Other Assets, Current	240	141	144	62
Cash and Cash Equivalents	9,719	8,541	6,915	4,882
Total Current Assets	37,813	35,457	28,392	27,255
Total Assets	51,293	48,575	56,155	53,845
EQUITY AND LIABILITIES				
Equity Attributable to Owners of the Parent:				
Share Capital	45,768	45,768	45,768	45,768
Other Reserves	166	280	138	125
Accumulated Losses	(17,648)	(18,450)	(16,030)	(17,101)
Equity Attributable to Owners of the Parent, Total	28,286	27,598	29,876	28,792
Total Equity	28,286	27,598	29,876	28,792
Non-Current Liabilities:				
Other Finance Liabilities, Non-Current	4,281	4,567	4,281	4,567
Total Non-Current Liabilities	4,281	4,567	4,281	4,567
Current Liabilities:				
Provisions	189	65	182	61
Trade and Other Payables	13,290	11,046	17,876	16,485
Other Financial Liabilities, Current	5,247	5,299	3,940	3,940
Total Current Liabilities	18,726	16,410	21,998	20,486
Total Liabilities	23,007	20,977	26,279	25,053
Total Equity and Liabilities	51,293	48,575	56,155	53,845

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

As at 30/06/14		As at 31/12/13	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
5,247	-	5,299	-

Amount repayable after one year

As at 30/06/14		As at 31/12/13	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
4,281	-	4,567	-

Details of any collateral

1. The Company's motor vehicle is financed under hire purchase arrangement.
2. Term loan of S\$5.1m and short-term loan of S\$3.0m are secured by our industry property pledge to the bank.
3. Short term bank loan of RMB6.5m to the wholly-owned subsidiary, MIT (Shanghai) Co., Ltd is guaranteed by the Company.

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)	
30/06/2014	30/06/2013
Cash Flows from Operating Activities	
Profit (Loss) before Tax	802 (4,055)
Adjustments for:	
Depreciation of Plant and Equipment	479 578
Interest Income	(32) (70)
Interest Expense	138 12
Dividend Income from Quoted Corporation	- (25)
Development Project Expenses Charged to Cost of Sales	10 316
Amortisation of Development Projects	121 175
Amortisation of Intangible Assets	5 8
Share-Based Payment	13 (14)
Operating Cash Flow From (Used in) Changes in Working Capital	1,536 (3,075)
Trade and Other Receivables	225 (1,028)
Other Assets, Current	(99) (156)
Inventories	(1,304) (8,101)
Trade and Other Payables	2,244 6,036
Provisions	124 35
Net Effect of Exchange Rate Changes in Consolidation Foreign Operation	(120) 100
Net Cash Flow From (Used in) Operations before Interest and Tax	2,606 (6,189)
Income Tax Refund	- 3
Net Cash Flow From (Used in) Operating Activities	2,606 (6,186)
Cash Flow from Investing Activities	
Purchase of Plant and Equipment	(23) (663)
Development Projects Incurred	(1,013) (141)
Interest Received	32 70
Dividends Income from Quoted Corporation	- 25
Net Cash Flow Used in Investing Activities	(1,004) (709)
Cash Flow from Financing Activities	
Acquisition of non-controlling interest without a change in control	- (580)
Interest Paid	(138) (12)
(Decrease) Increase from new Long-Term Borrowings	(266) 612
Increase in Short-Term Borrowings	- 742
Decrease in Finance Leases	(20) (20)
Net Cash (Used in) From Financing Activities	(424) 742
Net Increase (Decrease) in Cash and Cash Equivalents	1,178 (6,153)
Cash and Cash Equivalents, Statement of Cash Flow, Beginning Balance	8,541 13,122
Cash and Cash Equivalents, Statement of Cash Flow, Ending Balance (Note A)	9,719 6,969

Note A:

Cash and cash equivalents
Less: Cash pledged for bank facilities
Cash and cash equivalents for statement of cash flows purposes at the end of the period

Group (\$'000)	
30/06/2014	30/06/2013
9,719	7,799
-	(830)
9,719	6,969

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**Current Year:****Opening balance at 1 January 2014****Movement in Equity:**

Total comprehensive income for the period

Expiry of share options

Grant of share options

Closing balance at 30 June 2014**Previous Year:****Opening balance at 1 January 2013****Movement in Equity:**

Total comprehensive loss for the period

Expiry of share options

Grant of share options

Acquisition of non-controlling interests without a change in control

Closing balance at 30 June 2013

Total Equity	Attributable to Parent Sub-total	Share Capital	Accumulated Losses	Other Reserves	Translation Reserves	Share Option Reserves	Non-Controlling Interests
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
27,598	27,598	45,768	(18,450)	-	155	125	-
675	675	-	802	-	(127)	-	-
(6)	(6)	-	-	-	-	(6)	-
19	19	-	-	-	-	19	-
28,286	28,286	45,768	(17,648)	-	28	138	-
34,472	33,907	45,768	(11,944)	49	(91)	125	565
(3,892)	(3,892)	-	(4,055)	(33)	196	-	-
(34)	(34)	-	-	-	-	(34)	-
20	20	-	-	-	-	20	-
(581)	(16)	-	(16)	-	-	-	(565)
29,985	29,985	45,768	(16,015)	16	105	111	-

COMPANY**Current Year :****Opening balance at 1 January 2014****Movements in Equity:**

Total comprehensive income for the period

Expiry of share options

Grant of share options

Closing balance at 30 June 2014**Previous Year :****Opening balance at 1 January 2013****Movements in Equity:**

Total comprehensive loss for the period

Expiry of share options

Grant of share options

Closing balance at 30 June 2013

Total Equity	Share Capital	Accumulated Losses	Other Reserves	Share Option Reserves
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
28,792	45,768	(17,101)	-	125
1,071	-	1,071	-	-
(6)	-	-	-	(6)
19	-	-	-	19
29,876	45,768	(16,030)	-	138
34,695	45,768	(11,247)	49	125
(2,881)	-	(2,848)	(33)	-
(34)	-	-	-	(34)
20	-	-	-	20
31,800	45,768	(14,095)	16	111

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.

