



*Manufacturing Integration Technology Ltd*

(Registration No. 199200075N)

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

	<b>Group</b>		
	S\$' 000		%
	30/06/2017	30/06/2016	Increase/ -Decrease
<b>Revenue</b>	<b>33,148</b>	<b>21,828</b>	51.9%
Cost of sales	(21,863)	(16,342)	33.8%
<b>Gross profit</b>	<b>11,285</b>	<b>5,486</b>	105.7%
Interest income	72	125	-42.4%
Other gains	717	677	5.9%
Marketing and distribution costs	(2,774)	(2,888)	-3.9%
Administrative expenses	(4,653)	(3,198)	45.5%
Finance costs	(43)	(60)	-28.3%
Other losses	(1,082)	(1,007)	7.4%
<b>Income (Loss) before tax from continuing operations</b>	<b>3,522</b>	<b>(865)</b>	NM
Income tax (expense) income	(702)	32	NM
<b>Income (Loss) from continuing operations, net of tax</b>	<b>2,820</b>	<b>(833)</b>	NM
<b><u>Other comprehensive income (loss):</u></b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations, net of tax	(141)	(447)	-68.5%
<b>Other comprehensive loss for the period, net of tax</b>	<b>(141)</b>	<b>(447)</b>	-68.5%
<b>Total comprehensive income (loss)</b>	<b>2,679</b>	<b>(1,280)</b>	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:-**

<b>Group</b>	
<b>S\$'000</b>	
<b>30/6/2017</b>	<b>30/6/2016</b>
1) Other Gains include, mainly:	
- Rental income	335
- Reversal on allowance for impairment loss on inventories	-
- Gain on disposal of development projects	1
- Reversal on allowance for impairment on trade receivables	246
	-
	114
2) Other Losses include, mainly:	
- Allowance for impairment on trade receivables	(175)
- Provision for product warranty, net of reversal	-
- Inventories written down	(62)
- Amortisation of development projects	(48)
- Foreign exchange adjustment losses	(415)
	-
	(117)
	(256)
	(299)
	(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	
	30/6/2017	31/12/2016	30/6/2017	31/12/2016
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Assets</b>				
<b><u>Non-current assets:</u></b>				
Plant and equipment	1,500	1,630	1,140	1,284
Investment properties	8,855	8,950	8,855	8,950
Intangible assets	30	42	30	42
Development projects	3,097	2,878	2,633	2,466
Investments in subsidiaries	-	-	7,992	7,988
Deferred tax assets	1,319	1,346	217	217
Other assets, non-current	-	43	-	43
<b>Total non-current assets</b>	<b>14,801</b>	<b>14,889</b>	<b>20,867</b>	<b>20,990</b>
<b><u>Current assets:</u></b>				
Inventories	15,643	14,564	4,087	7,020
Trade and other receivables	15,649	11,996	17,978	14,954
Other assets, current	453	229	179	113
Cash and cash equivalents	22,981	17,892	20,286	14,085
<b>Total current assets</b>	<b>54,726</b>	<b>44,681</b>	<b>42,530</b>	<b>36,172</b>
<b>Total assets</b>	<b>69,527</b>	<b>59,570</b>	<b>63,397</b>	<b>57,162</b>
<b>Equity and liabilities</b>				
<b><u>Equity:</u></b>				
Share capital	46,821	46,621	46,821	46,621
Other reserves	193	297	259	222
Retained earnings (accumulated losses)	1,145	(1,720)	3,600	396
<b>Total equity</b>	<b>48,159</b>	<b>45,198</b>	<b>50,680</b>	<b>47,239</b>
<b><u>Non-current liability:</u></b>				
Other finance liabilities, non-current	93	116	93	116
<b>Total non-current liability</b>	<b>93</b>	<b>116</b>	<b>93</b>	<b>116</b>
<b><u>Current liabilities:</u></b>				
Provisions	427	254	310	139
Income tax payable	1,979	1,279	1,750	1,050
Trade and other payables	15,682	9,086	7,377	4,981
Other financial liabilities, current	3,187	3,637	3,187	3,637
<b>Total current liabilities</b>	<b>21,275</b>	<b>14,256</b>	<b>12,624</b>	<b>9,807</b>
<b>Total liabilities</b>	<b>21,368</b>	<b>14,372</b>	<b>12,717</b>	<b>9,923</b>
<b>Total equity and liabilities</b>	<b>69,527</b>	<b>59,570</b>	<b>63,397</b>	<b>57,162</b>

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

As at 30/06/17		As at 31/12/16	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,187	-	3,637	-

**Amount repayable after one year**

As at 30/06/17		As at 31/12/16	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
93	-	116	-

**Details of any collateral**

1. The Company's motor vehicle is financed under hire purchase arrangement.
2. Term loan of S\$3.14m 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.**

