MIYOSHI PRECISION LIMITED
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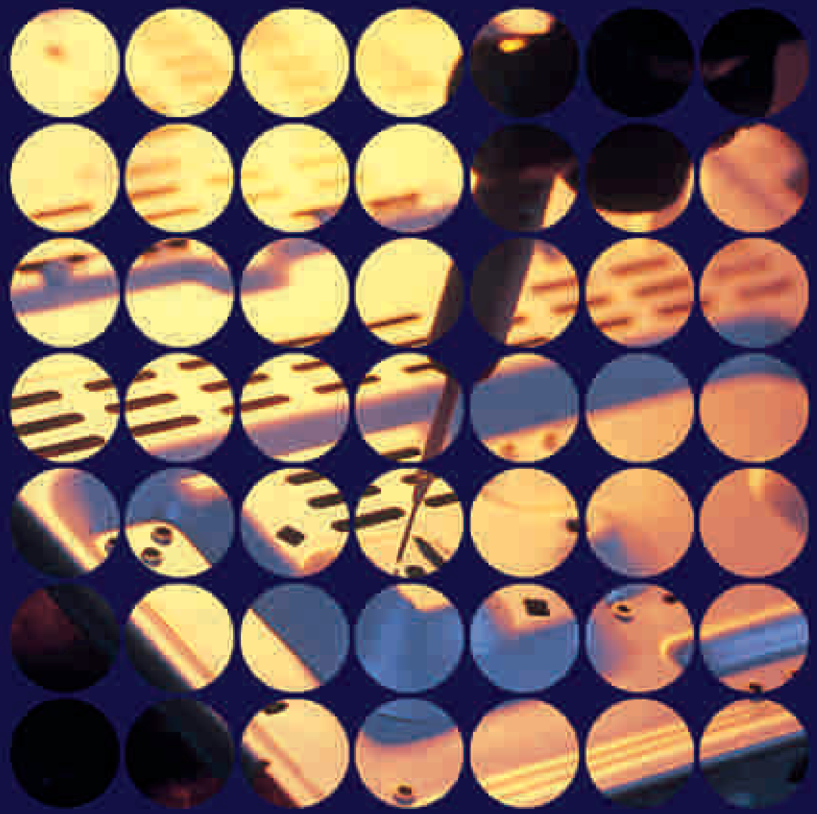
MIYOSHI PRECISION LIMITED * Annual Report 2005*

MIYOSHI PRECISION LIMITED

Annual Report 2005



CONTENTS

Design & Production: **AC Graphic Workshop Pte Ltd** Tel: 6294 4688

Vision

A leading Integrated Engineering Corporation with a strong regional presence in Asia, with the enhanced capability to provide responsive and competitive support to customers through our low cost manufacturing hubs, thereby maximizing shareholders value and returns.

Corporate Profile

Established in 1987 and subsequently listed on the SGX Main Board in September 2000, Miyoshi Precision Limited has grown progressively from a metal stamping plant to become an Integrated Engineering Corporation, with in-house capabilities ranging from new product development to mass production. Serving the Consumer Electronics, Data Storage and Automotive Industries, our Regional Business Ring revolves around our headquarter in Singapore and manufacturing plants in Singapore, Malaysia, Indonesia, Thailand, Philippines and China. Coupled with our strategic partner in Japan, this strategy of locating our operations in cost-competitive hubs beyond Singapore sites us in proximity with our customers and strongly positions us to capitalize on the opportunities in the region.

For more information, please visit our website at
http://www.miyoshi.biz

Chief Executive Officer's Message

Dear shareholders,

I am pleased to report that in spite of a challenging FY 2005, the Group achieved a record turnover of $105.2 million, as compared to $72.2 million for FY 2004.

Growth of our group revenue was broad based. All our business segments, namely Data Storage, Consumer Electronics, Automotive and Others registered higher turnover in FY 2005.

Higher revenue can also be seen in our overseas markets, in particular Thailand, Philippines and China.

By leveraging on our regional production and marketing network, we were able to continue attracting new clients and secure business from both new and existing clients, which explained for the top line growth. In fact, we have secured two new key programs for the 2.5" and 3.5" disk drives and made inroads into the business printer segment to add to the consumer printer segment that we currently serve.

In posting the record performance, the Group encountered some difficulties in FY 2005.

As a result of business and capacity expansion, we incurred higher operating expenses. Our profit has been affected by rising raw material prices as well as pricing pressure for existing programs.

