



MANUFACTURING INTEGRATION TECHNOLOGY LTD

Annual Report 2010

SOLAR

**POWERING
OUR RETURN TO
PROFITABILITY**

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OUR VISION

To be the ultimate partner of choice as a world-class provider of semiconductor, solar and precision engineering solutions

OUR MISSION

To provide world class integrated design, engineering and manufacturing solutions in our core businesses whilst enhancing value and maximising returns for the benefit of all our stakeholders



CHAIRMAN'S MESSAGE

MR KWONG KIM MONE
Chairman and Managing Director

Dear Shareholders,

After two difficult years, I am pleased to report that MIT has returned to profitability in the financial year ending 31 December 2010. Our sales increased 108% from \$24.9m in FY 2009 to \$51.7m in FY 2010 while profit after tax improved to \$3.0m as compared to a loss of \$8.6m.

We could have performed better, if not for supply chain bottlenecks that had impacted deliveries of key components and parts for our equipment. Foreign exchange losses arising from the weaker US dollar against our Singapore dollar and lower product margins as a result of pricing pressures also dented our bottom line results.

These factors were largely driven by external global issues that were beyond our control and which we could only pull all stops to mitigate but not avoid completely.

Despite these setbacks, we had done well to deliver on our commitment to return to profitability and our Board is pleased to propose a resumption of a dividend payment to our shareholders who had stuck with us throughout the difficult times.

A large part of our success can be attributed to the across the board growth in our semiconductor and solar businesses underpinned by a recovery in the global economy.

We saw all-round improvements in the demand for all our three major product lines, namely die-sorting, inspection and marking solutions. With projected strong growth in wafer level packaging generated by smart phones and tablets, we are optimistic that this trend will continue with our new generation high speed C300i die sorters driving the semiconductor equipment sales forward.

Riding on the crest of the solar wave in China has also allowed us to generate positive results for the Group despite a relatively short gestation period. Revenue contributions from solar had increased significantly from 5% of total revenues in FY 2009 to 23% of total revenues in FY 2010. During the year, we also successfully introduced a series of new laser edge ablation equipment; the LA800 which complemented our flagship laser scribes; the LS800. Since the launch of our solar business in August 2009, I am happy to note that we have sold more than 500MW capacity of solar-related manufacturing equipment with the potential for more new orders.

"Despite these setbacks, we had done well to deliver on our commitment to return to profitability"



Our Shanghai plant also made positive contributions to our bottom line after the introduction of solar equipment assembly in our new facility at Jiading, Shanghai. Our previous plant in Minhang District was returned to the local authorities for re-development purposes. To enlarge our footprint in China, we plan to expand the capabilities of MIT Shanghai even further by adding engineering resources to support our product development work and build up our contract equipment manufacturing services. This will help optimize the synergies across our OEM, CEM and precision machining businesses.

Business cycles are shortening at an increasing rate in recent years and despite a relatively good FY 2010, it is likely that this year could face slowing activities on the economic front which will put the Group's resilience to the test.

We are cautiously optimistic about the prospects for FY 2011. The recent cataclysmic events in Japan, the Middle East and North Africa, the Euro debt crisis and their global repercussions on rising costs and overall consumer confidence have yet to completely unfold. At least for the short-term, with an order book of \$17m as at February 2011, we are able to plan for efficient allocation of resources, reduce the risk of stock obsolescence and also to help cushion against any major sudden upheaval in demand.

Going forward, we will take a pragmatic approach to grow the business at a measured pace and without taking too much risks and operating overheads. But we will not pull back our investments in talent development and R&D work which are the lifeblood in our technology business. Only by keeping ourselves ahead of the curve will we then be able to regain our competitive edge which may have been dented by the events over the past two years and to recapture the profit margins in this intensely competitive market.

On the strength of our good fundamentals, we believe we have the reasons to remain optimistic about our performance in 2011 and the prospects ahead.

Your Board has recommended a first and final dividend of Singapore 0.25 cents per share, to be approved by shareholders at the forthcoming Annual General Meeting.

On a closing note, I wish to take this opportunity to thank the Board for their guidance, the Management and staff for their commitment and dedication, and all our stakeholders for their continuing support.

Mr Kwong Kim Mone
Chairman and Managing Director

BOARD OF DIRECTORS

MR KWONG KIM MONE *Chairman and Managing Director*



MR KWONG KIM MONE was appointed Director of the Company on 15 February 1992. He is the Founder and Managing Director of the Company and became its Chairman on 1 November 1999. Mr Kwong has been largely instrumental in providing the strategic direction and driving the business performance of the Group. Under his leadership, the Group has diversified beyond its core semiconductor business to contract equipment manufacturing, precision engineering services and in more recent years, solar equipment manufacturing. This success has enabled the Group to broaden its revenue, product and customer base towards achieving a more sustainable growth. Mr Kwong was one of the recipients of the Rotary-ASME Entrepreneur of the Year Award in 1998. Under Mr Kwong's stewardship, the Company garnered the "Enterprise 50 Awards" for the years 1996, 1997, 1998 and 1999 jointly organized by the Singapore Business Times and Anderson Consulting. He presently sits on the School Advisory Committee at Naval Base Secondary School. Mr Kwong holds a Diploma in Mechanical Engineering from Singapore Polytechnic and a Diploma in Business Administration from the National Productivity Board.

MR LIM CHIN TONG *Executive Director*



MR LIM CHIN TONG was re-designated Executive Director of the Company on 15 August 2007 after serving as an Independent Director of the Company since February 2005. As Executive Director, Mr Lim oversees the formulation and execution of the Group's business and growth strategies particularly in the areas of contract equipment manufacturing and precision engineering services. In his earlier career, Mr Lim held various senior appointments in the Economic Development Board and was also the Chief Executive Officer of Xpress Holdings Ltd and Executive Director of Jiaxinda Printing Group (S) Pte Ltd. Mr Lim sits on the Boards of several other SGX-listed and ASX-listed companies. In the academia, Mr Lim serves on the Board of Governors at Nanyang Polytechnic and on the School Advisory Committee at Ahmad Ibrahim Primary School. Mr Lim obtained a B.Sc (Hons) degree in Mechanical Engineering from the University of Leeds (UK) and a Diploma in Business Administration from NUS. In addition, he attended the Program for Management Development at the Harvard Business School.

MR LEE YONG GUAN *Lead Independent Director*

MR LEE YONG GUAN was appointed Independent Director of the Company on 11 March 2005. Mr Lee, a FCPA Singapore and a Fellow member with Chartered Association of Certified Accountants, is currently the Special Adviser to China UnionPay company, headquartered in Shanghai. He was the past President of Visa Worldwide Pte Ltd overseeing the growth of Visa's business in the Asia Pacific region. Mr Lee was awarded the Lee Foundation Prize by Singapore's Chartered Association of Certified Accountants (ACCA) for being ranked first in their professional examination. Mr Lee currently serves as a member of the SMU School of Accountancy Advisory Board. He also serves as Chairman on the Naval Base School Advisory Board, his alma mater, and is a member of the Singapore Harvard Club.



DR WALTER KARL-HEINZ VOLKMAR *Independent Director*

DR WALTER KARL-HEINZ VOLKMAR was first appointed Non-Independent Non-Executive Director of the Company on 1 July 2000. He became an Independent Director on 20 November 2006 after his retirement as Managing Director of Rofin-Sinar Laser GmbH in Germany and as President of Rofin-Basel in Singapore, Taiwan, Korea and China. Dr Volkmar has been a Permanent Resident of Singapore since 2006. He obtained a Doctorate in Economics from the University of Parma (Italy), a MBA and a MSc (Mechanical Engineering) from Technical University Darmstadt in Germany.



MR LIM YEOK HUA *Independent Director*

MR LIM YEOK HUA was first appointed Independent Director of the Company on 17 November 1999. He did not seek re-election at the AGM on 29 April 05. At the re-invitation of the Board, Mr Lim re-joined as Independent Director on 1 May 06. Mr Lim has extensive experience in the fields of tax planning, merger and acquisition of companies, financial and management consultancy. He is a certified public accountant and a Fellow member of the Chartered Association of Certified Accountants. He is also currently a member of the Singapore Institute of Directors and an independent director of Tritech Group Ltd, a company listed on Catalist.





From Left to Right: Mr Boh Teck Keong, Mr Dennis Foo Piau Yew, Mr Tan Ban Hee, Mr Siak Wing Cheong, Mr Cavin Teo Siew Heng, Mr Howe Weng Khiong, Mr Bernard Puah Yong Joo

KEY EXECUTIVES

MR BOH TECK KEONG joined the Company on 18th November 2002 as General Manager with responsibility for Technology, New Product and Engineering development. Prior to joining the Company, Mr Boh had worked with various semiconductor MNCs and OEMs, overseeing Engineering and Sales. Mr Boh graduated from the University of Singapore (Mechanical Engineering) in 1980. He also holds a Graduate Diploma in Business Administration from the Singapore Institute of Management.

MR DENNIS FOO PIAU YEW re-joined the Company on 5th September 2007 and is now the General Manager responsible for the business development of the Group's Contract Equipment Manufacturing business. Mr Foo concurrently holds the position of General Manager in AMS Biomedical Pte Ltd, a subsidiary in the MedTech space. In his earlier career, he has held senior engineering and operations positions in various American and European MNCs related to hard-disk, IC and leadframe manufacturing as well as in automotive electronics. Mr Foo holds a Bachelor degree in Mechanical and Production Engineering from Nanyang Technological University and a MBA from the University of Nottingham Business School.

MR TAN BAN HEE is our Chief Financial Officer overseeing the entire financial management of the Group at both operational and strategic levels. He was previously our Group Financial Controller since 1st February 2006. Prior to this, he had held key finance portfolios in several local private and public listed companies. Mr Tan holds a Bachelor of Accountancy degree from the National University of Singapore and is currently a Fellow member of the Institute of Certified Public Accountants of Singapore.

MR SIAK WING CHEONG is the General Manager for Sales & Marketing and Service. He joined the Company on 7th March 1994 and is responsible for all sales, marketing and service support activities of MIT's semiconductor and solar equipment. To drive revenue growth, he has also a key role in business development to capitalise on new sales growth areas and emerging market opportunities. Mr Siak holds a Diploma in Electronic Engineering from the Ngee Ann Polytechnic, a Diploma in Sales & Marketing (Marketing Institute of Singapore) and a Diploma in Marketing (Chartered Institute of Marketing).

MR CAVIN TEO SIEW HENG joined the Company on 5th March 2001 as Senior Human Resource and Administration Manager. He concurrently holds the appointment as Head of Corporate Services overseeing HRM, IT and Corporate Affairs. Before joining the Company, Mr Teo held various senior managerial appointments in local, Japanese and American MNCs. He graduated with a MBA from the Central Queensland University (Australia) with several Dean's Letter of Commendation; and a Bachelor of Business from the University of Tasmania (Australia) ("UTAS"). At UTAS, he is also a recipient of the Dean's Roll of Excellence conferred by the Faculty of Commerce.

MR HOWE WENG KHIONG joined Generic Power Pte Ltd ("GP") as General Manager on 4th January 2010. He is concurrently the General Manager of our subsidiary, iPAC Manufacturing Pte Ltd overseeing the Manufacturing, Materials and Supply Chain operations supporting the various business units in the Group. Prior to joining the MIT Group, Mr Howe was the General Manager of a semiconductor silicon wafer reclaim company. He was also an Investment Manager with EDB Investments Pte Ltd from the period 1996 to 2000. Mr Howe holds a Bachelor of Accounting degree from the Nanyang Technological University.

MR BERNARD PUAH YONG JOO is the Technical Director of our subsidiary, Generic Power Pte Ltd ("GP"). He joined GP on 1st April 2000 and oversees the business operations and R&D activities involving vision inspection technology for the semiconductor and other manufacturing industries. Before joining GP, Mr Puah had worked in Texas Instruments as Technical Manager for Vision Development. Mr Puah holds a BSc from Curtin University (Australia).



Leveraging our semiconductor expertise, experience and knowledge to develop high quality solar equipment to achieve the highest possible electrical-conversion efficiency.

OPERATING REVIEW

MIT's growth drivers:

- Semiconductor manufacturing solutions
- Solar equipment manufacturing
- Contract equipment manufacturing ("CEM")
- Precision engineering ("PE")



RIDING ON THE RECOVERY

MIT believes in sticking closely to our core capabilities and as such, continues to focus on (a) OEM equipment design & manufacturing (semiconductor and solar), (b) contract equipment manufacturing and (c) precision machining businesses.

We operate from two plants in Singapore and Shanghai (China).

FY 2010 was a year of recovery for the Group. Our major customers were expanding production and were also expecting much shorter lead-times from us as they too needed to ramp up capacity to catch the upturn. However, this opportunity was impacted by serious supply chain bottlenecks as our local and global suppliers had either scaled back their capacity during the downturn in 2008/2009 or were not able to respond with increased output quick enough to meet global demands of manufacturers.

In addition, our principal billing currency, the US dollar, continued to slide against the Singapore dollar and this caused a \$0.7m dent in our bottom line. The forex loss could have been higher if not for our prudent hedging policy. We also believe that we could have done much better if the market had been more orderly. Resources such as manpower and facilities would have been better utilized, that could have led to better overall returns for our stakeholders. But this is the new norm of today's business which we have to adapt, adjust and advance quickly.

SOLAR

We achieved a few "firsts" in our solar business during the financial year.

We managed to secure our largest solar contract to supply laser scribes and edge ablation systems in China. The solar installation project to be delivered in phases is still ongoing and we are hopeful of securing more follow-on orders in the coming quarters.

Owing to the short lead time and lower cost demands of our customers in China, we achieved another "first" by successfully porting over our solar equipment assembly from Singapore to MIT Shanghai on a full-turnkey basis. This has helped us achieve greater cost efficiencies and savings.

These pioneering steps enabled solar to power our growth in FY 2010, contributing 23% of our total sales. This is a significant improvement from the previous financial year where solar only accounted for 5% of total sales.

Our R&D efforts have also paid off. We had launched a new series of laser edge ablation equipment (LA800) to complement our flagship laser scribers (LS800). Since our entry into the solar market in August 2009, the Group has sold more than 500MW capacity of solar equipment to Asian customers.

SEMICONDUCTOR

Semiconductor solutions continue to be the largest contributor to our annual sales. In this year of recovery, sales from our three standard products, namely laser markers, die sorters and vision inspection systems were strong.

Our patient and targeted marketing approach have yielded a good measure of results especially in securing a major MNC account for sizeable orders of our new generation die-sorting systems. We are encouraged by this breakthrough and aim to replicate this success in other Asian markets where MIT has traditionally not been at its strongest.

Despite the usual 'hazy' visibility from our customers, we have taken the bold initiative to selectively build to stock certain high running products as semi-finished inventory. This is to put us in a better position to secure and fulfill orders from customers that demand ever shorter turnaround or lead-times. The knock-on effects is a spike in inventory levels and higher account payables during the year. But we believe that it is a prudent move and a calculated risk to take in today's new business norm where "first to availability" secures.

In this high tech race, it is also imperative that we continue to invest in talent development and new technology. FY 2010 was no different as we introduced new vision inspection, marking and sorting products to keep up with the relentless pace dictated by advances in new semiconductor packages, test and assembly processes. A slew of new equipment and enhancements is also expected in the current financial year.



OPERATING REVIEW

VISION INSPECTION SOLUTIONS

In line with the strong performance of our solar and semiconductor segments, revenues from our vision inspection sales more than doubled (albeit a high percentage is still derived from our own OEM business).

Securing anchor accounts with repeatable orders for high-end vision systems in a niche market continues to pose a challenge. Still, we are hopeful that our continuing efforts to differentiate our vision inspection products through quality leadership will pay off as more high-tech manufacturing companies look to advanced automation solutions for their quality inspection needs.

CONTRACT EQUIPMENT MANUFACTURING ('CEM')

The decision to stop production of a series of medical equipment at the end of its product life has left a dent on our CEM biomedical business. The loss in revenue was partly compensated by increased assembly orders from other new customers in the electronics and industrial equipment sectors. We aim to turnaround this segment of our business by giving potential customers with an enhanced value proposition leveraging on the synergies and cost advantages afforded by our MIT Shanghai plant.

PRECISION MACHINING

Still very much sanguine on the prospects of China, we continued to build up MIT Shanghai's capacity (hardware) and capability (software). We invested another \$0.9m in CNC machines to boost our machining capacity and increased staffing of critical functions.

We took the opportunity to expand our floor space from 3100sqm to 5200sqm when we moved out of Minhang District as the factory was acquired by the city government for other developmental purposes. Though we were reasonably compensated, there were a lot of disruptions and inconveniences that affected this subsidiary's performance. Despite this, precision machining revenues doubled in FY 2010 and together with solar equipment assembly, contributed positively to net earnings.



CLOSURE OF PATENT INFRINGEMENT SUIT

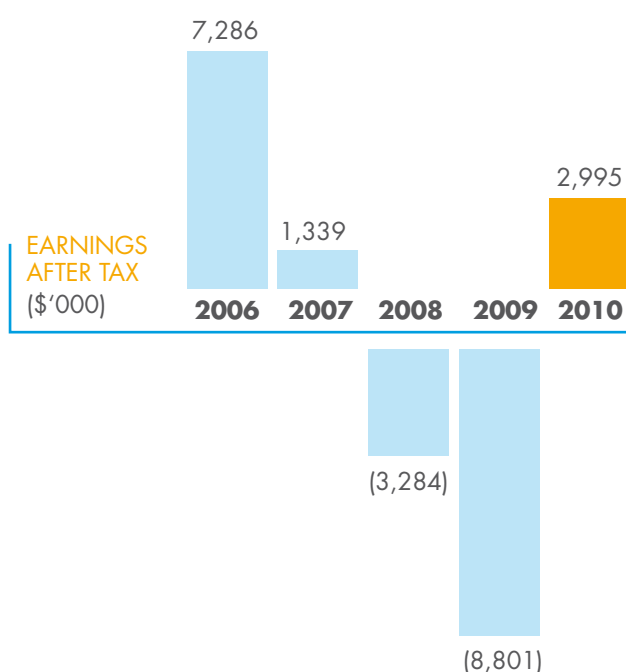
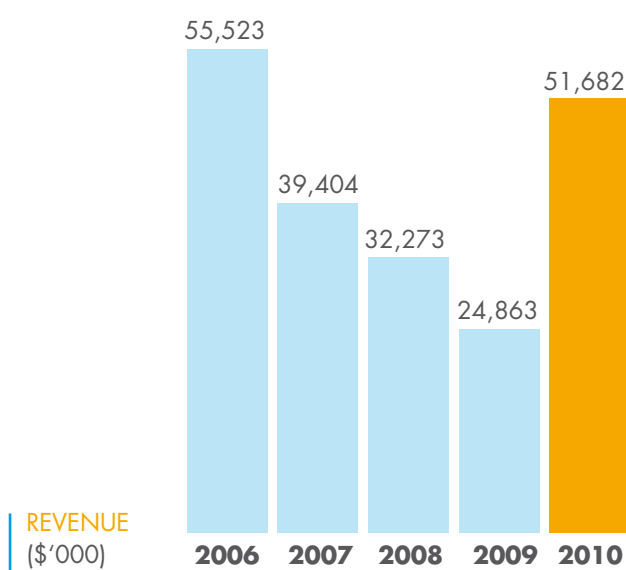
We have now put behind us a patent infringement lawsuit with a recent out-of-court settlement of the damages payable. No additional provision for damages payable was necessary.