	<b>Group (\$'000)</b>	
	<b>30/6/2017</b>	<b>30/6/2016</b>
<b><u>Cash flows from operating activities</u></b>		
Profit (Loss) before tax	3,522	(865)
Adjustments for:		
Depreciation of property, plant and equipment	316	311
Depreciation of investment properties	95	94
Interest income	(72)	(125)
Interest expense	43	60
Gain on disposal of other assets	(2)	-
Gain on disposal of development projects	(246)	-
Amortisation of development projects	117	256
Amortisation of intangible assets	12	8
Net effect of exchange rate changes in consolidating foreign operations	(135)	(416)
Share based payment	101	43
Operating cash flow from (used in) changes in working capital	3,751	(634)
Trade and other receivables	(3,653)	8,191
Other assets	(224)	195
Inventories	(1,079)	2,150
Trade and other payables	6,596	(4,131)
Provisions	173	66
Net cash flow from operation	5,564	5,837
Income tax paid	-	(988)
Net cash flows from operating activities	5,564	4,849
<b><u>Cash flows from investing activities</u></b>		
Proceeds on disposal of other assets	45	-
Purchase of plant and equipment	(186)	(428)
Proceeds from disposal of development projects	848	-
Development projects incurred	(938)	(780)
Interest received	72	125
Net cash flows used in investing activities	(159)	(1,083)
<b><u>Cash flows from financing activities</u></b>		
Interest paid	(43)	(60)
Decrease in borrowings	(450)	(450)
Dividends paid	-	(1,117)
Re-issue of treasury shares	61	180
Decrease in finance leases	(23)	(23)
Issue of shares	139	-
Net cash used in financing activities	(316)	(1,470)
<b>Net increase in cash and cash equivalents</b>	<b>5,089</b>	<b>2,296</b>
Cash and cash equivalents, statement of cash flows, beginning balance	17,892	20,434
<b>Cash and cash equivalents, statement of cash flows, ending balance</b>	<b>22,981</b>	<b>22,730</b>

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	(Accumulated losses) / retained earnings	Translation reserve	Share option reserve
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Current year:</b>					
<b>Opening balance at 1 January 2017</b>	45,198	46,621	(1,720)	75	222
<b><u>Movement in equity:</u></b>					
Total comprehensive income for the period	2,679	-	2,820	(141)	-
Ordinary shares issued pursuant to employees' share option scheme	139	139	-	-	-
Exercise of share options	-	-	57	-	(57)
Expiry of share options	-	-	7	-	(7)
Share based payment expenses	101	-	-	-	101
Treasury shares reissued pursuant to employees' share option scheme	61	61	-	-	-
Loss on reissuance of treasury shares to equity pursuant to employee share option scheme	(19)	-	(19)	-	-
<b>Closing balance at 30 June 2017</b>	<b>48,159</b>	<b>46,821</b>	<b>1,145</b>	<b>(66)</b>	<b>259</b>
<b>Previous year:</b>					
<b>Opening balance at 1 January 2016</b>	51,894	46,431	4,957	393	113
<b><u>Movement in equity:</u></b>					
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)	-	-
<b>Closing balance at 30 June 2016</b>	<b>49,609</b>	<b>46,611</b>	<b>2,933</b>	<b>(54)</b>	<b>119</b>

<u>Company</u>	Total equity	Share capital	Retained earnings	Share option reserve
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Current year :</b>				
<b>Opening balance at 1 January 2017</b>	47,239	46,621	396	222
<b>Movements in equity:</b>				
Total comprehensive income for the period	3,159	-	3,159	-
Other Movement in Equity :				
Ordinary shares issued pursuant to employees' share option scheme	139	139	-	-
Exercise share options	-	-	57	(57)
Expiry of share options	-	-	7	(7)
Share based payment expenses	101	-	-	101
Treasury shares reissued pursuant to employees' share option scheme	61	61	-	-
Loss on reissuance of treasury shares to equity pursuant to employees' share option scheme	(19)	-	(19)	-
<b>Closing balance at 30 June 2017</b>	<b>50,680</b>	<b>46,821</b>	<b>3,600</b>	<b>259</b>
<b>Previous year :</b>				
<b>Opening balance at 1 January 2016</b>	56,166	46,431	9,622	113
<b>Movements in equity:</b>				
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)	-
<b>Closing balance at 30 June 2016</b>	<b>56,070</b>	<b>46,611</b>	<b>9,340</b>	<b>119</b>

**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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 period, the Company has issued 1,844,000 ordinary shares upon exercise of options pursuant to share options exercised under the MIT Employees' Share Option Scheme 2009 ("the Scheme").

As at 30 June 2017, the total number of ordinary shares issued was 226,856,870 (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 MIT Employees' Share Option Scheme 2009 ("the Scheme") on 5 June 2017.

As at 30 June 2017, the number of outstanding share options to subscribe for ordinary shares under the Scheme was 13,752,000 (31 December 2016: 15,625,000). During the period January to June 2017, 2,251,000 options were exercised under the Scheme. 222,000 unexercised options had lapsed and were cancelled during the period.

### **Treasury Shares**

As at 30 June 2017, no ordinary shares were held as Treasury Shares (31 December 2016: 407,000). No shares were bought back by the Company during the period.