In November 2004, we acquired a 51% interest in Fastrack Pte Ltd, a company involved in machining works. This acquisition will further expand our Group's scope of products and services, especially in the areas of prototyping and batch production of precision components.

In January 2005, we formed Miyoshi Hi-Tech Co., Ltd. ("MHT") and through this subsidiary, we acquired a $4.9 million metal stamping plant in Thailand. As Thailand develops itself as the automotive hub and electronics manufacturing center of Asia, MHT is well positioned to grow its revenue by serving the rising demand in the consumer electronics, data storage and automotive industries.

Miyoshi remains in a healthy financial position, with shareholders' funds of $38.2 million and cash position of $2.7 million. It is the Board's general philosophy to enhance shareholders' value and in view of this, the Board has recommended a final dividend of 6% at 0.3 cents per share, subject to approval by shareholders during the Company's AGM on 28 December 2005.

Look ahead, the Group expects the market environment and operating conditions to remain competitive and challenging. With a recovery in business and consumer sentiments, stronger demand can be expected for computer and consumer products. The on-going global economic recovery and growing trend of outsourcing will also benefit the Group in FY 2006. The Group will continue to leverage on its Regional Business Ring set-up to meet the needs of its customers who have continued their outsourcing effort as well as relocating or expanding their manufacturing facilities within the region.

Barring further hikes in raw material prices, we expect a better performance in FY 2006.

Let me take this opportunity to express my appreciation to my fellow Board Directors, employees, as well as our customers, shareholders, suppliers, business partners and associates for their unwavering support and contribution. We look forward to building even stronger relationships.

Sin Kwong Wah, Andrew
Chief Executive Officer

Operating and Financial Review

The Group revenue for FY 2005 grew to $105.2 million, an increase of 46% from $72.2 million in FY 2004. The increase is due mainly to increase in sales orders from existing customers as well as sales orders from new customers. It is also due to contributions from new programs as well as penetration into new business.

Revenue of $50.9 million from the Consumer Electronics Segment accounted for the lion's share of the Group's revenue for FY 2005, followed by Data Storage Segment of $42.0 million and $12.3 million for the Automotive and Others Segment.

The Consumer Electronics Segment achieved a 10.4% growth in revenue to $50.9 million in FY 2005 from $46.1 million in FY 2004. The growth in FY 2005 was spurred by increase in sales orders from existing customers as well as sales orders from new customers. In addition to the consumer printer business which we are currently serving, we have made inroads into the business printer business.

Revenue from the Data Storage Segment registered a growth rate of 174.5% from $15.3 million in FY 2004 to $42 million in FY 2005. Revenue from 2 new key programs for the 2.5" and 3.5" disk drives have contributed significantly towards the growth in revenue for FY 2005.

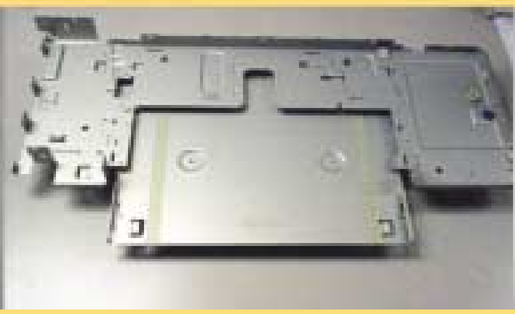
Revenue from the Automotive and Others Segment rose steadily by 14.9% to $12.3 million in FY 2005 from $10.7 million in FY 2004.

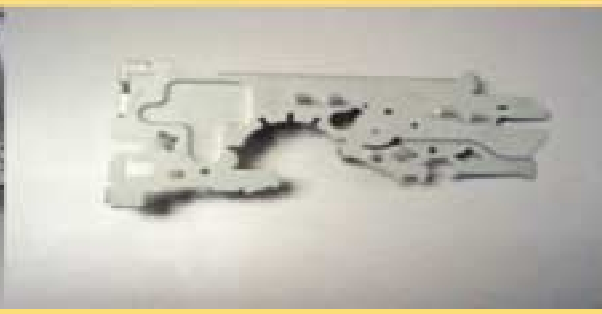
In FY 2005, our business units in Thailand, Philippines and China experienced strong surge in sales orders. Our Thailand based business units registered an increase of 203% in sales to $29.1 million in FY 2005, from $9.6 million in FY 2004. Our business unit in Philippines reported an increase in revenue of 51.5% from $6.6 million in FY 2004 to S$10.0 million in FY 2005. With only a period of 8 months in operations, our China based business unit made its debut by contributing an encouraging $4.0 million in revenue for FY 2005.