"In this high tech race, it is also imperative that we continue to invest in talent development and new technology"

FINANCIAL REVIEW

Our cash position is still healthy and we are not saddled with any heavy debt or bank borrowings.



TURNOVER

The Group achieved a turnover of \$51.7m in FY 2010, a 108% growth from \$24.9m in FY 2009.

The turnover growth was largely due to a recovery in the semiconductor equipment market as well as our successful diversification into the Solar equipment space. In semiconductor, the Group saw an all-round recovery in our product lines and we managed to secure new customers for our new generation high speed C300i die sorters.

Revenue contribution from solar had increased significantly from 5% of total revenues in FY 2009 to 23% of total revenues in FY 2010. During the year, we also launched a new laser edge ablation equipment which complemented our flagship laser scribers. Since our entry into the solar market in August 2009, the Group has sold more than 500MW capacity of solar related equipment.

EARNINGS

With a doubling of revenues, the Group recorded a higher Gross Margin of 26% in FY 2010 as compared with 17% in FY 2009.

Other Credits increased from \$1.4m in FY 2009 to \$2.5m in FY 2010 mainly due to reversal for impairment on inventories and removal compensation received from the Chinese authorities over the relocation of our Shanghai plant.

Selling and Distribution Expenses as well as the Administrative Expenses were increased by 39% and 14% respectively, in line with higher revenues and increase in business activities.

Other Charges decreased 63% from \$6.5m to \$2.4m largely because of lower Impairment allowance for stock obsolescence as well as lower provision for legal proceedings made during the year. The Group experienced Foreign exchange transaction losses of \$0.7m mainly due to the depreciation of USD and EUR against SGD during the current financial year.

As a result, the Group recorded a Net profit of \$3.6m in FY 2010, compared to a Net Loss of \$8.6m in the previous corresponding financial year.

After deducting Non-Controlling Interests, the Net profit attributable to owners of the parent, Net of Tax in FY 2010 was \$3.0m, a clear turnaround from the previous year's loss of \$8.8m.



FINANCIAL REVIEW

ASSETS AND LIABILITIES

The increase in Plant and Equipment was mainly due to an expansion of production capacity in our Shanghai operations. We had made an additional investment of \$0.9m in Machinery and Tools for new businesses secured.

After amortization charged during the year, intangible assets decreased by \$0.03m at the end of the financial year.

The increase of \$0.2m in Development projects was due to the new project development projects undertaken by the Group.

The Company has reversed on allowance for impairment on subsidiaries accounts, resulting in an increase in investments in subsidiaries of \$1.0m when compared to last financial year.

The increase in Asset held for sale under FRS 105 in the Group and the Company is mainly due to the investment in RISE which has been reclassified from Other Financial Assets, non-current at the end of the financial year.

The Group's inventory (net of impairment) increased by \$7.8m in anticipation of expected sales orders for semiconductor equipment in the coming months as well as to fulfill an order of solar equipment for delivery in early 2011.

The Trade and Other Receivables of the Group increased by \$9.2m during this financial year in line with the higher revenue. Subsequent to the year-end, a sum of \$8.6m was received to-date.

Other Assets, current increased to \$0.6m, mainly due to higher prepayment and deposits received as compared to \$0.4m in the last financial year.

The increase in Other Finance Liabilities, current & non-current was mainly a result of the increase in short & long term loan for working capital in the Group's Shanghai operations.

The provisions increase of \$0.07m was mainly for warranty and installation costs recorded in this financial year.

In line with the current year profitability, the income tax payable increased to \$0.1m at the end of the financial year.

The higher amount in Trade and Other Payables was consistent with the higher inventories in anticipation of higher deliveries during 1H2011.

CASH FLOW

Cash and cash equivalents at the end of the year was \$15.1m, a reduction of \$4.5m when compared with \$19.6m as at end of FY 2009. The reduction was mainly used for working capital purposes and for development projects.

The Group remains in a strong financial position with Cash per Share of 6.8 cents, which accounts for almost 48% of the Group's Net Assets. We also have minimal borrowings with gearing at 6.9%.

FIVE-YEAR FINANCIAL SUMMARY

(All amounts in \$'000)

PROFIT AND LOSS STATEMENT	FY06	FY07	FY08	FY09	FY10
Revenue	55,523	39,404	32,273	24,863	51,682
EBITDA (Earnings Before Interest, Tax, Depreciation & Amortization)	11,074	1,850	(2,549)	(6,726)	5,501
EBIT (Earnings Before Interest & Tax)	9,752	591	(4,231)	(8,588)	3,611
Finance Cost	40	64	73	88	97
Earnings Before Tax and Minority Interests	10,583	1,271	(4,096)	(8,608)	3,579
Earnings After Tax and Minority Interests	7,286	1,339	(3,284)	(8,801)	2,995
BALANCE SHEET					
Current Assets	55,226	52,570	41,565	36,486	49,259
Current Liabilities	15,364	16,119	9,530	12,564	21,642
Total Assets	59,267	58,834	48,283	42,771	56,333
Total Borrowings	609	1,126	1,446	1,123	2,149
Cash and Cash Equivalents	33,601	27,280	18,218	19,662	15,129
Shareholders' Equity	42,068	40,829	36,680	28,002	31,057
Net Tangible Assets	42,032	39,930	35,745	27,811	30,896
Net Asset Value per Share (cents)	19.07	18.50	16.86	12.87	14.27

FINANCIAL RATIOS

PROFITABILITY	FY06	FY07	FY08	FY09	FY10
Return on Equity (%)	17.3%	3.3%	-9.0%	-31.4%	9.6%
Return on Assets (%)	12.3%	2.3%	-6.8%	-20.6%	5.3%
LIQUIDITY					
Current Ratio (times)	3.6	3.3	4.4	2.9	2.3
Cash as a percentage of NAV (%)	79.9%	66.8%	49.7%	70.2%	48.7%
LEVERAGE					
Gearing (%)	1.4%	2.8%	3.9%	4.0%	6.9%
Interest Cover (times)	243.8	9.2	N.A.	N.A.	37.2
INVESTMENT					
Earnings per Share (cents)	3.31	0.61	-1.5	-4.04	1.38
Dividend per Share (cents)	1.5	0.5	N.A.	N.A.	0.25
Dividend Yield (%)	10.0%	3.3%	N.A.	N.A.	1.9%
Dividend Payout Ratio	45.3%	82.0%	N.A.	N.A.	18.1%
PRODUCTIVITY					
Number of Employees (local & overseas)	320	340	283	265	397
Revenue/Employee (\$'000)	173.51	115.89	114.04	93.82	130.18

RISK MANAGEMENT

INHERENT CYCLICAL NATURE OF THE SEMICONDUCTOR INDUSTRY

As our core business has traditionally been in the semiconductor space, we are exposed to fluctuations in the demand for semiconductor chips and related equipment which, historically, has been highly cyclical in nature. At various times, we have experienced slowdowns in the semiconductor industry characterized by production overcapacity, inventory overhang and rapid erosion of the average selling prices of IC devices.

MIT's transformation strategy to turn itself from a pure play semiconductor company to a well-diversified high tech engineering company is well on track. This is evidenced by the growing contributions from our CEM and PE segments. Our recently launched Solar business unit with its stronger contributions to the Group's earnings will serve to reduce this cyclical risk even further.

RAPIDLY CHANGING TECHNOLOGY MAY OVERTAKE US

Technology advancements especially in the semiconductor and solar arena can make fast obsolescence of expensive capital equipment. Our customers' needs may change in line with rapid advances in technology and market demands. Windows of opportunities may be lost if we do not keep abreast with emerging new technologies.

In FY 2010, we invested about 3.5% of our revenue in research and development to hone and acquire new capabilities to enable us to stay competitive and relevant.

DISRUPTIONS IN THE SUPPLY CHAIN FOR KEY COMPONENTS AND FABRICATED PARTS

We provide turnkey contract equipment manufacturing services to customers and are generally responsible for procuring components and fabricated parts required for the manufacturing process. Certain critical components and parts may from time to time be in short supply, see a spike in prices or may not meet our delivery schedules.

To overcome some of the possible disruptions in our supply chain, our precision machining facility in Shanghai plant is well-equipped to produce some of these fabricated parts, particularly common machine modules to complement our other external sources. We will also continue to broaden our vendor base for alternative parts supply and to forge key partnership relationship with our top tier suppliers to improve demand planning and ensure certainty of supply.

WE MAY NOT ALWAYS BE SUCCESSFUL IN ATTRACTING AND RETAINING KEY PERSONNEL TO SUPPORT OR DRIVE OUR GROWTH

Our future success depends largely on the services of key talents in our management and technical ranks, who may be difficult to attract and retain; especially in a tight labor market situation

In attracting talents, the current issues we face centre around scarcity. Retention of key leadership talent and succession planning are also ongoing challenges. The Company aims to address these issues by segmenting and rewarding employees accordingly (for example, by introducing stock ownership and incentive plans like performance shares and stock options) and using the right HR tools and processes to attract, retain and develop the best people available.

EXPOSURE TO FOREIGN EXCHANGE RISK

MIT's main trading currencies are USD, Euro and SGD, with the majority in USD.

With increasing contributions from our Shanghai plant, more exposure to fluctuations in the RMB will also be imminent.

In FY 2010, USD transactions contributed almost 79% of the total sales revenue. As such, the Group is susceptible to exchange rate fluctuations.

The Group aims to mitigate these risks in several ways. One strategy is through natural hedging by procuring raw materials at source where the currency rate is in its favor. There is also a treasury policy in place to provide guidance on hedging of foreign currencies. The policy and practices are reviewed periodically to ensure that they are in line with prevailing market conditions and currency trends. The current Group's policy is to hedge at least 50% of net USD position by entering into forward contracts to minimize exposure to USD. Despite this, there can be no assurance that our profitability will not be adversely affected by the unpredictable currency movements.

WE ARE EXPOSED TO RISKS ASSOCIATED WITH OVERSEAS OPERATIONS

In FY 2010, our Shanghai plant contributed 14% of our Group revenue. This is expected to grow as we expand and carry out more assembly jobs in China. We are exposed to operational, financial, economic and political risks associated with operating in foreign countries.

RISK MANAGEMENT

WE ARE SUBJECT TO INVESTMENT RISK

Apart from organic growth, the Group will also take the Mergers and Acquisitions (M&A) route to grow its business. Various acquisition and business risks are unavoidable.

All investment proposals will continue to be judiciously evaluated by the Investment Committee and aided by external professional advisers for more complex transactions before they are finally tabled for the Board's approval.

WE ARE DEPENDENT ON A FEW KEY CUSTOMERS

We are dependent on a few major customers for a significant portion of our sales. For FY2010, 8 of them accounted for approximately 76% of our total sales turnover. These key customers are expected to remain significant sales contributors even for the foreseeable future as they are also major industry players in their own right.

The Company has always placed strong emphasis on retaining and growing our existing customer base and securing new major accounts. Consistent with the Group's diversification strategy to reduce its dependency on any one cluster of customers, we have already made inroads into the CEM, PE and Solar markets to broaden our revenue and customer base.

WE ARE EXPOSED TO THE RISK OF UNUTILIZED STOCKS

We manufacture our products based largely on confirmed orders as well as informed demand forecasts by our customers. In the case of the former, customers will generally be responsible for any changes or cancellation to their orders. Depending on market conditions and in anticipation of possible ramp in demand, we may procure additional parts and/or manufacture our products to stock. If there are variations in our customers' technical specifications, this may result in unutilized inventories which comprise mainly of raw materials and semi-finished products.

To minimize our risk exposure to such situations we engage our key customers ahead of schedule and collaborate closely with them on their technology roadmaps to insure our product acceptance.

WE ARE SUBJECT TO LIQUIDITY RISK

Liquidity management is an integral part of MIT's treasury policy. To ensure that the Group has access to liquidity when needed, its cash management practices take into account the Group's long and short term operational and general funding requirements. To manage liquidity risk, the Group sets internal liquidity targets based on the forecasted working capital requirements and cash flow generation from operating activities.

With our net cash position and low bank debt, we are not facing liquidity pressures nor are we in violation of any bank covenants.

FINANCIAL INSTRUMENTS RISK

We do not participate in any form of financial derivative instruments or engage in trading of such instruments.

CREDIT RISK

The Group has a concentration of several key customers. They are mainly large multinationals and represent leading players in their respective industries with good credit ratings and financial standing. Nevertheless, we are still exposed to a certain amount of credit risks. We aim to mitigate these risks by stepping up our checks on material developments affecting their operations or other areas of heightened risks that could impair their financial stability.

In engaging new customers and even key vendors, the Group also has strict credit review and due diligence policies to assess the financial worthiness and viability of these companies.

INTEREST RATE RISK

As the Group has a healthy cash position with minimal amount of borrowings, it is not subject to any significant exposure to interest rate changes. However, our interest income from bank deposits will be lower in tandem with the low interest rate regime prevailing today.

INTELLECTUAL PROPERTY RISK

Being in the technology space, intellectual property ("IP") rights and the risks of infringing these rights of others (and by others) will always be present. Our R&D team will be rigorous in their patent searches and will be uncompromising in their exercise of due diligence even as we continue to build on our portfolio of patents to defend our own IP rights. The Group has nine approved patents to-date.

Risk Management alone does not guarantee that business undertakings will not fail. However, by identifying and managing risks that may arise, the Group can make more informed decisions and benefit from a better balance between risk and reward. This will help protect and also enhance our shareholders' value.

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CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the “Board”) and management of Manufacturing Integration Technology Ltd (the “Company”) and its subsidiaries (the “Group”) are committed to maintaining high standards of corporate governance by complying with the benchmark set by the Code of Corporate Governance 2005 (the “Code”). Good corporate governance establishes and maintains an ethical environment, which strives to enhance the interests of all stakeholders.

The following report outlines the Company’s corporate governance policies and practices that have been put in place.

Board Matters (Principle 1)

Board of Directors

The Board of Directors (the “Board”) comprises five Directors, three of whom are Independent and Non-Executive Directors and two are Executive Directors. The members of the Board have an appropriate mix of core competencies and diversity of experience, with extensive senior-level operational, business and corporate experience in the relevant industries.

Role of the Board of Directors

Apart from its fiduciary duties under the Companies Act, Chapter 50, and requirements pursuant to the SGX-ST Listing Manual, the Board sets the overall strategy of the Group and establishes policies on matters such as financial control, financial performance and risk management practices.

Board Processes and Conduct of Affairs

To assist in the execution of its responsibilities, the Board has established several Board Committees namely; an Audit Committee (“AC”), a Nominating Committee (“NC”), a Remuneration Committee (“RC”) and an Investment Committee (“IC”). These committees function within clearly defined terms of reference, which are reviewed on a regular basis. The terms of reference for the respective committees have incorporated the changes under the Code. The overall effectiveness of the Board as a whole is also being assessed as part of the Group’s continuing efforts to raise the level of corporate governance.

In addition to the twice half-yearly scheduled meetings, the Board also holds separate meetings and discussions at such other times as may be necessary to address any specific significant matters that may arise.

Matters Requiring Board Approval

The directors have identified a number of areas for which the Board has direct approving and decision-making responsibilities, namely:

- approving broad policies, strategies and financial objectives of the Group and monitoring the performance of management;
- convening of shareholders’ meetings;
- declaration of interim dividends and proposal of final dividends;

CORPORATE GOVERNANCE STATEMENT

- reviewing the adequacy of internal controls, risk management and review of the Group's financial performance, compliance and resource allocation;
- establishing a proper risk management system to ensure that key potential risks faced by the Group are properly identified and managed;
- approving half-year and full-year results announcements;
- approving the annual report and accounts;
- providing oversight in the proper conduct of the Company's business and assuming responsibility for corporate governance;
- approving annual budgets, major funding proposals, material investments and divestment proposals, acquisitions and disposal of assets; and
- approving interested person transactions.

All other matters are delegated to the respective committees whose actions are reported to and monitored by the Board.

Training of Directors

All directors receive appropriate training to develop their individual skills, knowledge and competence necessary to be effective in their roles. The Company also provides ongoing training opportunities on Board processes, best practices in corporate governance, including updates on changes in the relevant laws and regulations to enable them to make well-informed decisions. Directors also have the opportunity to assimilate into the Group's operations to gain first-hand knowledge of the internal and external environments affecting the business.

Directors' Meetings held in 2010

In the course of the year under review, the number of meetings held and attended by each member of the Board was as follows:

Name of director	Number of Board Meetings held	Attendance
<i>Executive Director</i>		
Mr Kwong Kim Mone (Chairman and Managing Director)	3	3
Mr Lim Chin Tong	3	3
<i>Independent Non-Executive Director</i>		
Dr Walter Karl-Heinz Volkmar	3	2
Mr Lee Yong Guan	3	3
Mr Lim Yeok Hua	3	3

CORPORATE GOVERNANCE STATEMENT

Chairman and Managing Director/Chief Executive Officer (Principle 3)

The Board is of the view that as the Board size is relatively small, it is in the best interest of the Group to adopt a single leadership structure, whereby the Managing Director and the Chairman of the Board is the same person, so as to ensure that the decision-making process of the Group would not be unnecessarily hindered.

The Executive Chairman and Managing Director is Mr Kwong Kim Mone, who with the support and advice of the Board, plays an instrumental role in setting the strategic direction of the Group and ensuring that its organizational objectives are achieved.

Separate roles have not been established for the Executive Chairman and Managing Director. The Company is of the view that it is unlikely that the discharge of responsibilities in these roles by the same person will be compromised as all major financial decisions made are reviewed by the AC and approved by the Board. The NC reviews his performance and considers his re-election. His remuneration package is governed by the recommendations of the RC with the approval of the Board.

The NC is made up of a majority of independent directors, whereas the RC comprises entirely Independent Directors. As such, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority vested in any one individual.

Lead Independent Director

The Board has appointed Mr Lee Yong Guan as Lead Independent Director to comply with Commentary 3.3 of the Code, which recommends that the Company may appoint a Lead Independent Director where the Chairman and the Managing Director is the same person.

The major roles and responsibilities of the Lead Independent Director are as follows:

- To meet with shareholders if they have concerns which have not been resolved by the Chairman, the Managing Director or Finance Head through the normal channels or for where such contact is inappropriate;
- To lead the Independent and Non-executive Directors in providing and facilitating a non-executive perspective and contribute a balance of viewpoints to the Board in particular, acting as principal liaison between the Independent and Non-executive Directors and the Chairman on sensitive issues;
- To coordinate the activities and schedule meetings of Independent and Non-executive Directors and to chair such meetings without the presence of the Executive Directors, if necessary;
- To promote high standards of corporate governance; and
- To undertake such further responsibilities as may be determined by the Board from time to time.

CORPORATE GOVERNANCE STATEMENT

Board Composition and Balance/Board Membership (Principles 2 & 4)

Independent Members of the Board of Directors

The Board of Directors has three independent members, representing 60% of the Board: Dr Walter Karl-Heinz Volkmar, Mr Lee Yong Guan and Mr Lim Yeok Hua. The other two directors, Mr Kwong Kim Mone and Mr Lim Chin Tong are Executive Directors. Mr Kwong is the Chairman and Managing Director of the Company. With three of the directors deemed to be independent, the Board is able to exercise independent judgment on corporate affairs and provide Management with a diverse and objective perspective on issues.

The Nominating Committee (“NC”) has adopted the Code’s definition of what constitutes an independent director in its review.