The Company does not have any subsidiary holdings.

**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 30/06/17	as at 31/12/16
Total number of issued shares	225,012,870	225,012,870
Add : New issued shares	1,844,000	-
Less : Treasury shares	-	407,000
<b>Total number of issued shares (excluding treasury shares)</b>	<b>226,856,870</b>	<b>224,605,870</b>

**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 period, 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 financial period, 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 ("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 period ended 30 June 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 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	
	30/06/17	30/06/16
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	1.26	-0.37
(b) On a fully diluted basis	1.24	-0.36

- 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	
	30/06/17	31/12/16	30/06/17	31/12/16
Net asset value per ordinary share based on issued share capital at the end of (in cents):	22.34	21.03	21.23	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.**

### **Turnover**

The Group achieved revenue of S\$33.15m during 1H 2017, a 52% increase from S\$21.83m in 1H 2016. It also represents 93% of the S\$35.53m revenue that was recorded for the full year of 2016. The revenue growth was largely due to strong orders from a growing global semiconductor market, new mobile handset introductions by major players and contributions from our contract equipment manufacturing services and MIT Shanghai.

### **Earnings**

With significantly higher revenue, the Group recorded a higher Gross profit margin of 34% in 1H 2017 as compared with 25% in 1H 2016. In absolute terms, gross profit increased 106% to S\$11.29m from S\$5.49m in 1H 2016.

Interest income in 1H 2017 decreased to S\$0.07m compared to S\$0.12m in the same period last year as a result of lower RMB fixed deposits placed in MIT Shanghai.

The other gains of S\$0.72m came mainly from rental income from our industrial property at North Spring Bizhub, Yishun (S\$0.33m) and gain on disposal of development projects (S\$0.25m) during the period.

In line with the higher revenue base and business activities, administrative expenses were higher by 45%.

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

The higher other losses for this period was mainly from:

- Inventories written down (S\$0.41m)
- Foreign exchange adjustments losses (S\$0.30m)
- Allowance for impairment on trade receivables (S\$0.17m)
- Amortisation of development projects (S\$0.12m)

As a result, the Group recorded a Net profit after tax of S\$2.82m for the first half of FY 2017, a turnaround from losses of S\$0.83m and S\$5.50m in 1H 2016 and FY 2016 respectively.

### **Assets and Liabilities**

Our balance sheet remains strong, backed by high cash levels and minimal debt.

After depreciation and amortization charged during the period, Plant & equipment and Investment properties decreased accordingly at the end of the financial period.

Inventories increased by S\$1.08m to S\$15.64m in anticipation of major semiconductor as well as contract equipment manufacturing deliveries in the coming months.

In line with the higher revenue, Trade and other receivables increased by 30% from S\$12m in 1H2016 to S\$15.65m during this financial period.

The higher amount in provisions and trade and other payables was in line with the higher inventory level maintained.

### **Cash Flow**

The Group achieved a positive cash flow from operating activities of S\$5.56m during 1H 2017. As there was no significant capex, cash and cash equivalents increased 28% percent to S\$22.98m as at 30 June 2017 from S\$17.9m in 31 Dec 2016. The stronger cash flow position was due to the Group's positive results and efforts in accounts receivables collection.

This higher cash and cash equivalents of \$22.98m is equivalent to 10.1 cents per share, or 48% 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.**

This result is in line with our last forecast of achieving improved performance in FY 2017.

### **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.**

Owing to a strong global semiconductor market and impending introduction of new handsets by major mobile phone companies, we saw strong orders for our semiconductor equipment in 1H 2017. Sales grew by 52%, leading to a return to profitability of S\$2.82m.

With an order book of S\$22.4m as at 4 August 2017 and continued enquiries from existing customers, we expect this momentum to spill over into the next 6 months. In addition, IC memory prices have been rising in the last 6 months and this is expected to lead to higher capex by the major players. Another growth driver would be the successful introduction of a new die sorter during the latter part of this year.

Finally, we are also seeing improved orders from our CEM customers after a weak 2H 2016.

On a cautious note, we are monitoring the weakening US dollar as it may impact our performance.

In the spirit of our recently announced Dividend Policy and to celebrate MIT's 25<sup>th</sup> Anniversary this year, the Board has declared an interim dividend of 0.25 Singapore cent per share.

Barring any unforeseen circumstances, the Board is confident that the Group will turn in a profitable performance in FY 2017.

## 11. Dividend

### (a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

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

### (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) interim dividend will be paid on 4 September 2017.

### (d) Books closure date

NOTICE IS HEREBY GIVEN THAT the Company's Share Transfer Books and Register of Members will be closed on 25 August 2017 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 24 August 2017 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.

Not 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 period ended 30 June 2017, 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).

**ON BEHALF OF THE BOARD**

**Kwong Kim Mone**  
**Chairman and Managing Director**

4 August 2017  
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 2017 to be false or misleading.

On behalf of the Board of Directors

Kwong Kim Mone  
Chairman and Managing Director

Lee Yong Guan  
Director

4 August 2017