The Group Net profit before tax declined by 54% to $2.2 million in FY 2005 from $4.8 million in FY 2004. Significant increase in raw material prices, pricing pressures for existing programs have affected our profit margin. Moreover, higher operating expenses were incurred to cope with the increase in business activities.

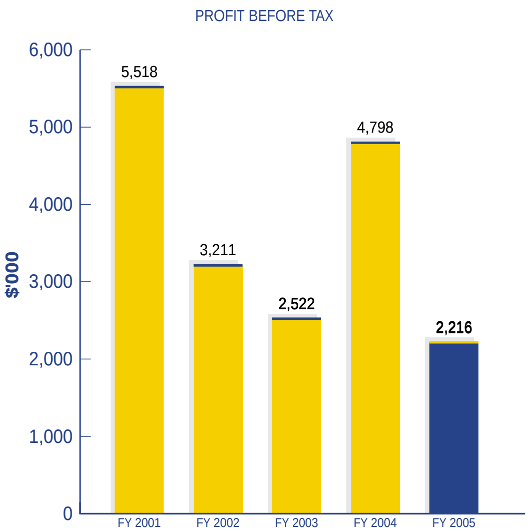
The Group continues to maintain a healthy financial position. Consolidated Shareholders' Funds grew by a modest 2.6% to $38.2 million at the end of FY 2005, as compared to $37.2 million at the end of FY 2004. The decline in net cash from operating activities of $3.3 million in FY 2005, as compared to $4.5 million in FY 2004, is due to the lower profit level achieved for FY 2005.

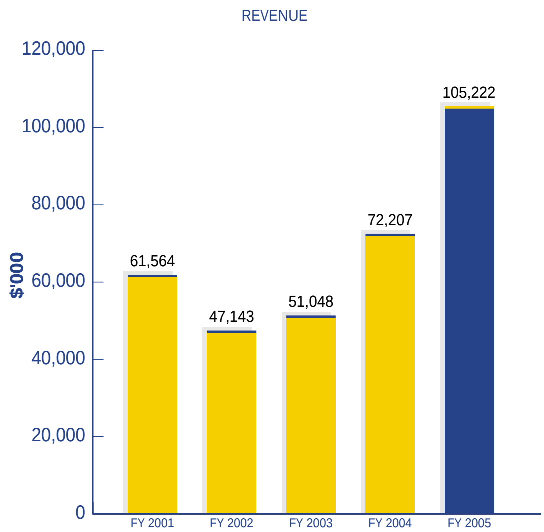
In FY 2005, bank loans of $2.3 million were drawn down to provide for working capital purposes.