As a result of the NC’s review of the independence of each director for FY 2010, the NC is of the view that the independent directors are independent of the Company’s management as contemplated by the Code, and further, that no individual or small group of individuals dominate the Board’s decision making process.

The names and the key information of the directors of the Company in office at the date of this Statement are set out in the Directors’ Report and Page 4 and 5 of this Annual Report.

The NC periodically reviews the size and composition of the Board to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective and informed decision-making. When a vacancy exists, or where it is considered that the Board would benefit from the services of a new director with specific skills-sets in a particular area or areas of expertise, the NC is tasked to identify and consider such individual(s) for appointment to the Board.

The NC is of the view that the current size of the Board is appropriate, taking into account the nature and scope of the Group’s operations. The NC is satisfied that the Board comprises directors who as a group provides adequate knowledge and expertise in such areas as accounting, finance, business and management experience, industry and customer knowledge, and strategic planning with an orientation towards the market.

Audit Committee (“AC”) (Principle 11)

The AC was established in FY 2000. The AC comprises 3 members, including the Chairman, all of whom are independent Directors.

The members of the AC at the date of this Report are:

Mr Lee Yong Guan (Chairman)
Mr Lim Yeok Hua
Dr Walter Karl-Heinz Volkmar

The overall objective of the AC is to ensure that Management has created and maintained effective control mechanisms within the Company and that such controls are strictly adhered to by all levels of management and employees.

CORPORATE GOVERNANCE STATEMENT

The AC has the explicit authority to investigate any matter within its terms of reference. It has full access to, and the co-operation of, management and full discretion to invite any director or senior manager to attend its meetings. The AC has adequate resources to enable it to discharge its responsibilities efficiently.

As a sub-committee of the Board, the AC provides a channel of communication for the Board, management, the internal and external auditors with regards to findings and recommendations arising from internal and external audits.

Specifically, the AC performs the following functions:-

- assists the Board in discharging its statutory responsibilities on financial and accounting matters;
- reviews the financial and operating results and accounting policies of the Group;
- reviews significant financial reporting issues and judgments relating to financial statements for each financial year, interim and annual results announcement of financial statements before their submission to the Board for approval and the external auditors' report on the financial statements;
- reviews the adequacy of the Company's internal controls (financial, compliance and operational) and risk management policies and systems established by the management;
- considers and reviews the assistance given by management of the Group to the auditors;
- reviews the external audit plans and the results of the external auditors' examination and evaluation of the Group's internal control systems; reviews the audit plans and reports of the external auditors and considers the effectiveness of the actions taken by management on the auditors' recommendations;
- recommends the re-appointment of the external auditors, approves their compensation and their terms of engagement;
- reviews interested person transactions to ensure that they are on normal commercial terms and not prejudicial to the interests of the Company or its shareholders;
- reviews the internal audit plan and findings of the internal audit;
- review annually to ensure that the nature and extent of non-audit services provided by external auditors would not affect their independence as external auditors of the Company; and generally undertakes such other functions and duties as may be required by statute or the Listing Manual of the SGX-ST, and by such amendments made thereto from time to time;
- meets with the external auditors at least once a year without the presence of management.

CORPORATE GOVERNANCE STATEMENT

In year 2010, the number of AC meetings held and attended by each member of the Committee was as follows:

Name of director	Appointment	Number of meetings held	Attendance
Mr Lee Yong Guan (Chairman)	Independent	2	2
Dr Walter Karl-Heinz Volkmar	Independent	2	2
Mr Lim Yeok Hua	Independent	2	2

The AC confirms that it has undertaken a review of all the non-audit services provided by the external auditors during the year and is satisfied that such services, would not affect the independence of the external auditors.

Whistle-Blowing Policy

The Company has put in place a whistle-blowing framework, endorsed by the AC where employees of the Company may, in confidence, raise concerns about possible corporate improprieties on matters of financial reporting or other legal or ethical issues whilst ensuring that comprehensive procedures are in place to address them. The details of the whistle-blowing policy and reporting mechanisms have been made available to all employees.

The Whistle Blowing Officers are appointed members of the AC. Any Whistle Blowing Officer to whom a concern has been raised, is obliged to make a report to the Board of the substance of the concern without breaching employee confidentiality. The AC is obliged to review all reports received and take or approve the appropriate actions.

Nominating Committee (“NC”)

The NC was established in FY 2002, comprising 3 Directors, a majority of whom, including the Chairman, are independent non-executive Directors.

The members of the NC at the date of this Report are:

Mr Lim Yeok Hua (Chairman)
Dr Walter Karl-Heinz Volkmar
Mr Kwong Kim Mone

The NC performs the following functions:

- develops and maintains a formal and transparent process for the appointment and re-appointment of members of the Board;
- identifies candidates and reviews all nominations for appointment of new directors, determining whether or not such nominee has the requisite qualifications; sets up a process for the selection of such appointments and recommends all appointments of directors to the Board and Board committees;

CORPORATE GOVERNANCE STATEMENT

- re-nominates and recommends Directors for appointment and re-appointment; having regard to the directors' contributions and performance;
- decides how the Board's performance may be evaluated, and prepares objective performance criteria to assess the effectiveness of the Board as a whole and the contributions of each Director;
- identifies gaps in the mix of skill, experience and other qualities required in an effective Board so as to nominate or recommend suitable candidates to fill the gaps; and
- reviews the independence of each Director, and to ensure that at least one-third of the Board comprises Independent Directors.

The NC in carrying out its tasks under these terms of reference may obtain such outside or other independent professional advice, as it considers necessary to carry out its duties.

The NC acknowledges the importance of a formal assessment of Board performance and for FY 2010, this was conducted by means of a performance appraisal completed by all Directors and a performance review facilitated by the NC Chairman. The attendance, participation and contributions of each Director at Board, Audit and other Committee meetings were also considered. The NC meets at least once annually.

In year 2010, the number of NC meetings held and attended by each member of the Committee was as follows:

Name of director	Appointment	Number of meetings held	Attendance
Mr Lim Yeok Hua	Independent	1	1
Dr Walter Karl-Heinz Volkmar	Independent	1	1
Mr Kwong Kim Mone	Executive	1	1

Article 91 of the Articles of Association of the Company requires one-third of the Board to retire by rotation at every AGM. The Directors must present themselves for re-nomination and re-election at regular intervals of at least once every three years.

The NC has recommended the re-election of the two Directors in accordance with the Company's Articles of Association, namely Mr Lim Chin Tong and Mr Lee Yong Guan at the forthcoming AGM of the Company to be held on 26 April 2011.

Mr Lim Chin Tong will, upon re-election as Director of the Company, remain as an Executive Director and a member of the Investment Committee.

Mr Lee Yong Guan will, upon re-election as Director of the Company, remain as Chairman of the Audit Committee, a member of Remuneration and Investment Committees and will be considered independent. He will also continue to undertake his role as Lead Independent Director.

CORPORATE GOVERNANCE STATEMENT

Remuneration Committee (“RC”)

The RC was established in FY 2002 and presently consists of 3 members, all of whom including the Chairman are independent non-executive directors.

The members of the RC at the date of this Report are:

Dr Walter Karl-Heinz Volkmar (Chairman)
Mr Lim Yeok Hua
Mr Lee Yong Guan

The duties of the RC are as follows:

- to ensure a formal and transparent procedure for developing policy on executive remuneration, and for fixing the remuneration packages of individual directors, Managing Director and key executives;
- to recommend to the Board, a framework of remuneration for the Board and key executives, and to determine specific remuneration packages for each Executive Director. RC’s recommendations will be made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board. RC’s review covers all aspects of remuneration, including but not limited to Director’s fees, salaries, allowances, bonuses, options and benefits-in-kind;
- to review the remuneration of key executives;
- to function as “The committee” referred to in the MIT Employees’ Share Option Scheme 2009 (“the Scheme”) and shall have all the powers as set out in the Scheme as per Circular dated 13 April 2009 (the “new Scheme”);
- to administer the MIT Performance Share Plan accordingly to terms and conditions as defined in the Performance Share Plan.

As part of its review, the RC shall ensure that:

- all aspects of remuneration including directors’ fees, salaries, allowances, bonuses, options and benefits-in-kind are covered.
- the remuneration packages should be comparable within the industry and comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual executive directors’ and key executives’ performances.
- the remuneration package of employees related to executive directors and controlling shareholders of the Group are in line with the Group’s staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.

CORPORATE GOVERNANCE STATEMENT

In year 2010, the number of RC meetings held and attended by each member of the Committee was as follows:

Name of director	Appointment	Number of meetings held	Attendance
Dr Walter Karl-Heinz Volkmar	Independent	1	1
Mr Lim Yeok Hua	Independent	1	1
Mr Lee Yong Guan	Independent	1	1

Board Performance (Principle 5)

For the current year under review, the NC has conducted a formal assessment of the effectiveness of the Board as a whole, and is of the view that the current Board comprises Directors who, as a group, possess the necessary core competencies to lead and direct the Company and its Management to perform effectively and efficiently.

At the individual level, each of the Directors has also made invaluable contributions towards the overall improvement of the Board's performance and raising the level of corporate governance.

Access to Information (Principle 6)

Management regularly updates the Directors on developments within the Group. All Directors have unrestricted access to the Company's records and information and receive periodic management accounts to enable them to constantly keep track of the Group's financial position. Detailed papers are prepared for each meeting and are normally circulated before each Board meeting. Board directors have access to all levels of senior executives in the Group, and are encouraged to interact with other employees to seek additional information if they so require.

The Board has separate and independent access to the Company's Management and Company Secretaries at all times.

At least one of the Company Secretaries attends all Board and Board Committees meetings. The role of the Company Secretary includes responsibility for ensuring that Board procedures are followed and applicable rules and regulations are complied with. Under the direction of the Chairman, the Company Secretary also ensures good information flows within the Board and its Board Committees and between the Management and independent directors.

Remuneration Matters/Level and Mix of Remuneration/Disclosure on Remuneration (Principles 7, 8 and 9)

The Group's remuneration policy is to provide compensation packages at market rates to reward, retain and motivate high levels of performance. In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individual.

CORPORATE GOVERNANCE STATEMENT

The RC determines the remuneration packages for all Directors. The Executive Chairman, the executive director(s) and key executives are paid based on their job functions, the performance of the Group and their individual performance. Non-executive directors are paid directors' fees, determined by the full Board based on their contributions and scope of responsibilities. The payment of Directors' fees is subject to approval at each AGM. No director is involved in deciding his own remuneration.

Only the Executive Directors have Service Agreements. Each Service Agreement is for a renewable period of two years and may be terminated by either party giving not less than three months written notice. The RC shall review the terms of the Service Agreement at the appropriate time prior to the expiry of the Agreement and shall submit their recommendations to the Board.

The performance of CEO/Managing Director, Executive Director and other key executives are reviewed periodically by the RC to ensure that their remuneration commensurate with their scope of responsibilities, contributions and performance.

Details of remuneration paid/payable to the directors of the Company and key executives of the Group for the year ended 31 December 2010 are set out below:

	Fee	Salary	Bonus and AWS	Allowances and Other Benefits	CPF	Total
Directors of the Company						
i) <u>\$250,000 – \$500,000</u>						
Mr Kwong Kim Mone	0%	74%	7%	17%	2%	100%
ii) <u>Below \$250,000</u>						
Mr Lim Chin Tong	0%	75%	7%	16%	2%	100%
Dr Walter Karl-Heinz Volkmar	100%	0%	0%	0%	0%	100%
Mr Lee Yong Guan	100%	0%	0%	0%	0%	100%
Mr Lim Yeok Hua	100%	0%	0%	0%	0%	100%
Key Executives of the Group						
<u>Below \$250,000</u>						
1 Mr Siak Wing Cheong	0%	68%	6%	21%	5%	100%
2 Mr Bernard Puah Yong Joo	0%	66%	21%	8%	5%	100%
3 Mr Cavin Teo Siew Heng	0%	68%	6%	21%	5%	100%
4 Mr Boh Teck Keong	0%	75%	7%	15%	3%	100%
5 Mr Tan Ban Hee	0%	73%	7%	15%	5%	100%
6 Mr Foo Piau Yew	0%	71%	6%	17%	6%	100%
7 Mr Howe Weng Khiong	0%	70%	6%	18%	6%	100%

CORPORATE GOVERNANCE STATEMENT

The RC and the Board are of the view that the remuneration of the Directors and key executives are adequate but not excessive in order to attract, retain and motivate them to run the Company successfully.

There are no employees who are immediate family members of the directors and whose remuneration exceeded \$150,000 during the year.

Long Term share incentives – MIT Performance Share Plan and Employees' Share Option Scheme

As the Group seeks to foster a culture that aligns the interests of employees with those of shareholders, it has put in place share-based plans for employees. These plans allow employees to participate, contribute and share in the Group's growth and success.

Information on Employees' Share Options Scheme are set out in the Directors' Report on Pages 34 & 35. No Performance Shares were granted to participants during the year.

Investment Committee ("IC")

The IC was established in FY 2000 and comprises 5 directors: 2 executive directors and 3 independent directors.

The members of the IC at the date of this Report are:

Mr Kwong Kim Mone (Chairman)
Mr Lim Chin Tong
Mr Lee Yong Guan
Mr Lim Yeok Hua
Dr Walter Karl-Heinz Volkmar

The duties of the IC are as follows :

- to approve, implement and review the Group's investment strategy and policy;
- to evaluate the investment decisions of a non-operating and non-revenue nature for the Group and / or its subsidiary companies;
- to review deployment of financial resources with a view to ensure efficient allocation to the various businesses of the Group;
- to review and approve the incorporation of new subsidiary companies, corporate finance activities including joint ventures, mergers and acquisition; and
- to undertake any responsibilities relating to investment policy and procedures as determined by the Board.

CORPORATE GOVERNANCE STATEMENT

In year 2010, the number of IC meetings held and attended by each member of the Committee was as follows:

Name of director	Appointment	Number of meetings held	Attendance
Mr Kwong Kim Mone	Executive	2	2
Mr Lim Chin Tong	Executive	2	2
Mr Lee Yong Guan	Independent	2	2
Mr Lim Yeok Hua	Independent	2	2
Dr Walter Karl-Heinz Volkmar	Independent	2	2

Accountability and Audit (Principle 10)

In presenting the annual financial statements and half-yearly announcements to shareholders, it is the responsibility of the Board to provide shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects. Management currently provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a quarterly basis.

Internal Controls (Principle 12)

The Management has put in place an internal control and risk management system to safeguard shareholders' investment and company's assets.

It is the opinion of the Board that in the absence of any evidence to the contrary, the system of internal controls maintained by the management provides adequate assurance against material financial misstatements or losses by ensuring the maintenance of proper accounting records, the reliability of financial information, compliance with the relevant legislation and regulations, and the identification and containment of financial, operational and compliance risks affecting its business.

The system of internal control provides reasonable, but not absolute assurance that the Group will not be adversely affected by any event that could be reasonably foreseen in the light of current business environment and its inherent risks.

The Group's internal auditors, Baker Tilly Consultancy (Singapore) Pte Ltd, have in the course of their audits carried out stringent reviews to identify weak links and potential risk areas. The AC reviews these reports and ensures that appropriate and timely counter-measures are taken by Management as part of its continuous improvement efforts to enhance further its internal control systems and practices.

Risk Management

The risk factors and risk management practices of the Group are enumerated and explained under Page 15 and 16.

CORPORATE GOVERNANCE STATEMENT

Financial Risk

The financial risk management objectives and policies of the Group are set out in the Notes to the Financial Statements in note 31B.

Internal Audits (Principle 13)

The Company's internal audit function has been outsourced to Baker Tilly Consultancy (Singapore) Pte Ltd. The internal auditor reports directly to the chairman of the AC. The AC also reviews and approves the annual internal audit plans and resources to ensure that the internal auditor has the necessary resources to adequately perform its functions.

The AC and the Board are satisfied that there are adequate internal controls in the Company.

Communication with Shareholders (Principles 14 & 15)

In line with the continuous disclosure obligations of the Company pursuant to the SGX-ST's Listing Rules and the Companies Act, the Board's policy is that all shareholders should be equally informed of all major developments that impact the Group.

Any major or material developments is first disseminated via SGXNET followed by a press release, whenever necessary.

Price sensitive information is first publicly released, either before the Group meets with any group of investors or analysts or simultaneously with such meetings. Results and annual reports are announced or issued within the mandatory period. The Company does not practise selective disclosure of information.

All shareholders of the Company will receive the Annual Report and Notice of Annual General Meeting ("AGM"). The AGM of the Company provides a principal forum for dialogue and interaction with shareholders. At each AGM, the Board encourages shareholders to participate in the question-and-answer session. Committee Chairpersons, Members of the Board and the external auditors of the Company are present to answer questions raised at the AGM.

Material Contracts

There are no material contracts or loans of the Company or its subsidiaries involving the interests of the Managing Director, each Director or Controlling shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are at arm's length basis. All interested person transactions are subject to review by the AC to ensure compliance with the established procedures.

CORPORATE GOVERNANCE STATEMENT

During the financial year ended 31 December 2010, the Company did not enter into any interested person transaction which value exceeds \$100,000 for each transaction.

Securities Transactions

The Company has a clear policy on the trading of its share by directors and executives within the Group. The Company has adopted its own internal Code of Best Practices on Securities Transactions (“the Securities Transactions Code”); The Securities Transactions Code provides guidance to the directors and executives of the Group with regard to dealing in the Company’s shares. It emphasizes that the law on insider trading is applicable at all times, notwithstanding the window periods for dealing in the shares. The Securities Transactions Code also enables the Company to monitor such share transactions by requiring employees to report to the Company whenever they deal in the Company’s shares.

The Group issues circulars to its directors and officers informing them that they must not trade in the listed securities of the Company one month before the announcement of the Group’s half-yearly and full year results and ending on the date of the announcement of such results.

The directors are required to notify the Company of any dealings in the Company’s securities (during the open window period) within two (2) business days of the transactions. The Board is satisfied with the Group’s commitment in compliance with the Code, and on the adequacy of internal controls within the Group.

The Group has complied with its Best Practices on Securities Transactions.

DIRECTORS' REPORT

The directors of the company are pleased to present their report together with the audited financial statements of the company and of the group for the financial year ended 31 December 2010.

1. Directors at Date of Report

The directors of the company in office at the date of this report are:

Kwong Kim Mone	(Chairman and Managing Director)
Lim Chin Tong	(Executive Director)
Walter Karl-Heinz Volkmar	(Independent Director)
Lee Yong Guan	(Independent Director)
Lim Yeok Hua	(Independent Director)

2. Arrangements to Enable Directors to Acquire Benefits by Means of the Acquisition of Shares and Debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate except for the share options disclosed in paragraph 5 below.

DIRECTORS' REPORT

3. Directors' Interests in Shares and Debentures

The directors of the company holding office at the end of the financial year had no interests in the share capital and options of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Cap. 50 except as follows :

Name of directors and companies in which interests are held	Shareholdings registered in the name of the directors		Shareholdings in which directors are deemed to have an interest	
	At beginning of the financial year	At end of the financial year	At beginning of the financial year	At end of the financial year
<u>The Company</u>				
<u>Manufacturing Integration Technology Ltd</u>			<u>Number of shares of no par value</u>	
Kwong Kim Mone	4,634,118	4,634,118	120,627,910	120,627,910
Walter Karl-Heinz Volkmar	100,000	100,000	–	–
Lim Chin Tong	331,000	331,000	–	–
Lee Yong Guan	–	300,000	–	–
<u>Ultimate parent company MIT Technologies Pte Ltd</u>				
Kwong Kim Mone	260,000	260,000	–	–

By virtue of section 7 of the Companies Act, Mr Kwong Kim Mone with shareholdings as above is deemed to have an interest in the company and in all the related corporations of the company.