No ordinary shares were issued during the period.

Share Options

The Company had granted 8,280,000 new options under the MIT Employee Share Option Scheme 2009 on 9 June 2014. There were 290,000 options expired and cancelled during the period.

As at 30 June 2014, Options to subscribe for 13,950,000 ordinary shares remained unexercised (30 June 2013: 6,160,000).

Treasury Shares

As at 30 June 2014, 3,437,000 ordinary shares are held as Treasury Shares (30 June 2013: 3,437,000). No shares were bought back by the Company during the current half 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 30/06/14	as at 31/12/13
Total number of issued shares	221,016,870	221,016,870
Less : Treasury Shares	3,437,000	3,437,000
Total number of issued shares (excluding treasury shares)	217,579,870	217,579,870

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.

There were no sales, transfer, disposal, cancellation and/or use of treasury shares as at 30 June 2014.

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 2013, 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 2014.

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 Jun 2014.

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	
	30/06/14	30/06/13
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	-1.86
(b) On a fully diluted basis	0.37	-1.86

- 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	
	30/06/14	31/12/13	30/06/14	31/12/13
Net asset value per ordinary share based on issued share capital at the end of (in cents):	13.73	13.23	13.00	12.68

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 achieved a turnover of S\$22.3m during 1H 2014, a 69% increase from S\$13.2m in 1H 2013. The turnover growth was largely due our enhanced sales and marketing efforts, a recovery in the semiconductor equipment market and supported by contributions from our contract equipment manufacturing services and MIT Shanghai. In semiconductor, there was an all-round recovery in our product lines especially for our new generation high speed die sorters.

Earnings

With a significantly higher revenue, the Group recorded a higher Gross Margin of 22% in 1H 2014 as compared with just 6% in 1H 2013.

The lower Interest Income was in line with the lower cash on hand.

The Other Credits came mainly from a reversal of impairment on inventory obsolescence which were made in previous years as well as rental income from our industrial property at North Spring Bizhub, Yishun.

Selling and Distribution Expenses and Administrative Expenses were lower by 7% and 12% respectively as a result of stringent cost controls and manpower rationalization programmes which were implemented since mid-2013.

Finance Costs rose due the increase in mortgage loan for our industrial property and short-term borrowings for the working capital in Singapore and Shanghai.

The increase in Other Charges was mainly due to foreign exchange translation losses during the 1H 2014 when compare to foreign exchange translation gains in the same period last year.

As a result of the recovery efforts, the Group returned to profitability with a Profit, net of tax of S\$0.8m for the first half of FY2014, compared to a Loss, net of tax of S\$4.1m in the previous corresponding period.

Assets and Liabilities

Our industrial property at North Spring Bizhub, Yishun has been rented out and consequently, it has been re-classified as Investment Property during the financial period.

The higher Development Projects was a result of several new product developments undertaken by the Group to be launched in the next few months.

Inventories increased by S\$1.3m to S\$16.4m in anticipation of major semiconductor deliveries in the coming months. This amount of inventory is not significant when viewed in the context of our total outstanding order book of S\$32m, most of which will be delivered in the next 6 months.

The increase of Other Assets, Current was mainly due to higher 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 loans during the financial period.

The higher amount in Trade and Other Payables as well as Provisions was in line with the higher inventory level maintained.

Cash Flow

Cash and cash equivalents at the 1H 2014 was S\$9.7m, an increase of 14% when compared with the end of FY2013. This positive cash flow is the result of stringent controls on expenditure, including capex and enhanced collections.

The Cash per Share stands at 4.4 cents, which accounts for about 34% of the Group's Net Assets.

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.

After a difficult 2013, we boosted our turnaround efforts with focus on increasing sales and controlling costs. We saw some steady enquiries in semiconductor sales in 1Q 2014 and these turned into strong orders in 2Q 2014. Our CEM and precision machining businesses also made steady contribution to Group performance, resulting in a total outstanding order book of \$32m today.

Together with cost rationalisation efforts since 2H 2013, we managed to return to profitability in 1H2014.

We expect this recovery to continue into the second half of this financial year and 2014 Group revenues should comfortably exceed last year's corresponding revenues.

Management is now focussing on sustaining this semiconductor recovery beyond the present financial year with new sales, marketing and product strategies. We have appointed new distributors, beefed up our sales team and plan to introduce new products in the next 6 months to penetrate new customer accounts. In solar, we are pursuing new opportunities in CIGS solar panels and hope to achieve some breakthrough in the next 12 months. Our CEM and precision machining segments should continue to see steady growth.

Barring unforeseen circumstances, the Board expects our Group to report improved results in FY 2014 over FY 2013.

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?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for the half year ended 30 June 2014.

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.

During the period ended 30 June 2014, the Group did not enter into any interested person transaction which value exceeds \$100,000 for each transaction. The Group does not have a shareholders' mandate for interested person transactions.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

- 14. 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.

- 15. 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.

- 16. A breakdown of sales.**

Not Applicable.

- 17. 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

6 August 2014
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 2014 to be false or misleading.

On behalf of the Board of Directors

Kwong Kim Mone
Chairman and Managing Director

Lee Yong Guan
Director

6 August 2014