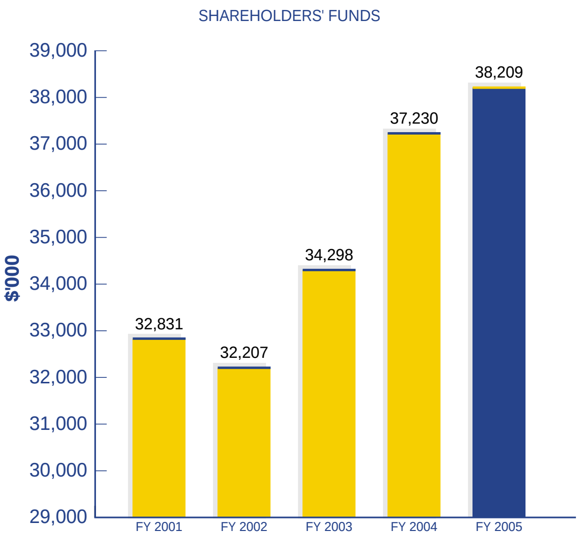


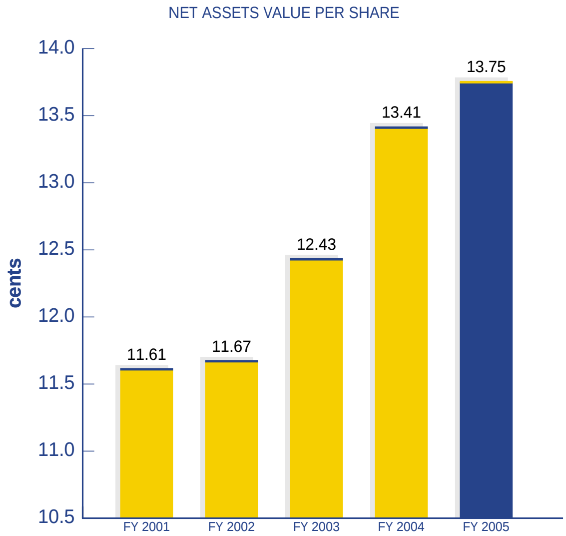


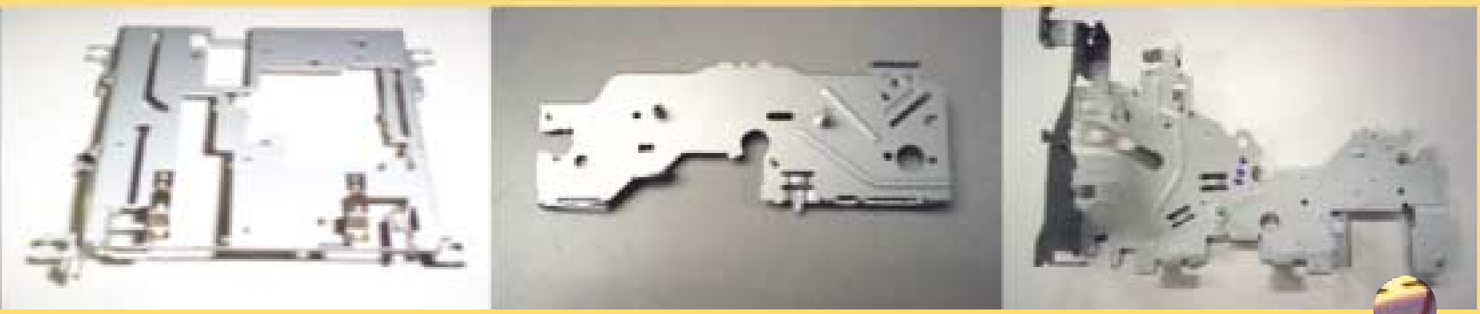
Financial Highlights











Board of Directors

Sin Kwong Wah, Andrew,
Chief Executive Officer

Mr. Sin, with more than 13 years of experience in the metal stamping industry, is the driving force behind the Group's success and business expansion. Mr. Sin's primary responsibilities include the charting and reviewing of corporate directions and strategies for the Group as well as the Group's marketing operations. He sits on the Board of Directors of Miyoshi Industry Co., Ltd as a non-executive Director. He also oversees our operations in China. Mr. Sin was formerly with the Singapore Armed Forces.

Mr. Sin holds a Bachelor of Science (First Class Honors) degree in Management from the Japan National Defence Academy.

He was first appointed to the Board of Directors on 24 September 1991 and was re-elected on 29 December 2004.

Tan Kay Guan,
Chief Operating Officer

Mr. Tan, appointed Chief Operating Officer on 1 September 2004, has more than 7 years of experience in the metal stamping industry. Mr. Tan plays a pivotal role in driving the operations and the business of the Group. He also oversees our operations in the Philippines. Mr. Tan was formerly with Singapore Armed Forces.

Mr. Tan holds a Bachelor of Engineering (First Class Honors) degree from Japan National Defence Academy.

He was first appointed to the Board of Directors on 1 September 1999 and was re-elected on 29 December 2004.

Gan Yoke Fong, Karen,
Executive Director

Ms. Gan, with more than 17 years of experience in the metal stamping industry, is responsible for the Group's corporate development activities as well as supply chain management. She also oversees our operations in Thailand. She is also a member of the Nominating Committee.

Ms. Gan holds a Bachelor of Science degree in Physics and Mathematics from the National University of Singapore.

She was first appointed to the Board of Directors on 6 December 1995, re-elected on 29 January 2004 and has been proposed for re-election at the Company's forthcoming Annual General Meeting on 28 December 2005.

U Kean Seng,
Non-Executive and Independent Director

Mr. U currently chairs both the Nominating and the Remuneration Committees and is a member of the Audit Committee. Mr. U was admitted to the Supreme Court of Victoria, Australia in 1991 and to the Singapore Bar in 1993. As a lawyer by training, Mr. U has more than 11 years of experience in the legal practice. As a practicing advocate and solicitor, he specializes in the area of corporate law and corporate finance. Mr. U serves as a Non-Executive and Independent Director on the Board of Directors of Circuits Plus Holdings Limited and New Wave Technologies Limited.

Mr. U holds degrees in BEc and LLB (Honours) both from Monash University, Australia.