The directors' interests as at 21 January 2011 were the same as those at the end of the year.

4. Contractual Benefits of Directors

Since the beginning of the financial year, no director of the company has received or become entitled to receive a benefit which is required to be disclosed under section 201(8) of the Companies Act, Cap. 50, by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

There were certain transactions (shown in the financial statements under related party transactions) with corporations in which certain directors have an interest.

DIRECTORS' REPORT

5. Shares Options

Employees' Share Option Scheme ("ESOS") of Manufacturing Integration Technology Ltd :-

- (i) enables directors and selected full-time employees of the company and/or its subsidiary companies to acquire unissued ordinary shares of the company.
- (ii) is administered by the Remuneration Committee (the "Committee") comprising 3 independent directors of the company. It shall continue to be in force at the discretion of the Committee based on details as stated below. However, the period may be extended with the approval of shareholders at a general meeting of the company and any relevant approval which may then be required.

At the end of the financial year, there were 5,902,000 unissued ordinary shares of the company under options granted pursuant to the ESOS.

Details of the options to subscribe for ordinary shares of no par value in the capital of the company, pursuant to the ESOS are as follows :-

Date of grant	Balance as at 1.1.2010			Exercised	Balance as at 31.12.2010		Exercise price	Expiry date	
	Granted	Lapsed							
							\$		
<u>Options to subscribe number of unissued ordinary shares of no par value:</u>									
26 January 2001	820,000	-	20,000	-	800,000	0.3450*	25 January 2011	#	
26 January 2001	820,000	-	20,000	-	800,000	0.2760**	25 January 2011	#	
4 September 2001	9,000	-	-	-	9,000	0.2150*	3 September 2011		
4 September 2001	17,000	-	-	-	17,000	0.1720**	3 September 2011		
25 January 2002	1,191,000	-	69,000	-	1,122,000	0.2700*	24 January 2012	#	
25 January 2002	1,126,000	-	69,000	-	1,057,000	0.2160**	24 January 2012	#	
27 January 2003	79,000	-	6,000	-	73,000	0.1417*	26 January 2013		
27 January 2003	80,000	-	6,000	-	74,000	0.1134**	26 January 2013		
5 September 2007	75,000	-	-	-	75,000	0.1900*	4 September 2017		
5 September 2007	75,000	-	-	-	75,000	0.1520**	4 September 2017		
6 March 2008	820,000	-	70,000	-	750,000	0.1500*	5 March 2018	#	
6 March 2008	820,000	-	70,000	-	750,000	0.1200**	5 March 2018	#	
9 September 2009	75,000	-	-	-	75,000	0.1930*	8 September 2019		
9 September 2009	75,000	-	-	-	75,000	0.1540**	8 September 2019		
15 June 2010	-	75,000	-	-	75,000	0.1470*	14 June 2020		
15 June 2010	-	75,000	-	-	75,000	0.1180**	14 June 2020		
	<u>6,082,000</u>	<u>150,000</u>	<u>330,000</u>	<u>-</u>	<u>5,902,000</u>				

* Market price

** 20% discount to the market price

See options granted to directors

DIRECTORS' REPORT

5. Shares Options (Cont'd)

The following are details of options granted to the directors of the Company under the scheme:-

Name of directors	Options granted during the financial year	Aggregate options granted since commencement of scheme to end of the financial year	Aggregate options exercised since commencement of scheme to end of the financial year	Aggregate options cancelled since commencement of scheme to end of the financial year	Aggregate options outstanding as end of the financial year	Exercise price
Kwong Kim Mone	-	2,040,000	240,000	600,000	1,200,000	\$0.216 – \$0.345
Walter Karl-Heinz Volkmar	-	100,000	-	-	100,000	\$0.12 – \$0.15
Lee Yong Guan	-	100,000	-	-	100,000	\$0.12 – \$0.15
Lim Yeok Hua	-	100,000	-	-	100,000	\$0.12 – \$0.15

The terms of the share options under the ESOS to the directors of the company are the same as those granted to the employees of the group.

The market price refers to average of the last three dealt prices for the three consecutive market days immediately preceding the grant date. No share options have been granted at a discount of more than 20% during the financial year. Other than disclosed above, there is presently no other options scheme on unissued shares in respect of the company and of the group.

During the financial year, there is no employee of the group and or the ultimate parent company, MIT Technologies Pte Ltd, who was granted 5% or more of the total options available under the scheme.

No options have been exercised during the year.

6. Audit Committee

The members of the audit committee at the date of this report are as follows:-

Lee Yong Guan	(Independent Director)
Lim Yeok Hua	(Independent Director)
Walter Karl-Heinz Volkmar	(Independent Director)

The audit committee performs the functions specified by section 201B (5) of the Companies Act. Among other functions, it performed the following:

- Reviewed with the independent external auditors their audit plan;
- Reviewed with the independent external auditors their evaluation of the company's internal accounting controls, and their report on the financial statements and the assistance given by the company's officers to them;
- Reviewed with the internal auditors the scope and results of the internal audit procedures;
- Reviewed the financial statements of the group and the company prior to their submission to the directors of the company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Listing Manual of the SGX).

DIRECTORS' REPORT

6. Audit Committee (Cont'd)

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditors provide non-audit services.

The audit committee has recommended to the board of directors that the independent auditors, RSM Chio Lim LLP, be nominated for re-appointment as independent auditors at the next annual general meeting of the company.

7. Independent Auditors

The independent auditors, RSM Chio Lim LLP, have expressed their willingness to accept re-appointment.

8. Subsequent Developments

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements as announced on 28 February 2011, which would materially affect the group's and the company's operating and financial performance as of the date of this report.

On Behalf of the Directors

Kwong Kim Mone
Director

Lim Chin Tong
Director

18 March 2011

STATEMENT BY DIRECTORS

In the opinion of the directors,

- (a) the accompanying consolidated statement of comprehensive income, statements of financial position, statements of changes in equity, consolidated statement of cash flows, and notes thereto set out on pages 40 to 110 are drawn up so as to give a true and fair view of the state of affairs of the company and of the group as at 31 December 2010 and of the results and cash flows of the group and changes in equity of the company and of the group for the reporting year then ended; and
- (b) at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue on 18 March 2011.

On Behalf of the Directors

Kwong Kim Mone
Director

Lim Chin Tong
Director

18 March 2011

INDEPENDENT AUDITORS' REPORT

To the Members of Manufacturing Integration Technology Ltd

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Manufacturing Integration Technology Ltd and its subsidiaries (the group) set out on pages 40 to 110, which comprise the statements of financial position of the group and the company as at 31 December 2010, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of comprehensive income and statements of financial position and to maintain accountability of assets.

Independent Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT

To the Members of Manufacturing Integration Technology Ltd

Opinion

In our opinion, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the group and of the company as at 31 December 2010 and the results, changes in equity and cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the company and those subsidiaries incorporated in Singapore of which we are the independent auditors have been properly kept in accordance with the provisions of the Act.

RSM Chio Lim LLP
Public Accountants and
Certified Public Accountants
Singapore

18 March 2011

Partner in charge: Goh Swee Hong
Effective from year ended 31 December 2006

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2010

	Notes	Group	
		2010 \$'000	2009 \$'000
Revenue	4	51,682	24,863
Cost of Sales		(38,476)	(20,536)
Gross Profit		13,206	4,327
<u>Other Items of Income</u>			
Interest Income	5	65	68
Dividend Income from quoted corporation		51	51
Other Credits	6	2,456	1,406
<u>Other Items of Expense</u>			
Selling and Distribution Costs		(4,030)	(2,892)
Administrative Expenses		(5,637)	(4,955)
Finance Costs	7	(97)	(88)
Other Charges	6	(2,435)	(6,525)
Profit (Loss) Before Tax from Continuing Operations		3,579	(8,608)
Income Tax Income	9	11	49
Profit (Loss), Net of Tax		3,590	(8,559)
Other Comprehensive Income:			
Available-for-Sale Financial Assets, Net of Tax		32	96
Exchange Differences on Translating Foreign Operations, Net of Tax		(4)	-
Other Comprehensive Income for the year, Net of Tax		28	96
Total Comprehensive Income (Loss)		3,618	(8,463)
Profit (Loss) Attributable to Owners of the Parent, Net of Tax		2,995	(8,801)
Profit Attributable to Non-Controlling Interest, Net of Tax		595	242
Profit (Loss), Net of Tax		3,590	(8,559)
Total Comprehensive Income (Loss) Attributable to Owners of the Parent		3,023	(8,705)
Total Comprehensive Income Attributable to Non-Controlling Interests		595	242
Total Comprehensive Income (Loss)		3,618	(8,463)
Earnings (Loss) Per Share			
Earnings (Loss) Per Share Currency Unit		Cents	Cents
- Basic	26	1.38	(4.04)
- Diluted	26	1.38	(4.04)

The accompanying notes form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2010

	Notes	Group		Company	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
ASSETS					
<u>Non-Current Assets:</u>					
Plant and Equipment	10	3,560	2,934	609	479
Intangible Assets	11	118	148	50	85
Development Projects	12	2,295	2,060	2,295	2,060
Investments in Subsidiaries	13	–	–	11,224	10,210
Other Financial Assets, Non-Current	14	1,058	1,100	1,058	1,265
Other Assets, Non-Current	15	43	43	43	43
Total Non-Current Assets		7,074	6,285	15,279	14,142
<u>Current Assets:</u>					
Assets Held for Sale under FRS 105	14	74	–	239	–
Inventories	16	15,741	7,922	7,321	3,400
Trade and Other Receivables	17	17,682	8,460	24,392	14,752
Other Assets	18	633	442	104	122
Cash and Cash Equivalents	19	15,129	19,662	4,353	12,656
Total Current Assets		49,259	36,486	36,409	30,930
Total Assets		56,333	42,771	51,688	45,072
EQUITY AND LIABILITIES					
<u>Equity Attributable to Owners of the Parent</u>					
Share Capital	20	45,768	45,768	45,768	45,768
Other Reserves		87	27	156	92
Accumulated Losses		(14,798)	(17,793)	(10,461)	(11,567)
Equity Attributable to Owners of the Parent, Total		31,057	28,002	35,463	34,293
Non-Controlling Interests		2,715	2,168	–	–
Total Equity		33,772	30,170	35,463	34,293

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2010

	Notes	Group		Company	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Non-Current Liabilities:					
Other Finance Liabilities, Non-Current	22	708	37	217	37
Total Non-Current Liabilities		708	37	217	37
Current Liabilities:					
Provisions	23	195	126	169	109
Income Tax Payable		97	62	–	57
Trade and Other Payables	24	20,120	11,290	15,799	10,536
Other Financial Liabilities	22	1,441	1,086	40	40
Total Current Liabilities		21,853	12,564	16,008	10,742
Total Liabilities		22,561	12,601	16,225	10,779
Total Equity and Liabilities		56,333	42,771	51,688	45,072

The accompanying notes form an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2010

	Total Equity	Attributable to Parent Sub-total	Share Capital	Accumulated Losses	Other Reserves	Translation Reserves	Share Option Reserve	Non- Controlling Interests
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group								
Current Year:								
Opening Balance at 1 January 2010	30,170	28,002	45,768	(17,793)	26	(65)	66	2,168
Movement in Equity:								
Total Comprehensive Income for the Year	3,618	3,023	-	2,995	32	(4)	-	595
Expiry of Share Options (Note 21)	(3)	(3)	-	-	-	-	(3)	-
Grant of Share Options (Note 21)	35	35	-	-	-	-	35	-
Dividends Paid to Non- Controlling Interests	(48)	-	-	-	-	-	-	(48)
Closing Balance at 31 December 2010	33,772	31,057	45,768	(14,798)	58	(69)	98	2,715
Previous Year:								
Opening Balance at 1 January 2009	38,667	36,680	45,768	(8,992)	(70)	(65)	39	1,987
Movement in Equity:								
Total Comprehensive Loss for the Year	(8,463)	(8,705)	-	(8,801)	96	-	-	242
Expiry of Share Options (Note 21)	(6)	(6)	-	-	-	-	(6)	-
Grant of Share Options (Note 21)	33	33	-	-	-	-	33	-
Dividends Paid to Non- Controlling Interests	(61)	-	-	-	-	-	-	(61)
Closing Balance at 31 December 2009	30,170	28,002	45,768	(17,793)	26	(65)	66	2,168

The accompanying notes form an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2010

	Total Equity	Share Capital	Accumulated Losses	Other Reserves	Share Option Reserve
	\$'000	\$'000	\$'000	\$'000	\$'000
Company					
Current Year:					
Opening Balance at 1 January 2010	34,293	45,768	(11,567)	26	66
Movement in Equity:					
Total Comprehensive Income for the Year	1,138	–	1,106	32	–
Expiry of Share Options (Note 21)	(3)	–	–	–	(3)
Grant of share Options (Note 21)	35	–	–	–	35
Closing Balance at 31 December 2010	35,463	45,768	(10,461)	58	98
Previous Year:					
Opening Balance at 1 January 2009	40,530	45,768	(5,207)	(70)	39
Movement in Equity:					
Total Comprehensive Loss for the Year	(6,264)	–	(6,360)	96	–
Expiry of Share Options (Note 21)	(6)	–	–	–	(6)
Grant of Share Options (Note 21)	33	–	–	–	33
Closing Balance at 31 December 2009	34,293	45,768	(11,567)	26	66

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2010

	2010	2009
	\$'000	\$'000
<u>Cash Flows from Operating Activities</u>		
Profit (Loss) Before Tax	3,579	(8,608)
Adjustments for :		
Depreciation of Plant and Equipment	1,074	1,220
Interest Income	(65)	(68)
Interest Expense	97	88
Dividend Income from Quoted Corporation	(51)	(51)
Loss on Disposal of Plant and Equipment	187	18
Development Projects Charged to Cost of Sales	760	999
Development Projects Written Off	-	12
Amortisation of Development Projects	720	503
Amortisation of Intangible Assets	96	139
Impairment in Value of Development Expenditures	91	58
Impairment in Value of Intangible Assets	-	744
Reversal of Impairment for Development Projects	-	(12)
Share Based Payment	32	27
Operating Cash Flow From (Used in) Changes in Working Capital	6,520	(4,931)
Trade and Other Receivables	(9,960)	1,652
Other Assets	(191)	309
Inventories	(7,819)	4,497
Trade and Other Payables	8,830	3,273
Provisions	69	(18)
Net effect of Exchange Rate Changes in Consolidation Foreign Operation	84	33
Net Cash Flow (Used in) From Operations before Interest and Tax	(2,467)	4,815
Income Tax Refund	227	166
Net Cash Flow (Used in) From Operating Activities	(2,240)	4,981
<u>Cash Flows from Investing Activities</u>		
Additions of Patents	(66)	(139)
Purchase of Plant and Equipment (Note 19)	(1,577)	(1,503)
Disposal of Plant and Equipment	159	17
Development Projects Incurred	(1,806)	(1,609)
Interest Received	65	68
Dividend Income from Quoted Corporation	51	51
Net Cash Flow Used in Investing Activities	(3,174)	(3,115)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2010

	2010	2009
	\$'000	\$'000
Cash Flows from Financing Activities		
Interest Paid	(97)	(88)
Increase (Decrease) in Short-Term Borrowings	144	(233)
Increase in Long-Term Loan	702	–
Dividends Paid to Non-Controlling Interests	(48)	(61)
Increase (Decrease) in Finance Leases (Note 19)	180	(40)
Cash restricted in use	(830)	–
Net Cash From (Used in) Financing Activities	51	(422)
Net (Decrease) Increase in Cash and Cash Equivalents	(5,363)	1,444
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	19,662	18,218
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance (Note 19A)	14,299	19,662

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

1. General

The company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the parent and the group's subsidiaries.

The board of directors approved and authorised these financial statements for issue on 18 March 2011.

The principal activities of the company are that of designing, developing, manufacturing and distributing automated equipment for the semiconductor industry. It is listed on the Singapore Exchange Securities Trading Limited. The principal activities of the subsidiaries are described in Note 13 to the financial statements.

The registered office is: Blk 5004, Ang Mo Kio Avenue 5, #03-12, TECHplace II, Singapore 569872. The company is domiciled in Singapore.

2. Summary of Significant Accounting Policies

Accounting Convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Cap 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements.

Basis of Presentation

The consolidation accounting method is used for the consolidated financial statements that include the financial statements made up to the end of the reporting year each year of the company and all of its directly and indirectly controlled subsidiaries. Consolidated financial statements are the financial statements of the group presented as those of a single economic entity. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and dividends, are eliminated in full on consolidation. The results of the investees acquired or disposed of during the financial year are accounted for from the respective dates of acquisition or up to the dates of disposal which is the date on which effective control is obtained of the acquired business until that control ceases. On disposal the attributable amount of goodwill if any is included in the determination of the gain or loss on disposal.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

2. Summary of Significant Accounting Policies (Cont'd)

Basis of Presentation (Cont'd)

The company's financial statements have been prepared on the same basis, and as permitted by the Companies Act, Cap. 50, no statement of income is presented for the company.

Basis of Preparation of the Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Revenue Recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the year arising from the course of the activities of the entity and it is shown net of related sales taxes, estimated returns and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from rendering of services that are of short duration is recognised when the services are completed. Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term. Interest revenue is recognised using the effective interest method. Dividend from equity instruments is recognised as income when the entity's right to receive payment is established.

Employee Benefits

Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it agrees to contribute to an independently administered fund such as the Central Provident Fund in Singapore (a government managed retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

2. Summary of Significant Accounting Policies (Cont'd)

Share-Based Compensation

For the equity-settled share-based compensation transactions, the fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed on a straight-line basis over the vesting period is determined by reference to the fair value of the options granted excluding the effect of non-market conditions such as profitability and sales growth targets. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Fair value is measured using the Binomial pricing model. The expected lives used in the model are adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. At each end of the reporting year, a revision is made of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit or loss with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

Income Tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries, except where the company is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

2. Summary of Significant Accounting Policies (Cont'd)

Foreign Currency Transactions

The functional currency is the Singapore dollars as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Translation of Financial Statements of Other Entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the entity operates. In translating the financial statements of an investee for incorporation in the consolidated financial statements in the presentation currency, the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items are translated at average rates of exchange for the year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that investee.

Segment Reporting

The group discloses financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments

Borrowing Costs

All borrowing costs that are interest and other costs incurred in connection with the borrowing of funds that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Other borrowing costs are recognised as an expense in the period in which they are incurred. The interest expense is calculated using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

2. Summary of Significant Accounting Policies (Cont'd)

Plant and Equipment

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Renovations	-	3 years
Plant and equipment	-	3 to 10 years

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent cost are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Leases

Whether an arrangement is, or contains, a lease shall be based on the substance of the arrangement at the inception date, that is, whether (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

2. Summary of Significant Accounting Policies (Cont'd)

Intangible Assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful lives are as follows:

Development projects	–	1 to 5 years
Customer contact and relationship	–	3 years
Patents	–	3 years

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities accompanying a shareholding of more than one half of the voting rights or the ability to appoint or remove the majority of the members of the board of directors or to cast the majority of votes at meetings of the board of directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

In the company's own separate financial statements, an investment in a subsidiary is stated at cost adjusted for any value in the contingent consideration less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The net book value of a subsidiary is not necessarily indicative of the amounts that would be realised in a current market exchange.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

2. Summary of Significant Accounting Policies (Cont'd)

Business Combinations

A business combination is transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debt or equity securities are recognised in accordance with FRS 32 and FRS 39. As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition-date fair values as defined in and that meet the conditions for recognition under FRS 103. Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. If the acquirer has made a gain from a bargain purchase that gain is recognised in profit or loss. There was no gain on bargain purchase. For business combinations achieved in stages, any equity interest held in the acquiree is remeasured immediately before achieving control at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss.