He was first appointed to the Board of Directors on 13 February 2004 and was re-elected on 29 December 2004.

Chew Chin Hua,
Non-Executive and Independent Director

Mr. Chew currently chairs the Audit Committee and is a member of both the Nominating and the Remuneration Committees. With more than 20 years of experience in the accounting and audit profession, Mr. Chew is a partner in a Certified Public Accounting firm. Mr. Chew serves as a Non-Executive and Independent Director on the Board of Directors of Hartford Holdings Limited, Heeton Holdings Limited, Midas Holdings Limited and Raffles Education Corporation Limited.

Mr. Chew is a member of the Association of Chartered Certified Accountants, United Kingdom.

He was first appointed to the Board of Directors on 18 January 2005 and has been proposed for re-election at the Company's forthcoming Annual General Meeting on 28 December 2005.

Masayoshi Taira, *Non-Executive Chairman*

Mr. Taira currently is a member of both the Audit and the Remuneration Committees. Mr. Taira was our Marketing Director from 1992 to 1999. Mr. Taira has more than 15 years of experience in metal stamping industry. He is currently the General Manager as well as a member of the Board of Directors of Miyoshi Industry Co., Ltd.

Mr. Taira holds a Bachelor of Business Administration degree from Hosei University, Japan.

He was first appointed to the Board of Directors on 24 September 1991, re-elected on 24 January 2003 and has been proposed for re-election at the Company's forthcoming Annual General Meeting on 28 December 2005.

Our Regional Presence

Corporate Information

DIRECTORS

Executive

Mr Sin Kwong Wah, Andrew
CHIEF EXECUTIVE OFFICER

Mr Tan Kay Guan
CHIEF OPERATING OFFICER

Ms Gan Yoke Fong, Karen
EXECUTIVE DIRECTOR

Non-Executive

Mr Masayoshi Taira
CHAIRMAN

Mr U Kean Seng
INDEPENDENT

Mr Chew Chin Hua
INDEPENDENT (APPOINTED: 18 JANUARY 2005)

AUDIT COMMITTEE

Mr Chew Chin Hua
CHAIRMAN

Mr Masayoshi Taira

Mr U Kean Seng

NOMINATING COMMITTEE

Mr U Kean Seng
CHAIRMAN

Ms Gan Yoke Fong, Karen

Mr Chew Chin Hua

REMUNERATION COMMITTEE

Mr U Kean Seng
CHAIRMAN

Mr Masayoshi Taira

Mr Chew Chin Hua

COMPANY SECRETARIES

Ms Tan San-Ju (FCIS)

Mr Tan Cher Liang (FCCA)

REGISTERED OFFICE

No. 5 Second Chin Bee Road, Singapore 618772

TELEPHONE (65) 6265 5221
FACSIMILE (65) 6265 2058

EMAIL: ops@sg.miyoshi.biz
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SHARE REGISTRAR

Lim Associates (Pte) Ltd

10 Collyer Quay #19-08 Ocean Building, Singapore 049315

TELEPHONE (65) 6536 5355
FACSIMILE (65) 6536 1360

AUDITORS

Deloitte & Touche

Certified Public Accountants

6 Shenton Way #32-00 DBS Building Tower Two, Singapore 068809

AUDIT PARTNER-IN-CHARGE Mr Kenny Horlley Young

DATE OF APPOINTMENT 29 January 2004

PRINCIPAL BANKERS

United Overseas Bank Limited

Malayan Banking Berhad

Oversea-Chinese Banking Corporation Limited

Corporate Governance

Miyoshi Precision Limited is committed to maintain a high standard of corporate governance and degree of transparency within the Group to safeguard the interests of its shareholders and maximise long term shareholder value.

Where applicable, the Board of Directors has established various self-regulatory and monitoring mechanisms to ensure that effective corporate governance is practised. This statement describes the corporate governance policies and practices of the Company that were in place for the financial year ended 31 August 2005.

BOARD MATTERS

Effective Board to lead and control the Company: Principle 1

The Board meets to supervise the management of the business and affairs of the Group. Besides its statutory duties, the Board is also responsible for the Group's overall strategic plans, appointment of directors and key managerial personnel, annual budgets, major funding and investment proposals, and reviews of the financial performance of the Group. The Board carries out these functions directly or through committees of the Board, which have been set up to support its work.