Goodwill and fair value adjustments resulting from the application of purchase accounting at the date of acquisition are treated as assets and liabilities of the foreign entity and are recorded at the exchange rates prevailing at the acquisition date and are subsequently translated at the period end exchange rate.

Where the fair values are estimated on a provisional basis they are finalised within one year from the acquisition date with consequent retrospective changes to the amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

Non-controlling Interests

The non-controlling interests in the net assets and net results of a consolidated subsidiary are shown separately in the appropriate components of the consolidated financial statements. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

2. Summary of Significant Accounting Policies (Cont'd)

Goodwill

Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with FRS 103 (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this FRS 103.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill (and also an intangible asset with an indefinite useful life or an intangible asset not yet available for use) are tested for impairment, at least annually. Goodwill impairment is not reversed in any circumstances.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

Impairment of Non-Financial Assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

2. Summary of Significant Accounting Policies (Cont'd)

Assets Classified as Held for Sale

Identifiable assets, liabilities and contingent liabilities and disposal groups are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. Assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell and are presented separately on the face of the statement of financial position. Impairment losses on initial classification of the balances as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

Inventories

Inventories are measured at the lower of cost first in first out method and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made for where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Financial Assets

Initial recognition and measurement and derecognition of financial assets:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the “substance over form” based derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

2. Summary of Significant Accounting Policies (Cont'd)

Financial Assets (Cont'd)

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following four categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. These assets are carried at fair value by reference to the transaction price or current bid prices in an active market. All changes in fair value relating to assets at fair value through profit or loss are recognised directly in profit or loss. They are classified as non-current assets unless management intends to dispose of the asset within 12 months of the end of the reporting year.
2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.
3. Held-to-maturity financial assets: As at end of the reporting year date there were no financial assets classified in this category.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

2. Summary of Significant Accounting Policies (Cont'd)

Financial Assets (Cont'd)

4. Available-for-sale financial assets: These are non-derivative financial assets that are designated as available-for-sale on initial recognition or are not classified in one of the previous categories. These assets are carried at fair value by reference to the transaction price or current bid prices in an active market. If such market prices are not reliably determinable, management establishes fair value by using valuation techniques. Changes in fair value of available-for-sale financial assets (other than those relating to foreign exchange translation differences on non-monetary investments) are recognised in other comprehensive income and accumulated in a separate component of equity under the heading revaluation reserves. Such reserves are recycled to profit or loss when realised through disposal. Impairments below cost are recognised in profit or loss. When there is objective evidence that the asset is impaired, the cumulative loss is reclassified from equity to profit or loss as a reclassification adjustment. If, in a subsequent period, the fair value of an equity instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss, it is reversed against revaluation reserves and are not subsequently reversed through profit or loss. However for debt instruments classified as available-for-sale impairment losses recognised in profit or loss are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss. The weighted average method is used when determining the cost basis of publicly listed equities being disposed of. For non-equity instruments classified as available-for-sale the reversal of impairment is recognised in profit or loss. They are classified as non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting year. Usually non-current investments in equity shares and debt securities are classified in this category but do not include subsidiaries, joint ventures, or associates. Unquoted investments are stated at cost less allowance for impairment in value where there are no market prices, and management is unable to establish fair value by using valuation techniques. For unquoted equity instruments impairment losses are not reversed.

Cash and Cash Equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand, if any, that form an integral part of cash management.

Hedging

The entity is exposed to currency and interest rate risks. The policy is to reduce currency and interest rate exposures through derivatives and other hedging instruments. From time to time, there may be borrowings and foreign exchange arrangements or interest rate swap contracts or similar instruments entered into as hedges against changes in interest rates, cash flows or the fair value of the financial assets and liabilities. These arrangements are not used for trading or speculative purposes. They are carried at fair value. The gain or loss from remeasuring these hedging or other arrangement instruments at fair value are recognised in profit or loss. The derivatives and other hedging instruments used are described below in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

2. Summary of Significant Accounting Policies (Cont'd)

Financial Liabilities

Initial recognition and measurement:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit are expensed immediately. The transactions are recorded at the trade date. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.
2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

Financial Guarantees

A financial guarantee contract requires that the issuer makes specified payments to reimburse the holder for a loss when a specified debtor fails to make payment when due. Financial guarantee contracts are initially recognised at fair value and are subsequently measured at the greater of (a) the amount determined in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

2. Summary of Significant Accounting Policies (Cont'd)

Fair Value of Financial Instruments

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments. Disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes. The maximum exposure to credit risk is the fair value of the financial instruments at the end of the reporting year. The fair value of a financial instrument is derived from an active market or by using an acceptable valuation technique. The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price without any deduction for transaction costs that may be incurred on sale or other disposal and, for an asset to be acquired or liability held, the asking price. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique. The fair value measurements are classified using a fair value hierarchy of 3 levels that reflects the significance of the inputs used in making the measurements, that is, Level 1 for the use of quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 for the use of inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and Level 3 for the use of inputs for the asset or liability that are not based on observable market data (unobservable inputs). The level is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Where observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Equity

Equity instruments are contracts that give a residual interest in the net assets of the company. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.

Treasury Shares

Where the company reacquires its own equity instruments as treasury shares, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the company's owners until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's owners and no gain or loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

2. Summary of Significant Accounting Policies (Cont'd)

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the period they occur. Warranty provisions are measured using probability models based on past experience.

Government Grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. A grant in recognition of specific expenses is recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. A grant related to depreciable assets is allocated to income over the period in which such assets are used in the project subsidised by the grant. A government grant related to assets, including non-monetary grants at fair value, is presented in the statement of financial position by setting up the grant as deferred income.

Critical Judgements, Assumptions and Estimation Uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Allowance for doubtful accounts:

An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management generally analyses trade accounts receivables and analyses historical bad debts, customer concentrations, customer creditworthiness, and changes in customer payment terms when evaluating the adequacy of the allowance for doubtful trade accounts. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next financial year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

2. Summary of Significant Accounting Policies (Cont'd)

Critical Judgements, Assumptions and Estimation Uncertainties (Cont'd)

Net realisable value of inventories:

A review is made periodically on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. These reviews require management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgment and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is approximately \$15,741,000 (2009: \$7,922,000).

Development Projects:

The estimates for the useful lives and related amortisation charges for development projects are based on commercial and production factors which could change significantly as a result of technical innovations and competitor actions in response to severe market conditions. The amortisation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete or assets that have been abandoned or sold. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of development projects at the balance sheet date is approximately \$2,295,000 (2009: \$2,060,000).

Useful lives of plant and equipment:

The estimates for the useful lives and related depreciation charges for plant and equipment is based on commercial and other factors which could change significantly as a result of innovations and competitor actions in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset (or class of assets) at the end of the reporting year affected by the assumption is approximately \$2,997,000 (2009: \$2,494,000).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

2. Summary of Significant Accounting Policies (Cont'd)

Critical Judgements, Assumptions and Estimation Uncertainties (Cont'd)

Estimated impairment of subsidiary:

When a subsidiary is in net equity deficit and has suffered operating losses a test is made whether the investment in the investee has suffered any impairment, in accordance with the stated accounting policy. This determination requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. The carrying amount of the specific asset (or class of assets) at the end of the reporting year affected by the assumption is approximately \$1,581,000 (2009: \$1,020,000).

Warranty claims:

Certain products are covered by product warranty plans of varying periods, depending on local practices and regulations. A related provision is made for future warranty claims after taking into account the historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The warranty obligations are affected by actual product failure rates and by material usage and service delivery costs incurred in correcting a product failure. The amount at the end of the reporting year is approximately \$87,000 (2009: \$62,000).

3. Related Party Transactions

FRS 24 defines a related party as a person or entity that is related to the reporting entity and it includes (a) A person or a close member of that person's family if that person: (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. (b) An entity is related to the reporting entity if any of the following conditions apply: (i) The entity and the reporting entity are members of the same group. (ii) One entity is an associate or joint venture of the other entity. (iii) Both entities are joint ventures of the same third party. (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity. (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. (vi) The entity is controlled or jointly controlled by a person identified in (a). (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

3. Related Party Transactions (Cont'd)

3.1 Related companies:

The company is a subsidiary of MIT Technologies Pte Ltd, a company incorporated in Singapore, which is also the company's ultimate parent company. Related companies in these financial statements include the members of the ultimate parent company's group of companies. The ultimate controlling party is Mr Kwong Kim Mome.

There are transactions and arrangements between the company and members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The current intercompany balances are unsecured without fixed repayment terms and interest unless stated otherwise. For non-current balances if significant an interest is imputed unless stated otherwise based on the prevailing market interest rate for similar debt less the interest rate if any provided in the agreement for the balance. For financial guarantees a fair value is imputed and is recognised accordingly if significant where no charge is payable. The transactions were not significant.

Intra-group transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

3.2 Other related parties:

There are transactions and arrangements between the group and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The current related party balances are unsecured without fixed repayment terms and interest unless stated otherwise. For non-current balances if significant an interest is imputed unless stated otherwise based on the prevailing market interest rate for similar debt less the interest rate if any provided in the agreement for the balance.

Significant related party transactions:

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

	Director-related companies	
	2010	2009
	\$'000	\$'000
Sales of goods	(1,233)	(1,207)
Purchases of inventories	55	2
Consulting fees expenses	43	44

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

3. Related Party Transactions (Cont'd)

3.3 Key management compensation:

	Group	
	2010	2009
	\$'000	\$'000
Directors :-		
Directors' fee proposed	90	83
Directors' remuneration	650	569
Defined benefits contributions	14	15
	<u>754</u>	<u>667</u>
Key executives:-		
Short-term employment benefits	1,247	943
Defined benefits contributions	64	55
	<u>1,311</u>	<u>998</u>
	<u>2,065</u>	<u>1,665</u>

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly. The above amounts for key management compensation are for all the directors and key executives.

3.4 Other receivables from and other payables to related parties:

The trade transactions and the trade receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

	Subsidiaries	
	2010	2009
	\$'000	\$'000
<u>Company</u>		
<u>Other receivables:</u>		
Balance at beginning of the year	7,929	6,122
Amounts paid in and settlement of liabilities on behalf of the company	(14,950)	(8,672)
Amounts paid out and settlement of liabilities on behalf of subsidiaries	15,820	10,479
Balance at end of the year (Note 17)	<u>8,799</u>	<u>7,929</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

3. Related Party Transactions (Cont'd)

3.4 Other receivables from and other payables to related parties (Cont'd):

	Subsidiaries	
	2010	2009
	\$'000	\$'000
<u>Company</u>		
<u>Other payables:</u>		
Balance at beginning of the year	3,652	2,533
Amounts paid in and settlement of liabilities on behalf of the company	(4,286)	(2,436)
Amounts paid out and settlement of liabilities on behalf of subsidiaries	7,635	3,555
Balance at end of the year (Note 24)	7,001	3,652

4. Revenue

	Group	
	2010	2009
	\$'000	\$'000
Sale of goods	51,682	24,863

5. Interest Income

	Group	
	2010	2009
	\$'000	\$'000
Interest income from financial institutions	65	68

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

6. Other Credits (Charges)

	Group	
	2010	2009
	\$'000	\$'000
Amortisation of development projects	(720)	(503)
Foreign exchange adjustment losses	(664)	(316)
Loss on disposal of plant and equipment	(187)	(18)
Inventories written down	(443)	(2,148)
Inventories written off	(1)	(12)
Impairment loss on development expenditure	(91)	(58)
Impairment loss on intangible assets	–	(744)
Amortisation of intangible assets	(96)	(139)
Provision for product warranty, net of reversal	(148)	(37)
Reversal on allowance for impairment loss on trade receivables	108	–
Reversal on allowance for impairment loss on inventories	547	105
Reversal on allowance for written down of development expenditure	–	12
Provision for legal proceedings (Note 27)	(85)	(2,550)
Compensation received for relocation of subsidiary's plant	1,336	338
Government grant income	203	48
Government grant income from jobs credit scheme	82	454
Rental income of machinery	–	364
Others	180	85
Net	21	(5,119)
Presented in the profit or loss as:		
Other Credits	2,456	1,406
Other Charges	(2,435)	(6,525)
Net	21	(5,119)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

7. Finance Costs

	Group	
	2010	2009
	\$'000	\$'000
Interest on finance lease	15	6
Interest expense	82	82
Total finance costs	97	88

8. Employee Benefits Expense

	Group	
	2010	2009
	\$'000	\$'000
Employee benefits expense	11,808	8,608
Contributions to defined contribution plan	978	827
Share-based payments: equity settled (Note 21)	32	27
Other benefits	16	9
Total employee benefits expense	12,834	9,471

9. Income Tax

9A. Components of tax income recognised in profit or loss include:

	Group	
	2010	2009
	\$'000	\$'000
<u>Current tax income:</u>		
Over adjustments to current tax in respect of prior periods	(11)	(40)
<u>Deferred tax income:</u>		
Others	-	(9)
Total income tax income	(11)	(49)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

9. Income Tax (Cont'd)

9A. Components of tax income recognised in profit or loss include: (Cont'd)

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17.0% (2009: 17.0%) to profit or loss before income tax as a result of the following differences:

	Group	
	2010	2009
	\$'000	\$'000
Profit (Loss) before income tax	3,579	(8,608)
Income tax expense (income) at the above rate	608	(1,463)
Not liable to tax items	(298)	(118)
Over adjustment to tax in respect of prior periods	(103)	(40)
Tax exemptions	(26)	(26)
Effect of different tax rates in different countries	(67)	81
Deferred tax assets valuation (reversal) allowance	(125)	1,457
Change in tax rates	–	42
Other items less than 3% each	–	18
Total income tax income	(11)	(49)

There is no tax consequences of dividends to owners of the company.

9B. Deferred tax income recognised in profit or loss include:

	Group	
	2010	2009
	\$'000	\$'000
Excess of tax values over net book value of plant and equipment	(22)	132
Provisions	(61)	449
Tax loss carryforwards	(10)	884
Unabsorbed wear & tear allowance carryforwards	–	(27)
Other timing difference	(32)	28
Deferred tax valuation allowance (reversal)	125	(1,457)
	–	9

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

9. Income Tax (Cont'd)

9C. Deferred tax balance in the statement of financial position:

	Group	
	2010	2009
	\$'000	\$'000
<u>Deferred tax assets (liabilities) recognised in profit or loss:</u>		
Excess of net book value of plant and equipment over tax values	(97)	(75)
Provisions	445	506
Tax loss carryforwards	2,642	2,652
Unabsorbed wear & tear allowance carryforwards	2	2
Other timing difference	(47)	(15)
Deferred tax valuation allowance	(2,945)	(3,070)
	<u>-</u>	<u>-</u>

For the Singapore companies, the realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined. For the subsidiary in People's Republic of China, the unutilised tax losses carryforwards amounting to \$4,592,000 (2009: \$4,114,000) could be carryforward for a period of 5 years from the date in which the losses were incurred. Certain of these unutilised tax losses would expire between 2011 and 2015. No deferred tax assets have been recognised as the future profits streams are not certain.

Temporary differences arising in connection with interests in subsidiaries are insignificant.

The company and certain of its subsidiaries gave group tax relief to a subsidiary of the group at a monetary consideration of \$419,180 (2009: \$188,965).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

10. Plant and Equipment

	Renovations	Plant and equipment	Total
	\$'000	\$'000	\$'000
<u>Group</u>			
<u>Cost:</u>			
At 1 January 2009	668	12,673	13,341
Foreign exchange adjustment	15	(169)	(154)
Additions	438	1,065	1,503
Disposals	(7)	(454)	(461)
At 31 December 2009	1,114	13,115	14,229
Foreign exchange adjustment	(38)	9	(29)
Additions	561	1,296	1,857
Disposals	(381)	(944)	(1,325)
At 31 December 2010	1,256	13,476	14,732
<u>Accumulated depreciation:</u>			
At 1 January 2009	548	10,025	10,573
Foreign exchange adjustment	(3)	(69)	(72)
Depreciation for the year	136	1,084	1,220
Disposals	(7)	(419)	(426)
At 31 December 2009	674	10,621	11,295
Foreign exchange adjustment	15	(233)	(218)
Depreciation for the year	155	919	1,074
Disposals	(151)	(828)	(979)
At 31 December 2010	693	10,479	11,172
<u>Net book value:</u>			
At 1 January 2009	120	2,648	2,768
At 31 December 2009	440	2,494	2,934
At 31 December 2010	563	2,997	3,560

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

10. Plant and Equipment (Cont'd)

The depreciation expense is charged as follows:

	Cost of sales \$'000	Administrative expenses \$'000	Total \$'000
2010	550	524	1,074
2009	556	664	1,220

	Renovations \$'000	Plant and equipment \$'000	Total \$'000
<u>Company</u>			
<u>Cost:</u>			
At 1 January 2009	588	6,918	7,506
Additions	31	99	130
Disposals	(7)	(333)	(340)
At 31 December 2009	612	6,684	7,296
Additions	66	506	572
Disposals	-	(863)	(863)
At 31 December 2010	678	6,327	7,005
<u>Accumulated depreciation:</u>			
At 1 January 2009	533	6,138	6,671
Depreciation for the year	34	436	470
Disposals	(7)	(317)	(324)
At 31 December 2009	560	6,257	6,817
Depreciation for the year	48	329	377
Disposals	-	(798)	(798)
At 31 December 2010	608	5,788	6,396
<u>Net book value:</u>			
At 1 January 2009	55	780	835
At 31 December 2009	52	427	479
At 31 December 2010	70	539	609

The depreciation expense is charged to administrative expenses.

Certain items are under finance lease agreements (see Note 22).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

11. Intangible Assets

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Goodwill (Note 11A)	-	-	-	-
Customer contacts and relationship (Note 11B)	-	-	-	-
Patents (Note 11C)	118	148	50	85
Total	118	148	50	85

11A. Goodwill

	Group
	\$'000
<u>Cost:</u>	
At 1 January 2009, 31 December 2009 and 31 December 2010	744
<u>Accumulated amortisation and impairment:</u>	
At 1 January 2009	-
Impairment loss recognised in the year included in other charges	744
At 31 December 2009 and 31 December 2010	744
<u>Net Book Value:</u>	
At 1 January 2009	744
At 31 December 2009 and 31 December 2010	-

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the group's investment by each subsidiary is as follows:

	AMS Biomedical Pte Ltd \$'000
<u>2010 and 2009</u>	
Goodwill	744

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

11. Intangible Assets (Cont'd)

11A. Goodwill (Cont'd)

The goodwill was tested for impairment at the end of the year. An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit ("CGU") is the higher of its fair value less cost to sell or its value in use. The recoverable amounts of cash-generating units have been determined based on its value in use method.

The key assumptions used to determine the value in use of each cash generating unit are consistent with those used for the calculation last performed and are analysed as follows:

	2010	2009
1. Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the CGU.	(a)	10.0%
2. Cash flow forecasts derived from the most recent financial budgets and plans approved by management.	(a)	5 years
3. Average growth rates based on industry growth forecasts and not exceeding the average long-term growth rate for the relevant markets.	(a)	0.0%

Due to the unfavourable change in the AMS Biomedical Pte Ltd's business and operation, the management has in 2009 revised its forecast for this subsidiary. The goodwill has therefore been fully impaired through recognition of an impairment loss of \$744,000 as at 31 December 2009.

(a) The goodwill has been fully impaired in previous year.

11B. Customer contacts and relationship

	Group \$'000
<u>Cost:</u>	
At 1 January 2009, 31 December 2009 and 31 December 2010	97
<u>Accumulated amortisation and impairment:</u>	
At 1 January 2009	52
Amortisation for the year	45
At 31 December 2009 and 31 December 2010	97
<u>Net Book Value:</u>	
At 1 January 2009	45
At 31 December 2009 and 31 December 2010	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

11. Intangible Assets (Cont'd)

11C. Patents

	Group	Company
	\$'000	\$'000
<u>Cost:</u>		
At 1 January 2009	154	154
Additions	139	51
At 31 December 2009	293	205
Additions	66	67
At 31 December 2010	376	272
<u>Accumulated amortisation and impairment:</u>		
At 1 January 2009	51	51
Amortisation for the year 31 December 2009	94	69
At 31 December 2009	145	120
Amortisation for the year At 31 December 2010	96	102
At 31 December 2010	258	222
<u>Net Book Value:</u>		
At 1 January 2009	103	103
At 31 December 2009	148	85
At 31 December 2010	118	50

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

12. Development Projects

	Group	Company
	\$'000	\$'000
<u>Cost:</u>		
At 1 January 2009	8,902	7,697
Additions	1,609	1,551
Charged to profit or loss included in cost of sales	(999)	(999)
Development projects written off	(12)	–
At 31 December 2009	9,500	8,249
Additions	1,806	1,715
Charged to profit or loss included in cost of sales	(760)	(760)
At 31 December 2010	10,546	9,204
<u>Accumulated amortisation and impairment:</u>		
At 1 January 2009	6,891	5,686
Amortisation for the year	503	503
Impairment loss charged to profit or loss included in other charges	58	–
Reversal of written down of development expenditure	(12)	–
At 31 December 2009	7,440	6,189
Amortisation for the year	720	720
Impairment loss charged to profit or loss included in other charges	91	–
At 31 December 2010	8,251	6,909
<u>Net book value:</u>		
At 1 January 2009	2,011	2,011
At 31 December 2009	2,060	2,060
At 31 December 2010	2,295	2,295

Development projects comprise expenses incurred for the development of new integrated semiconductor manufacturing systems or machines.

The management is of the opinion that the commercial viability of these new projects are reasonably assured. As at the date of this report, the group has specific programmes for the commercialisation of these products.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

13. Investments in Subsidiaries

	Company	
	2010	2009
	\$'000	\$'000
Unquoted equity shares at cost	8,424	8,424
Add: Quasi-equity loans (a)	15,780	15,751
Less provision for impairment	(12,980)	(13,965)
Total at cost	<u>11,224</u>	<u>10,210</u>
Movements in allowance for impairment:		
Balance at beginning of the year	13,965	13,133
Impairment loss (reversed) charged to profit or loss	(985)	832
Balance at end of the year	<u>12,980</u>	<u>13,965</u>

(a) These are interest free quasi-equity loans from the company to the following wholly-owned subsidiaries:

- i) Semiconductor Precision Technology Pte Ltd, which in turn holds 100% equity interest in MIT (Shanghai) Co., Ltd; and
- ii) CASEM (Asia) Pte Ltd

The company does not expect repayment of the above interest free loans in the foreseeable future.

The improvement in the performance of a subsidiary was considered sufficient evidence to write back the impairment loss of the subsidiary. The subsidiary has enjoyed an increase in sales.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

13. Investments in Subsidiaries (Cont'd)

The subsidiaries held by the company and the group are listed below:

Name of subsidiaries, country of incorporation, place of operations and principal activities (and Independent Auditors)	Cost in Books of Group		Effective Percentage of Equity Held	
	2010	2009	2010	2009
	\$'000	\$'000	%	%
CASEM (Asia) Pte Ltd ^(a) Singapore Design and manufacturing of automated equipment Inactive during the year	100	100	100	100
Semiconductor Precision Technology Pte Ltd ^(a) Singapore Investment holding	1,500	1,500	100	100
Generic Power Pte Ltd ^(a) Singapore Design and manufacturing of vision inspection system	5,000	5,000	78	78
i.PAC Manufacturing Pte Ltd ^(a) Singapore Contract equipment manufacturing	1,000	1,000	100	100
AMS Biomedical Pte Ltd ^(a) Singapore Design and manufacturing of medical equipment	824	824	100	100
	8,424	8,424		
<u>Held by Semiconductor Precision Technology Pte Ltd:</u>				
MIT (Shanghai) Co. Ltd ^(b) People's Republic of China Design, manufacture and distribution of automated equipment and components for electronic and semiconductor industries	8,183	8,183	100	100

(a) Audited by RSM Chio Lim LLP, a member of RSM International.

(b) Audited by member firm of RSM International of which RSM Chio Lim LLP in Singapore is a member.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

14. Other Financial Assets, Non-Current

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Movements during the year:				
At beginning of the year	1,100	1,004	1,265	1,169
Increase in fair value through equity	32	96	32	96
At end of the year	<u>1,132</u>	<u>1,100</u>	<u>1,297</u>	<u>1,265</u>
Balance is made up of:				
Unquoted equity shares in a corporation at cost (Note A)	74	74	239	239
Quoted preference shares in corporation as available-for-sale at fair value through equity	1,058	1,026	1,058	1,026
	<u>1,132</u>	<u>1,100</u>	<u>1,297</u>	<u>1,265</u>
Presented in the Statement of Financial Position as:-				
Other Financial Assets, Non-Current	<u>1,058</u>	<u>1,100</u>	<u>1,058</u>	<u>1,265</u>
Asset held for sale under FRS 105	<u>74</u>	<u>-</u>	<u>239</u>	<u>-</u>
Movements in reserve:				
Balance at beginning of the year	26	(70)	26	70
Fair value adjustment through equity	32	96	32	96
Balance at end of the year	<u>58</u>	<u>26</u>	<u>58</u>	<u>26</u>

The investment in quoted preference shares in a corporation is held primarily for consistent fixed income. The fair value of these investments at end of the reporting year is based on current bid prices in the stock market (level 1). The quoted preference shares in corporations bear a fixed dividend rate of 5.05% (2009: 5.05%) per annum.

The fair value of the investment in unquoted equity shares in corporation as available-for-sale financial assets is deemed to be not reliably measurable as the probabilities of the various estimates within the range cannot be reasonably assessed as used in estimating fair values. Consequently the investment is carried at cost less allowance for impairment. Impairment losses recognised in profit or loss for equity investments are not reversed.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

14. Other Financial Assets, Non-Current (Cont'd)

Note A

Investment in unquoted equity shares in corporation include the following item:

Name of company, country of incorporation and place of operation and principal activities	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
			<u>Cost</u>	
Right Industrial Systems Engineering Pte Ltd ("RISE") Singapore	-	74	-	239
Design, fabrication and installation of industrial and factory automated systems and equipment				

The company has an agreement with the majority shareholder of RISE to sell its interest to the major shareholder of RISE at the original cost of investment. As at 31 December 2010, the company has decided that the Company will exercise this option in 2011.

Accordingly, the cost of investment in these unquoted equity shares has been transferred to Asset Held for Sale under FRS 105 in the statement of financial position.

15. Other Assets, Non-Current

	Group and Company	
	2010	2009
	\$'000	\$'000
Club membership at cost	83	83
Less: allowance for impairment	(40)	(40)
	43	43

NOTES TO THE FINANCIAL STATEMENTS

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16. Inventories

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Raw materials	3,408	1,682	525	382
Work-in-progress	9,069	4,849	4,059	1,810
Finished goods	3,264	1,391	2,737	1,208
	<u>15,741</u>	<u>7,922</u>	<u>7,321</u>	<u>3,400</u>
Inventories are stated after allowance.				
Movement in allowance:				
Balance at beginning of the year	5,228	3,298	3,932	2,571
Foreign currency adjustments	(6)	(8)	-	-
Reversed to profit or loss included in other credits (a) (Note 6)	(547)	(105)	(413)	-
Charged to profit or loss included in other charges (Note 6)	443	2,148	130	1,361
Amount written off	(105)	(105)	-	-
Balance at end of the year	<u>5,013</u>	<u>5,228</u>	<u>3,649</u>	<u>3,932</u>
Changes in inventories of finished goods and work-in-progress	<u>6,093</u>	<u>(4,470)</u>	<u>3,778</u>	<u>(1,686)</u>
Raw materials and consumables used	<u>26,977</u>	<u>8,440</u>	<u>26,825</u>	<u>11,747</u>

(a) The reversal of the allowance is for goods which can be sold above the inventories' net realisable value.

There are no inventories pledged as security for liabilities.

NOTES TO THE FINANCIAL STATEMENTS

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17. Trade and Other Receivables

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
<u>Trade receivables:</u>				
Outside parties	16,466	8,378	12,282	6,897
Subsidiaries (Notes 3 and 13)	-	-	2,933	-
Less allowance for impairment	(77)	(188)	-	(107)
Subtotal	16,389	8,190	15,215	6,790
<u>Other receivables:</u>				
Other receivables	1,140	79	225	20
Advance to employees	40	13	40	13
Forward currency contracts (Note 29)	113	-	113	-
Subsidiaries (Notes 3 and 13)	-	-	8,799	7,929
Tax recoverable	-	178	-	-
Subtotal	1,293	270	9,177	7,962
Total trade and other receivables	17,682	8,460	24,392	14,752
Movements in above allowance:				
Balance at beginning of the year	188	216	107	111
Foreign exchange adjustments	(3)	(8)	-	(4)
Reversal of allowance to profit or loss included in other credits (Note 6)	(108)	-	(107)	-
Bad debts written off	-	(20)	-	-
Balance at end of the year	77	188	-	107

18. Other Assets

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Deposits to secure services	131	344	43	31
Prepayments	502	98	61	91
	633	442	104	122

NOTES TO THE FINANCIAL STATEMENTS

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19. Cash and Cash Equivalents

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Not restricted in use	14,299	19,662	4,353	12,656
Cash pledged for bank facilities ^(a)	830	–	–	–
Cash at end of the year	<u>15,129</u>	<u>19,662</u>	<u>4,353</u>	<u>12,656</u>
Interest earning balances	<u>8,339</u>	<u>15,961</u>	<u>1,831</u>	<u>9,506</u>

The rate of interest for the cash on interest earning accounts is between 0.20% and 0.82% (2009: 0.30% and 0.45%) per annum.

(a) This is a deposit pledged at the bank to secure bank facilities for a subsidiary.

19A. Cash and Cash Equivalents in the Statement of Cash Flows

	Group	
	2010	2009
	\$'000	\$'000
Amount as shown above	15,129	19,662
Cash pledged for bank facilities	(830)	–
Cash and cash equivalents for statement of cash flows purposes at end of the year	<u>14,299</u>	<u>19,662</u>

19B. Non-cash transactions:

During the reporting year there were acquisitions of plant and equipment with a total cost of \$280,000 acquired by means of finance leases. The cash outflow on acquisition of plant and equipment amounted to \$1,577,000.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

20. Share Capital

	<u>Group and Company</u>	
	Number of shares Issued	Share capital \$'000
<u>Ordinary shares of no par value:</u>		
Balance at 1 January 2009, 31 December 2009 and 31 December 2010	217,579,870	45,768
<u>Treasury Shares</u>		
Balance at 1 January 2009, 31 December 2009 and 31 December 2010	3,437,000	519

The ordinary shares of no par value which are fully paid carry no right to fixed income. The company is not subject to any externally imposed capital requirements.

Capital Management:

The objectives when managing capital are: to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing products and services commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt.

In order to maintain its listing on the Singapore Stock Exchange it has to have share capital with a free float of at least 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will automatically continue to satisfy that requirement, as it did throughout the year. Management receives a report from the registrars frequently on substantial share interests showing the non-free float and it demonstrated continuing compliance with the 10% limit throughout the year.

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt / adjusted capital. Net debt is calculated as total borrowings less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, and retained earnings).

The company has insignificant external borrowings. The debt to adjusted capital ratio therefore does not provide a meaningful indicator of risk of borrowings.

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

21. Share-Based Payments

Employees' Share Option Scheme ("ESOS")

As at the end of the financial year, share options granted to selected full-time employees and full-time executive directors under the Manufacturing Integration Technology Ltd Employees' Share Option Scheme to take up 5,902,000 (2009: 6,082,000) unissued ordinary shares in the company were outstanding as follows:-

Date of grant	Balance as at 1.1.2010		Lapsed	Exercised	Balance as at 31.12.2010		Exercise Price \$	Expiry date
	New							
<u>Options to subscribe number of unissued ordinary shares of no par value:</u>								
26 January 2001	820,000	-	20,000	-	800,000	0.3450*	25 January 2011	
26 January 2001	820,000	-	20,000	-	800,000	0.2760**	25 January 2011	
4 September 2001	9,000	-	-	-	9,000	0.2150*	3 September 2011	
4 September 2001	17,000	-	-	-	17,000	0.1720**	3 September 2011	
25 January 2002	1,191,000	-	69,000	-	1,122,000	0.2700*	24 January 2012	
25 January 2002	1,126,000	-	69,000	-	1,057,000	0.2160**	24 January 2012	
27 January 2003	79,000	-	6,000	-	73,000	0.1417*	26 January 2013	
27 January 2003	80,000	-	6,000	-	74,000	0.1134**	26 January 2013	
5 September 2007	75,000	-	-	-	75,000	0.1900*	4 September 2017	
5 September 2007	75,000	-	-	-	75,000	0.1520**	4 September 2017	
6 March 2008	820,000	-	70,000	-	750,000	0.1500**	5 March 2018	
6 March 2008	820,000	-	70,000	-	750,000	0.1200**	5 March 2018	
9 September 2009	75,000	-	-	-	75,000	0.1930*	8 September 2019	
9 September 2009	75,000	-	-	-	75,000	0.1540**	8 September 2019	
15 June 2010	-	75,000	-	-	75,000	0.1470*	14 June 2020	
15 June 2010	-	75,000	-	-	75,000	0.1180**	14 June 2020	
	<u>6,082,000</u>	<u>150,000</u>	<u>330,000</u>	<u>-</u>	<u>5,902,000</u>			

* Market price

** 20% discount to the market price

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21. Share-Based Payments (Cont'd)

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options (including both equity and cash-settled options) during the year:

	Year	WAEP (\$)	Year	WAEP (\$)
	2010	2010	2009	2009
Outstanding at beginning of year	6,082,000	0.23	6,284,000	0.18
Granted during the year	150,000	0.13	150,000	0.17
Expired during the year	(330,000)	0.20	(352,000)	0.17
	<u>5,902,000</u>	<u>0.22</u>	<u>6,082,000</u>	<u>0.23</u>
Exercisable at end of year	<u>5,902,000</u>	<u>0.22</u>	<u>6,082,000</u>	<u>0.23</u>

Included in these balances are equity-settled options that have not been recognised in accordance with FRS 102 as these equity-settled options were granted on or before 22 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with FRS 102. The weighted average share price for aforementioned equity settled options at the date of exercise was S\$0.21. The options are subjected to the following vesting periods:

- options issued at market price : at least 1 year from the dates of grant
- options issued at a discount to market price : at least 2 years from the dates of grant

The options granted under the 2 schemes have a contractual life of 10 years and there are no cash settlement alternatives. The share options that were granted and have been vested as at 1 January 2005 were not fair valued as at 31 December 2010.

The fair value of share options granted during the year amounting \$6,600 (2009: \$9,465) are estimated by the management, using a binomial model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense in the profit or loss during the year is \$32,000 (2009: \$27,000). The inputs to the model used for the year ended 31 December 2010 and 2009 are shown below.

	2010	2009
Dividend yield (%)	1.35	1.35
Expected and historical volatility (%)	32.57	35.21
Risk-free interest rate (%)	2.03	2.31
Expected life of option (years)	1 to 10	1 to 10
Weighted average share price (\$)	<u>0.13</u>	<u>0.17</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

21. Share-Based Payments (Cont'd)

The expected life of the option is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

22. Other Financial Liabilities

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
<u>Non-current:</u>				
Bank loan (secured) (Note 22A)	491	–	–	–
Finance leases (Note 22B)	217	37	217	37
Non-current, total	708	37	217	37
<u>Current:</u>				
Bank loan (secured) (Note 22A)	211	–	–	–
Finance leases (Note 22B)	40	40	40	40
Bank loan (unsecured) (Note 22C)	1,190	1,046	–	–
Current, total	1,441	1,086	40	40
Total	2,149	1,123	257	77

22A. Bank Loan (Secured)

The unsecured short-term loan bears interest at floating rates ranging from 4.86% to 6.64% (2009: Nil) per annum. The bank loan is repayable by ten equal quarterly instalments over 3 years. The loan is secured by a deposit pledged at the bank (Note 19) and financial guarantees were given by the company in favour of a bank to secure bank facilities for a subsidiary. The guarantees are provided without charge.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

22. Other Financial Liabilities (Cont'd)

22B. Finance Lease Liabilities

Group and Company	Minimum Payments	Finance charges	Present Value
	\$'000	\$'000	\$'000
2010			
Minimum lease payments payable:			
Due within one year	46	(6)	40
Due within 2 to 5 years	250	(33)	217
Total	296	(39)	257
Net book value of plant and equipment under finance leases			299
2009			
Minimum lease payments payable:			
Due within one year	46	(6)	40
Due within 2 to 5 years	43	(6)	37
Total	89	(12)	77
Net book value of plant and equipment under finance leases			54

It is the group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 5 years. The fixed rate of interest for the finance leases is about 2.19% (2009: 4.3%) per annum. All leases are on a fixed repayment basis and no arrangement has been entered into for contingent rental payments. All lease obligations are denominated in S\$. The obligations under the finance leases are secured by the lessor's charge over the leased assets.

22C. Bank Loan (Unsecured)

The unsecured short-term loan is a revolving bank loan which bears interest at floating rates ranging from 6.6% to 8.6% (2009: 6.7% to 8.6%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

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23. Provisions

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
<u>Provision for installation expenses:</u>				
Balance at beginning of the year	64	60	64	60
Provision charged to profit or loss included in selling and distribution expenses	359	168	359	168
Provision reversed to profit or loss included in selling and distribution expenses	–	(3)	–	(3)
Used	(315)	(161)	(315)	(161)
Balance at end of the year	108	64	108	64
<u>Provision for product warranty:</u>				
Balance at beginning of the year	62	84	45	60
Provision charged to profit or loss included in other charges (Note 6)	148	68	129	70
Provision reversed to profit or loss included in other credits (Note 6)	–	(31)	–	(31)
Used	(123)	(59)	(113)	(54)
Balance at end of the year	87	62	61	45
Total at end of the year	195	126	169	109

The provision for installation/product warranty is recognised for expected installation charges/warranty claims on certain automated equipment and vision inspection system sold by the group. A provision is made based on past experience and future expectation and an assessment of the probability of an outflow for the obligations as a whole.

The reversal of the provision relates to prior years overprovision not utilised as at year end.

NOTES TO THE FINANCIAL STATEMENTS

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24. Trade and Other Payables

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
<u>Trade payables:</u>				
Outside parties and accrued liabilities	17,469	8,457	6,605	4,129
<u>Other payables:</u>				
Subsidiaries (Notes 3 and 13)	–	–	7,001	3,652
Forward currency contracts (Note 29)	–	20	–	20
Accrual for legal proceedings (Note 27)	1,850	2,550	1,850	2,550
Other payables	801	263	343	185
Subtotal	2,651	2,833	9,194	6,407
Total trade and other payables	20,120	11,290	15,799	10,536

25. Items in the Statement of Comprehensive Income

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the income statement includes the following charges:

	Group	
	2010	2009
	\$'000	\$'000
Non-audit fees to independent auditors included under administrative expenses	25	17

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

26. Earnings (Loss) Per Share

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

	Group	
	2010	2009
	\$'000	\$'000
A. Numerators: earnings attributable to equity:		
Continuing operations: attributable to equity holders	2,995	(8,801)
B. Denominators: weighted average number of equity shares		
Basic	217,579,870	217,579,870
Dilutive share options effect	11,238	–
Diluted	217,591,108	217,579,870

The weighted average number of equity shares refers to shares in circulation during the period, It is after the neutralisation of treasury shares.

The dilutive effect derives from share options (Note 21).

Basic earnings per share ratio is based in the weighted average number of ordinary shares outstanding during each period. The diluted earnings per share is based on the weighted average number of ordinary shares and dilutive ordinary share equivalents outstanding during each period. The ordinary shares equivalents included in these calculations are shares of ordinary share issuable upon assumed exercise of share options which would have a dilutive effect.

Earnings applicable per ordinary share are calculated based on the weighted average number of ordinary share and ordinary share equivalents outstanding during periods of net income. Ordinary share equivalents are attributable to share options. Per share amounts are calculated based only on the weighted average number of ordinary shares outstanding during periods of net profit/(loss).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

27. Contingent Liabilities

	Company	
	2010	2009
	\$'000	\$'000
Financial guarantee in favour of a bank to secure bank facilities for a subsidiary	830	1,401

In 2007, the company was served with a writ of summon in relation to a claim filed by a third party for an alleged infringement of a patent involving a device for inspecting and rotating electronic components.

In 2009, the company received Grounds of Decision from the Singapore High Court which dismissed the claim and the third party was ordered to pay the company the cost of the trial. The third party subsequently lodged an appeal to the Court of Appeal.

On 23 February 2010, the Court of Appeal returned judgement in favour of the third party. As a result, the company has made a provision of \$2,550,000 for legal proceedings which includes settlement sum and legal cost, in the financial statement for the year ended 31 December 2009. The provision is charged to profit or loss in other charges (Note 6).

On 31 January 2011, the company has reached a settlement agreement with the third party on the aforesaid claim. Accordingly, the company and the third party have agreed to settle and discontinue the legal proceeding at a settlement sum. The company has made additional provision of \$85,000 for the settlement sum and the legal expenses (Note 6) in the financial statement for the year ended 31 December 2010.

28. Operating Lease Payment Commitments

At the end of the reporting year the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Not later than one year	713	859	433	433
Later than one year and not later than five years	886	1,389	558	558
Rental expense for the year	566	745	171	260

Operating lease payments represent rentals payable for offices and factory premises. The group leases certain properties under lease agreements that are non-cancellable within a year. The leases expire at various dates until 2013 and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

29. Forward Currency Contracts

These includes the gross amount of all notional values for contracts that have not been settled or cancelled. The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts.

As at 31 December 2010, the terms of the outstanding forward currency contracts are as follows:

	Notional amount	Contract date	Value date	Exchange rate	Fair value receivable
	US\$'000			US\$/S\$	\$'000
US Dollar (US\$)					
Sell for SGD	500	10 Oct 2010	25 Feb 2011	1.291	4
Sell for SGD	500	18 Oct 2010	20 Jan 2011	1.306	10
Sell for SGD	500	20 Oct 2010	26 Jan 2011	1.310	14
Sell for SGD	500	11 Nov 2010	15 Feb 2011	1.289	2
Sell for SGD	500	12 Nov 2010	18 Feb 2011	1.292	3
Sell for SGD	500	15 Nov 2010	18 Jan 2011	1.307	10
Sell for SGD	500	18 Nov 2010	22 Mar 2011	1.306	12
Sell for SGD	500	23 Nov 2010	28 Mar 2011	1.310	12
Sell for SGD	500	26 Nov 2010	18 Mar 2011	1.318	16
Sell for SGD	500	21 Dec 2010	18 Feb 2011	1.316	15
Sell for SGD	500	21 Dec 2010	18 Mar 2011	1.316	15
					<u>113</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

29. Forward Currency Contracts (Cont'd)

As at 31 December 2009, the terms of the outstanding forward currency contracts are as follows:

	Notional amount	Contract date	Value date	Exchange rate	Fair value receivable/ (payable)
	US\$'000			US\$/S\$	\$'000
US Dollar (US\$)					
Sell for SGD	250	21 Oct 2009	15 Jan 2010	1.395	(2)
Sell for SGD	250	22 Oct 2009	15 Jan 2010	1.398	(1)
Sell for SGD	250	22 Oct 2009	28 Jan 2010	1.400	(1)
Sell for SGD	250	29 Oct 2009	2 Feb 2010	1.405	*
Sell for SGD	250	5 Nov 2009	8 Feb 2010	1.402	*
Sell for SGD	250	19 Nov 2009	23 Feb 2010	1.387	(4)
Sell for SGD	250	30 Nov 2009	26 Feb 2010	1.391	(3)
Sell for SGD	250	7 Dec 2009	2 Mar 2010	1.388	(4)
Sell for SGD	250	7 Dec 2009	10 Mar 2010	1.388	(4)
Sell for SGD	250	16 Dec 2009	18 Mar 2010	1.393	(2)
Sell for SGD	250	17 Dec 2009	25 Jan 2010	1.403	*
Sell for SGD	250	23 Dec 2009	26 Jan 2010	1.408	1
					<u>(20)</u>

* Amount less than \$1,000.

The purpose of these contracts is to mitigate the fluctuations of expected sales and purchases (forecasted transactions) denominated in US\$ and primarily relating to the overseas market. The forward exchange contracts are put in place in order to hedge the excess of anticipated sales over purchase that will be made in the US\$ over the next financial year. The group has not applied hedge accounting even though the transaction has its economic and business rationale. As a result, the changes in the fair value of these foreign currency contracts are recognised directly in the profit or loss and the hedged items follows normal accounting practice.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

30. Financial Information by Operating Segment

30A. Information about Reportable Segment Profit or Loss, Assets and Liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the group.

For management monitoring and reporting purposes, the group is organised into two major operating segments: manufacturing and distribution. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information. They are managed separately because each business requires different strategies.

The segments are as follows:

The manufacturing segment is mainly engaged in designing, developing, and manufacturing of automated equipment for semiconductor and solar industry and contract equipment manufacturing for the biomedical industry.

The distribution segment is mainly engaged in distributing of automated equipment and parts for the semiconductor industry.

Inter-segment sales are measured on the basis that the entity used to price the transfers. Internal transfer pricing policies of the group based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However the primary profitability measurement to evaluate segment's operating results comprises earnings before income tax, which is consistently applied from prior years.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

30. Financial Information by Operating Segment (Cont'd)

30A. Information about Reportable Segment Profit or Loss, Assets and Liabilities (Cont'd)

Segment information about these businesses is presented below:-

	Manufacturing	Distribution	Unallocated	Group
	\$'000	\$'000	\$'000	\$'000
31 December 2010				
Revenue by Segment				
Total Revenue by Segment	70,626	5,362	–	75,988
Inter-Segment Sales	(24,306)	–	–	(24,306)
Total Revenue	46,320	5,362	–	51,682
Operating Profit before Taxation				
Income Tax Income	–	–	–	11
Profit for the Year	–	–	–	3,590
2010 Total Profit	–	–	–	3,590
Non-Controlling Interests	–	–	–	(595)
2010 Equity Profit	–	–	–	2,995
2010 Total Assets	52,739	3,594	–	56,333
2010 Total Liabilities	20,133	2,331	97	22,561

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

30. Financial Information by Operating Segment (Cont'd)

30A. Information about Reportable Segment Profit or Loss, Assets and Liabilities (Cont'd)

	Manufacturing \$'000	Distribution \$'000	Unallocated \$'000	Group \$'000
31 December 2009				
Revenue by Segment				
Total Revenue by Segment	30,607	3,565	–	34,172
Inter-Segment Sales	(9,309)	–	–	(9,309)
Total Revenue	21,298	3,565	–	24,863
Operating Loss before Taxation	(7,986)	(622)	–	(8,608)
Income Tax Income	–	–	–	49
Loss for the Year	–	–	–	(8,559)
2009 Total Loss	–	–	–	(8,559)
Non-Controlling Interests	–	–	–	(242)
2009 Equity Loss	–	–	–	(8,801)
2009 Total Assets	38,411	4,182	178	42,771
2009 Total Liabilities	10,741	1,798	62	12,601

The following table analyses assets and liabilities not allocated to business segments:

	2010 \$'000	2009 \$'000
<u>Assets</u>		
Tax Recoverable: Current	–	178
<u>Liabilities</u>		
Tax Liabilities: Current	97	62

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

30. Financial Information by Operating Segment (Cont'd)

30B. Other Material Items and Reconciliations

Sundry Segment Disclosures

	Manufacturing	Distribution	Unallocated	Group
	\$'000	\$'000	\$'000	\$'000
Capital expenditure				
2010	1,800	59	–	1,857
2009	1,424	79	–	1,503
Depreciation expense				
2010	1,043	31	–	1,074
2009	1,181	39	–	1,220
Amortisation Charges				
2010	816	–	–	816
2009	642	–	–	642
(Reversal) Allowance for important loss on inventory obsolescence, net				
2010	(104)	–	–	(104)
2009	2,043	–	–	2,043
Provision for installation expenses, net of reversal				
2010	359	–	–	359
2009	165	–	–	165
Provision for product warranty, net of reversal				
2010	148	–	–	148
2009	37	–	–	37
Impairment loss on development expenditure				
2010	91	–	–	91
2009	58	–	–	58

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

30. Financial Information by Operating Segment (Cont'd)

30C. Geographical Information

The group's geographical segments are based on the location of the group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The group's operations are located in Singapore, Asia, and Europe and USA.

The following table provides an analysis of the group's revenue by geographical market irrespective of the origin of goods/service: -

	2010	2009
	\$'000	\$'000
<u>Revenue:</u>		
Asia excluding Singapore	38,703	14,153
Singapore	5,382	5,641
Europe and USA	7,597	5,069
	<u>51,682</u>	<u>24,863</u>

The following is an analysis of the carrying amount of segment assets, and additions to plant and equipment and intangible assets, analysed by the geographical area in which the assets are located:

	2010	2009
	\$'000	\$'000
<u>Segment Assets:</u>		
Asia excluding Singapore	11,779	3,983
Singapore	44,554	38,788
	<u>56,333</u>	<u>42,771</u>
<u>Capital Expenditure:</u>		
Asia excluding Singapore	1,271	1,375
Singapore	586	128
	<u>1,857</u>	<u>1,503</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

30. Financial Information by Operating Segment (Cont'd)

30D. Information about Major Customers (Cont'd)

	2010	2009
	\$'000	\$'000
Top 1 customer in business segment	6,672	3,295
Top 2 customers	13,187	6,496
Top 3 customers	18,304	9,587

31. Financial Instruments: Information on Financial Risks

31A Classification of Financial Assets and Liabilities

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting year by FRS 39 categories:

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets:</u>				
Cash and cash equivalents	15,129	19,662	4,353	12,656
Loan and receivables	17,569	8,460	24,279	14,752
Financial assets at fair value	113	–	113	–
Available-for-sale financial assets	1,058	1,100	1,058	1,265
At end of the year	33,869	29,222	29,803	28,673
<u>Financial liabilities:</u>				
Borrowings at amortised cost	2,149	1,123	257	77
Trade and other payables at amortised cost	20,120	11,270	15,799	10,516
Financial liabilities at fair value	–	20	–	20
At end of the year	22,269	12,413	16,056	10,613

Further quantitative disclosures are included throughout these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

31. Financial Instruments: Information on Financial Risks (Cont'd)

31B Financial Risk Management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. The main risks arising from the entity's financial instruments are credit risk, interest risk, liquidity risk, foreign currency risk and market price risk comprising interest rate and currency risk exposures. The management has certain practices for the management of financial risks. These guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks. The major guidelines are the following:

1. Minimise interest rate, currency, credit and market risk for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out and monitored by senior management staff.
4. All financial risk management activities are carried out following good market practices.
5. When appropriate may consider investing in shares or similar instruments.
6. When appropriate enter into derivatives or any other similar instruments solely for hedging purposes.

There has been no changes to the the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risks.

31C. Fair Value of Financial Instruments

31C.1 Fair value of financial instruments stated at amortised cost in the statement of financial position

The financial assets and financial liabilities at amortised cost are at a carrying amount that is a reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

31. Financial Instruments: Information on Financial Risks (Cont'd)

31C. Fair Value of Financial Instruments (Cont'd)

31C.2 Fair Value Measurements Recognised in the Statement of Financial Position

The fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The levels are: Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Total
	\$'000	\$'000	\$'000
<u>At 31 December 2010:</u>			
<u>Available-for-sale financial assets:</u>			
Quoted preference shares in a corporation	1,058	–	1,058
<u>Financial assets at fair value:</u>			
Foreign currency contracts	–	113	113
Total	1,058	113	1,171
<u>At 31 December 2009:</u>			
<u>Available-for-sale financial assets:</u>			
Quoted preference shares in a corporation	1,026	–	1,026
<u>Financial liabilities at fair value:</u>			
Foreign currency contracts	–	(20)	(20)
Total	1,026	(20)	1,006

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

31. Financial Instruments: Information on Financial Risks (Cont'd)

31D Credit Risk on Financial Assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is: the total of the fair value of the financial instruments; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any loan payable commitment at the end of the reporting year. Credit risk on cash balances with banks and any derivative financial instruments is limited because the counter-parties are entities with acceptable credit ratings. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk is controlled by setting limits on the exposure to individual counter-parties and these are disseminated to the relevant persons concerned and compliance is monitored by management.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 to 90 days (2009: 30 to 90 days). But some customers take a longer period to settle the amounts.

- (a) Ageing analysis of the age of trade receivables amounts that are past due as at the end of reporting year but not impaired:

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Trade receivables:				
61 to 90 days	860	1,367	3,969	4,649
91 to 180 days	2,840	650	2,428	237
Over 180 days	4,822	719	5,086	1,650
Total	8,522	2,736	11,483	6,536

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

31. Financial Instruments: Information on Financial Risks (Cont'd)

31D Credit Risk on Financial Assets (Cont'd)

(b) Ageing analysis as at the end of reporting year of trade receivable amounts that are impaired:

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Trade receivables:				
Over 180 days	77	188	–	107
Total	77	188	–	107

Total settled after the year end date was about \$8,600,000 (2009: \$3,530,000).

Other receivables are normally with no fixed terms and therefore there is no maturity.

Concentration of trade receivable customers as at end of reporting year:

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Top 1 customer	2,557	1,400	2,557	1,400
Top 2 customers	4,759	2,261	4,759	2,261
Top 3 customers	6,486	2,912	5,867	2,912

Available-for-sale investments: All of them represent quoted preference shares and therefore there is no fixed maturity.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

31. Financial Instruments: Information on Financial Risks (Cont'd)

31E Liquidity Risk

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

Group	Less than 1 year \$'000	1 – 3 years \$'000	Total \$'000
Non-derivative financial liabilities:			
<u>2010:</u>			
Gross borrowing commitments	1,270	804	2,074
Gross finance lease obligations	46	250	296
Trade and other payables	20,120	–	20,120
Financial liabilities at fair value	–	–	–
At end of the year	<u>21,436</u>	<u>1,054</u>	<u>22,490</u>
<u>2009:</u>			
Gross borrowing commitments	1,115	–	1,115
Gross finance lease obligations	46	43	89
Trade and other payables	11,270	–	11,270
Financial liabilities at fair value	20	–	20
At end of the year	<u>12,451</u>	<u>43</u>	<u>12,494</u>

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

Financial guarantee in favour of a bank to secure bank facilities for a subsidiary – At the end of the reporting year no claims on the financial guarantees are expected. The contingent liabilities will mature within one year.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 30 to 60 days (2009: 30 to 60 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

31. Financial Instruments: Information on Financial Risks (Cont'd)

31E Liquidity Risk (Cont'd)

Bank facilities:

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Undrawn borrowing facilities	5,311	6,065	7,202	7,110

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the forecasted operations. A monthly schedule showing the maturity of financial liabilities and unused bank facilities is provided to management to assist them in monitoring the liquidity risk.

31F Interest Rate Risk

The interest rate risk exposure is mainly from changes in fixed rate and floating interest rates. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets:</u>				
Fixed rate	1,058	1,026	1,058	1,026
Floating rate	8,339	15,961	1,831	9,506
Total at end of the year	9,397	46,209	2,889	10,532
<u>Financial liabilities:</u>				
Fixed rate	257	77	257	77
Floating rate	1,892	1,046	-	-
Total at end of the year	2,149	1,123	257	77

The floating rate debt obligations are with interest rates that are re-set regularly at one, three or six month intervals. The interest rates are disclosed in the respective Notes 14, 19 and 22.

Sensitivity analysis: The effect on post tax profit and other comprehensive income is not significant.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

31. Financial Instruments: Information on Financial Risks (Cont'd)

31G Foreign Currency Risks

Analysis of amounts denominated in non-functional currencies:

Group	Cash \$'000	Trade and other receivables \$'000	Total \$'000
<u>Financial assets:</u>			
<u>2010:</u>			
US dollar	1,646	10,829	12,475
Euro	241	623	864
Japanese Yen	–	–	–
At end of the year	1,887	11,452	13,339
<u>2009:</u>			
US dollar	1,707	7,377	9,084
Euro	249	79	328
Japanese Yen	–	5	5
At end of the year	1,956	7,461	9,417
Group		Trade and other payables \$'000	Total \$'000
<u>Financial liabilities:</u>			
<u>2010:</u>			
US dollar		2,943	2,943
Euro		38	38
At end of the year		2,981	2,981
<u>2009:</u>			
US dollar		1,238	1,238
Euro		78	78
At end of the year		1,316	1,316

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

31. Financial Instruments: Information on Financial Risks (Cont'd)

31G Foreign Currency Risks (Cont'd)

Company	Cash	Trade and other receivables	Total
	\$'000	\$'000	\$'000
<u>Financial assets:</u>			
<u>2010:</u>			
US dollar	1,217	10,549	11,766
Euro	220	–	220
At end of the year	1,437	10,549	11,986
<u>2009:</u>			
US dollar	1,681	6,230	7,911
Euro	187	–	187
At end of the year	1,868	6,230	8,098

Company	Trade and other payables	Total
	\$'000	\$'000
<u>Financial liabilities:</u>		
<u>2010:</u>		
US dollar	2,607	2,607
Euro	3	3
At end of the year	2,610	2,610
<u>2009:</u>		
US dollar	1,122	1,122
Euro	23	23
At end of the year	1,145	1,145

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

31. Financial Instruments: Information on Financial Risks (Cont'd)

31G Foreign Currency Risks (Cont'd)

There is exposure to foreign currency risk as part of its normal business. In particular, there is significant exposure to US dollars currency risk due to the large value of sales made in the US dollars. In this respect, the group enters into foreign currency contracts on a rollover basis for the purpose of hedging the excess of anticipated sales in US dollars over purchases in US dollars. Note 29 illustrates the foreign currency hedging activities in place at end of year.

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against all other currencies with all other variables held constant would have an adverse effect on pre-tax profit	(1,036)	(810)	(938)	(695)

The above table shows sensitivity to a hypothetical 10% variation in the functional currency against the relevant foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies, there would be comparable impacts in the opposite direction on the profit or loss.

31H. Equity Price Risk

There are investments in quoted equity shares or similar instruments. As at end of the reporting year some quoted preference shares were held in a company listed on stock exchange. As a result, such investments are exposed to changes in fair value risk. The fair values of those assets as at the end of the reporting year are disclosed in Note 14.

Sensitivity analysis:

	2010	2009
	\$'000	\$'000
A hypothetical 10% increase or decrease in the fair value of those quoted preference shares would have an effect on pre-tax profit of	106	102

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

32. Dividends on Equity Shares

In respect of the current year, the directors propose that a final tax exempt (one-tier) dividend of 0.25 cents per share with a total of \$543,950 be paid to shareholders after the next annual general meeting. There are no income tax consequences. This dividend is subject to approval by shareholders at the next annual general meeting and has not been included as a liability in these financial statements. The proposed dividend for 2010 is payable in respect of all ordinary shares in issue at the end of the reporting year and including the new qualifying shares issued up to the date the dividend become payable.

33. Changes and Adoptions of Accounting Standards

For the year ended 31 December 2010 the following new or revised Singapore Financial Reporting Standards were adopted. The new or revised standards did not require any modification of the measurement method or the presentation in the financial statements.

<u>FRS No.</u>	<u>Title</u>
FRS 1	Presentation of Financial Statements (Amendments)
FRS 7	Statement of Cash Flows (Amendments)
FRS 17	Leases (Amendments)
FRS 27	Consolidated and Separate Financial Statements (Revised)
FRS 28	Investments in Associates (Revised) (*)
FRS 36	Impairment of Assets (Amendments)
FRS 38	Intangible Assets (Amendments)
FRS 39	Financial Instruments: Recognition and Measurement – Eligible Hedged Item (Amendments) (*)
FRS 39	Financial Instruments: Recognition and Measurement (Amendments)
FRS 102	Share-based Payment (Amendments)
FRS 103	Business Combinations (Revised)
FRS 105	Non-current Assets Held for Sale and Discontinued Operations (Amendments)
FRS 108	Operating Segments (Amendments)
INT FRS 109	Reassessment of Embedded Derivatives (Amendments) (*)
INT FRS 116	Hedges of a Net Investment in a Foreign Operation (Amendments) (*)
INT FRS 117	Distributions of Non-cash Assets to Owners (*)
INT FRS 118	Transfers of Assets from Customers (*)

(*) Not relevant to the entity.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

33. Changes and Adoptions of Accounting Standards (cont'd)

FRS 103 Business Combinations and FRS 27 Consolidated and Separate Financial Statements were revised and are applied prospectively to business combinations first accounted for in the first annual reporting period beginning on or after 1 July 2009 and the amendments to FRS 27 apply retrospectively to periods beginning on or after 1 July 2009. These have been adopted for the reporting year beginning from 1 January 2010. The main changes in existing practice resulting from the revision to FRS 103 affect acquisitions that are achieved in stages and acquisitions where less than 100% of the equity is acquired. In addition, acquisition related costs must be recognised as expenses unless they are directly connected with the issue of debt or equity securities. The revisions to FRS 27 specify that changes in a parent's ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions.

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the new or revised standards from the effective dates are not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

<u>FRS No.</u>	<u>Title</u>	<u>Effective date for periods beginning on or after</u>
FRS 24	Related Party Disclosures (revised)	1 Jan 2011
FRS 32	Classification Of Rights Issues (Amendments) (*)	1 Feb 2010
FRS 107	Financial Instruments: Disclosures (Amendments)	1 Jan 2011
INT FRS 114	Prepayments of a Minimum Funding Requirement (revised) (*)	1 Jan 2011
INT FRS 115	Agreements for the Construction of Real Estate (*)	1 Jan 2011
INT FRS 119	Extinguishing Financial Liabilities with Equity Instruments (*)	1 Jul 2010

(*) Not relevant to the entity.

SHAREHOLDERS' INFORMATION

As at 18 March 2011

I	Class of shares	:	Ordinary share
	Number of ordinary shares in issue (excluding treasury shares)	:	217,579,870
	Voting rights	:	One vote per share

STATISTICS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	7	0.15	3,138	0.00
1,000 - 10,000	3,657	79.16	12,971,212	5.96
10,001 - 1,000,000	942	20.39	51,987,472	23.90
1,000,001 and above	14	0.30	152,618,048	70.14
Total :	4,620	100.00	217,579,870	100.00

II	Ordinary shares held in treasury ("Treasury Shares")
	Sole shareholder of 3,437,000 Treasury Shares: Manufacturing Integration Technology Ltd
	Voting rights: None
	Percentage of this holding against total number of issued shares excluding Treasury Shares: 1.58%

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1	MIT Technologies Pte Ltd	120,627,910	55.44
2	Kwong Kim Mone	4,634,118	2.13
3	Raffles Nominees Pte Ltd	3,532,000	1.62
4	Chan Kok Tung Tom	3,039,726	1.40
5	DBS Nominees Pte Ltd	2,905,000	1.34
6	Citibank Nominees S'pore Pte Ltd	2,850,000	1.31
7	United Overseas Bank Nominees Pte Ltd	2,741,000	1.26
8	HSBC (Singapore) Nominees Pte Ltd	2,658,000	1.22
9	Kim Eng Securities Pte. Ltd.	2,117,000	0.97
10	Phillip Securities Pte Ltd	2,042,000	0.94
11	OCBC Nominees Singapore Pte Ltd	1,763,000	0.81
12	Kwong Kam Seng	1,379,147	0.63
13	OCBC Securities Private Ltd	1,190,000	0.55
14	Kong Kim Yit	1,139,147	0.52
15	Tan Kiat Khoon & Sons Private Limited	920,000	0.42
16	Tan Janette	810,000	0.37
17	Citibank Consumer Nominees Pte Ltd	740,000	0.34
18	Kong Kum Min	696,294	0.32
19	Lee Yat Kong	635,000	0.29
20	Kwong Kam Mei	629,147	0.29
	Total	157,048,489	72.17

SHAREHOLDERS' INFORMATION

As at 18 March 2011

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Kwong Kim Mone ¹	4,634,118	2.13	120,627,910	55.44
Kwong Kim Ho ²	–	–	120,627,910	55.44
MIT Technologies Pte Ltd	120,627,910	55.44	–	–

1 Kwong Kim Mone holds a total of 125,262,028 shares, of which 4,634,118 shares are held in his own name and 120,627,910 shares held in the name of MIT Technologies Pte Ltd ("MITT"). Kwong Kim Mone is deemed interested in the shares of MITT by virtue of section 7 of the Companies Act, Cap. 50.

2 Kwong Kim Ho is deemed interested in the shares of MITT by virtue of section 7 of the Companies Act, Cap. 50.

PERCENTAGE OF SHAREHOLDINGS IN HANDS OF THE PUBLIC

38.89% of the Company's shares (excluding treasury shares) are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Manufacturing Integration Technology Ltd (the “Company”) will be held at Albizia Room, Level 2, Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Tuesday, 26 April 2011 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS:

1. To receive and adopt the Directors’ Report and the Audited Financial Statements of the Company for the year ended 31 December 2010 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a final one-tier tax exempt dividend of Singapore 0.25 cents per share for the year ended 31 December 2010. **(Resolution 2)**
3. To re-elect the following Directors retiring pursuant to Article 91 of the Company’s Articles of Association:-
 - i) Mr Lee Yong Guan **(Resolution 3)**
 - ii) Mr Lim Chin Tong **(Resolution 4)**

Mr Lee Yong Guan will, upon re-election as Director of the Company, remain as Chairman of the Audit Committee, a member of the Remuneration and Investment Committees and will be considered independent. Mr Lim Chin Tong will, upon re-election as Director of the Company, remain as an Executive Director and a member of the Investment Committee.
4. To approve the payment of Directors’ fees of S\$120,000 for the year ending 31 December 2011, to be paid yearly in arrears (2010: S\$120,000). **(Resolution 5)**
5. To re-appoint Messrs RSM Chio Lim LLP as the Company’s Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**
6. To transact any other business which may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to Issue Shares**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company (“**shares**”) whether by way of rights, bonus or otherwise; and/or

NOTICE OF ANNUAL GENERAL MEETING

- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of any convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. **(Resolution 7)**

[See Explanatory Note (i)]

NOTICE OF ANNUAL GENERAL MEETING

8. Authority to Issues Shares under the MIT Employee Share Option Scheme 2009

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, the Directors of the Company be authorised and empowered to offer and grant options under the MIT Employees Share Option Scheme 2009 (“**the Scheme**”) and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)]

(Resolution 8)

9. Authority to Issues Shares under the MIT Performance Share Plan

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, the Directors of the Company be authorised and empowered to offer and grant awards under the MIT Performance Share Plan (“**the Plan**”) and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Plan, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Plan shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)]

(Resolution 9)

10. The Proposed Renewal of the Share Buy Back Mandate

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company (“**Shares**”) not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
 - (i) market purchases (each a “**Market Purchase**”) on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”); and/or
 - (ii) off-market purchases (each an “**Off-Market Purchase**”) effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

NOTICE OF ANNUAL GENERAL MEETING

and otherwise in accordance with all other provisions of the Companies Act and the Listing Manual of the SGX-ST as may for the time being be applicable, be and is hereby authorized and approved generally and unconditionally (the “**Share Buy Back Mandate**”);

- (b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy Back Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;
- (c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:
 - (i) the date on which the next annual general meeting of the Company (the “**AGM**”) is held or is required by law to be held;
 - (ii) the date on which the share buy backs are carried out to the full extent mandated; or
 - (iii) the date on which the authority contained in the Share Buy Back Mandate is varied or revoked;
- (d) for purposes of this Resolution:

“**Prescribed Limit**” means 10% of the issued ordinary share capital of the Company as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

“**Relevant Period**” means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution;

“**Maximum Price**” in relation to a Share to be purchased, means an amount (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) not exceeding:

- (i) in the case of a Market Purchase: 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price, where:

NOTICE OF ANNUAL GENERAL MEETING

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five consecutive trading days (“Market Days”), on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period;

“**day of the making of the offer**” means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

“**market day**” means a day on which the SGX-ST is open for trading in securities; and

- (e) any of the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution. **(Resolution 10)**
[See Explanatory Note (iv)]

11. The Proposed Grant of Options to Mr. Kwong Kim Mone, a Controlling Shareholder

That approval be and is hereby given to offer and grant to Mr. Kwong Kim Mone, a Controlling Shareholder, Options (as defined in the Circular dated 11 April 2011) in accordance with the provisions of the MIT Employee Share Option Scheme 2009, on the following terms:

- Proposed Date of Grant of Option(s) : Any time within 12 months from the Date of the 2011 AGM
- Number of Option(s) : 600,000 Shares (representing approximately 0.28% of the total issued Shares as at the Latest Practicable Date)
- Subscription Price per Share : To be determined at the discretion of the Committee to be calculated in accordance with Rule 8 of the ESOS Rules
- Exercise Period : For Market Price Option (as defined in the ESOS Rules):
Exercisable at any time after the 1st anniversary of the Date of Grant and up to the 10th anniversary of the Date of Grant
- For Discounted Option (as defined in the ESOS Rules):
Exercisable at any time after the 2nd anniversary of the Date of Grant and up to the 10th anniversary of the Date of Grant

NOTICE OF ANNUAL GENERAL MEETING

and that the Board of Directors of the Company be and is hereby authorised to allot and issue the Shares to Mr. Kwong Kim Mone pursuant to the exercise of the Options. **(Resolution 11)**
[See Explanatory Note (v)]

12. **The Proposed Grant of Awards to Mr. Kwong Kim Mone, a Controlling Shareholder**

That approval be and is hereby given to offer and grant to Mr. Kwong Kim Mone, a Controlling Shareholder, Awards (as defined in the Circular dated 11 April 2011) in accordance with the provisions of the MIT Performance Share Plan, on the following terms:

Proposed Date of Grant of Awards : Any time within 24 months from the Date of the 2011 AGM

Number of Shares comprised in the proposed Awards : Not exceeding 500,000 Shares (approximately 0.23% of the issued Shares as at the Latest Practicable Date).

[See Explanatory Note (vi)]

(Resolution 12)

By Order of the Board

Tan San-Ju
Lee Ellen
Secretaries

Singapore, 11 April 2011

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) The Ordinary Resolution 7 in proposed item 7 above, if passed, will empower the Directors of the Company effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities, or share options or the vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

- (ii) The Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors of the Company, from the date of this Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in total (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.
- (iii) The Ordinary Resolution 9 proposed in item 9 above, if passed, will empower the Directors of the Company, from the date of this Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the vesting of awards granted or to be granted under the Plan up to a number not exceeding in total (for the entire duration of the Plan) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.
- (iv) The Ordinary Resolution 10 proposed in item 10 above, if passed, will empower the Directors of the Company effective until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price as defined in Resolution 10 above.

The Company may use internal sources of funds, or a combination of internal resources and external borrowings, to finance the purchase or acquisition of its Ordinary Shares. The amount of financing required for the Company to purchase or acquire its Ordinary Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of Ordinary Shares purchased or acquired and the price at which such Ordinary Shares were purchased or acquired and whether the Ordinary Shares purchased or acquired are held in treasury or cancelled.

The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the proposed renewal of the Share Buy Back Mandate (as defined in Resolution 10 above) on the audited consolidated financial accounts of the Group for the financial year ended 31 December 2010 are set out in greater detail in the Circular to Shareholders dated 11 April 2011 accompanying this Notice of Annual General Meeting.

- (v) & (vi) Please refer to the Circular to Shareholders dated 11 April 2011 accompanying this Notice of Annual General Meeting for more information.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. If the appointor is a corporation, the instrument appointing a proxy must be executed under the seal or the hand of its duly authorised officer or attorney.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Block 5004 Ang Mo Kio Avenue 5 #03-12, TECHplace II, Singapore 569872 not less than 48 hours before the time appointed for holding the Meeting.

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Manufacturing Integration Technology Ltd (the “Company”) will be closed from 19 May 2011 (5.00 p.m.) to 20 May 2011 (both dates inclusive) for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 19 May 2011 will be registered to determine shareholders’ entitlements to the said dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 19 May 2011 will be entitled to the proposed dividend.

Payment of the final one-tier tax exempt dividend of 0.25 cents per ordinary share for the financial year ended 31 December 2010, if approved by the shareholders at the Annual General Meeting to be held on 26 April 2011 will be made on 31 May 2011.

MANUFACTURING INTEGRATION TECHNOLOGY LTD

(Incorporated in the Republic of Singapore)
(Company Registration No. 199200075N)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT

1. For investors who have used their CPF monies to buy **Manufacturing Integration Technology Ltd's** shares, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees

I/We _____

of _____

being a member/members of Manufacturing Integration Technology Ltd (the "Company") hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the person, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Albizia Room, Level 2, Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Tuesday, 26 April 2011 at 9.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting, and at any adjournment thereof, the proxy/proxies may vote or abstain from voting at his/her/their discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 December 2010		
2	Declare a final one-tier tax exempt dividend of Singapore 0.25 cents per share for the year ended 31 December 2010		
3	Re-election of Mr. Lee Yong Guan as a Director		
4	Re-election of Mr. Lim Chin Tong as a Director		
5	Approval of Directors' fees amounting to S\$120,000 for the year ending 31 December 2011		
6	Re-appointment of Messrs RSM Chio Lim LLP as Auditors		
7	Authority to Issue Shares		
8	Authority to Issue Shares under the MIT Employee Share Option Scheme 2009		
9	Authority to issue Shares under the MIT Performance Share Plan		
10	Proposed Renewal of Share Buy Back Mandate		
11	Proposed Grant of Options to Mr. Kwong Kim Mone		
12	Proposed Grant of Awards to Mr. Kwong Kim Mone		

Dated this _____ day of _____ 2011

Signature(s) of Member(s) or Common Seal
of Corporate Shareholder

Total Number of Shares in:	No. of Shares
(a) CDP Registrar	
(b) Register of Members	



NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore to attend and vote for and on behalf of such corporation.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.
6. Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. The instrument appointing the proxy or proxies must be deposited at the registered office of the Company at Blk 5004 #03-12 Ang Mo Kio Ave 5, TECHplace II, Singapore 569872, not later than 48 hours before the time appointed for the Annual General Meeting.

(1) Fold along this line

Affix
Postage
Stamp

Manufacturing Integration Technology Ltd
Blk 5004
#03-12 Ang Mo Kio Ave 5
TECHplace II
Singapore 569872

(2) Fold along this line

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members whose Shares are deposited with The Central Depository (Pte) Limited, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive

Kwong Kim Mone
(Chairman & Managing Director)
Lim Chin Tong
(Executive Director)

Non-Executive

Lee Yong Guan
(Lead Independent Director)
Walter Karl-Heinz Volkmar
(Independent Director)
Lim Yeok Hua
(Independent Director)

BOARD COMMITTEES

Audit Committee

Lee Yong Guan (Chairman)
Walter Karl-Heinz Volkmar
Lim Yeok Hua

Nominating Committee

Lim Yeok Hua (Chairman)
Walter Karl-Heinz Volkmar
Kwong Kim Mone

Remuneration Committee

Walter Karl-Heinz Volkmar (Chairman)
Lee Yong Guan
Lim Yeok Hua

Investment Committee

Kwong Kim Mone (Chairman)
Lim Chin Tong
Lee Yong Guan
Walter Karl-Heinz Volkmar
Lim Yeok Hua

COMPANY SECRETARIES

Tan San-Ju
Lee Ellen

REGISTERED OFFICE

Block 5004 Ang Mo Kio Ave 5
#03-12, TECHplace II
Singapore 569872
Tel: 65-6481 0511
Fax: 65-6481 8955
Website : www.mit.com.sg
Co. Registration No: 199200075N

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place, #32-01
Singapore Land Tower
Singapore 048623
Tel: 65-6536 5355
Fax: 65-6536 1360

AUDITORS

RSM Chio Lim LLP
Public Accountants and Certified Public Accountants
8 Wilkie Road, #03-08
Wilkie Edge
Singapore 228095

Audit Partner-in-charge

Goh Swee Hong
Partner-in-charge since financial year ended
31 December 2006

BANKERS

United Overseas Bank Ltd
Standard Chartered Bank
Citibank, N.A.



MANUFACTURING INTEGRATION TECHNOLOGY LTD

Blk 5004, Ang Mo Kio Avenue 5

#03-12 TECHplace II, Singapore 569872

Tel: +65 6481 0511 Fax: +65 6481 8955

Website: www.mit.com.sg

Co. Registration No. 199200075N