The Board members and the number of meetings held in the year by the Board and the attendance thereat are as follows:

	Board Meetings	
Board Members	**No. of Meetings**	**No. of Attendance**
Mr Masayoshi Taira (Non-Executive Chairman)	2	0
Mr Sin Kwong Wah, Andrew (Chief Executive Officer)	2	2
Mr Tan Kay Guan (Chief Operating Officer)	2	2
Ms Gan Yoke Fong, Karen	2	2
Mr U Kean Seng	2	2
Mr Chew Chin Hua (1)	2	1

Note 1 : Mr Chew Chin Hua was appointed as a Director of the Company on 18 January 2005.

New Directors are given orientation on the Group's business. The Group adopts a policy whereby Directors are encouraged to request for further explanations, briefings or hold informal discussions on the Group's operations and business with the management.

Board Composition and Balance: Principle 2

The Board comprises three Executive Directors, two Non-Executive and Independent Directors and one Non-Executive Director. To assist in the execution of its responsibilities, the Board has established three key committees, namely Audit Committee, Nominating Committee and Remuneration Committee.

The Board considers its composition and size appropriate, taking into account the scope and nature of its operations of the Group in the year under review. The Directors bring with them considerable experience from the engineering, financial and legal sectors.

Role of Chairman and Chief Executive Officer: Principle 3

The roles of the Chairman and that of the Chief Executive Officer are separate. The Group's Chairman, Mr Masayoshi Taira is a Non-Executive Director responsible for the Board and he ensures that Board meetings are held as and when necessary and that each Board member is provided with complete, adequate and timely information. The Group's Chief Executive Officer, Mr Sin Kwong Wah, Andrew, is an Executive Director and he assumes full responsibilities over the business directions and operational decisions of the Group.

Nominating Committee: Principles 4 and 5

The Nominating Committee, formed on 18 January 2005, comprises the following members:

Mr U Kean Seng (Chairman)
Ms Gan Yoke Fong, Karen
Mr Chew Chin Hua

The Nominating Committee reviews and assesses candidates for directorships (including executive directors) before recommendation to the Board for appointment. The Nominating Committee also ensures that the Board has an appropriate balance of independent Directors as well as Directors with the right profile of expertise, skills, attributes and ability. The Nominating Committee also recommends Directors who are retiring by rotation, to be put forward for re-election.

The Nominating Committee has reviewed the independence of the Board members and is of the opinion that Mr Chew Chin Hua and Mr U Kean Seng are independent.

Despite some of the Directors having other board representations, the Nominating Committee is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company.

Key information on Directors of the Company can be found on Page 6 of the Annual Report.

The Company's Articles of Association provides that at least one-third of the Company's Directors are required to retire from office at every Annual General Meeting.

The Nominating Committee meets at least once every financial year.

Accountability and Access to Information: Principles 6 and 10

Regular meetings were held between the Executive Directors and key management personnel to discuss business and operational matters. Monthly management meetings were held to present monthly financial management accounts to the Executive Directors to review business and operational matters.

The Board has separate and independent access to the Company's senior management and the Company Secretary. The role of the Company Secretary has been defined by the Board to include supervising, monitoring and advising on compliance by the Company with its Memorandum and Articles of Association, laws and regulations, and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), communicating with SGX-ST, the Accounting & Corporate Regulatory Authority on behalf of the Company. The Company Secretary attends all Board meetings and is responsible for ensuring that Board procedures are followed. Where decisions to be taken require specialized knowledge or expert opinion, the Board has adopted a policy to seek independent professional advice.

REMUNERATION MATTERS

Remuneration Committee: Principles 7, 8 and 9

The Remuneration Committee, formed on 18 January 2005, comprises the following members:

Mr U Kean Seng (Chairman)
Mr Masayoshi Taira
Mr Chew Chin Hua

The role of the Remuneration Committee is to review and recommend to the Board, a framework of remuneration for the Board and key executives of the Group, and to determine specific remuneration packages for each Executive Director. This is to ensure that the Group recruits, retains and motivates personnel of the required quality to run the Group successfully.

The Remuneration Committee meets at least once every financial year.

a) Details of the remuneration of the Company's Directors and five key executives for the financial year ended 31 August 2005 are as follows:

Remuneration Band and Name of Directors	Salary %	Bonuses %	Directors' Fees %	Others %	Total Compensation %
$250,000 to $499,999					
Mr Sin Kwong Wah, Andrew	88	10	–	2	100
Below $250,000					
Mr Tan Kay Guan	87	8	–	5	100
Ms Gan Yoke Fong, Karen	88	7	–	5	100
Mr Masayoshi Taira	–	–	–	–	–
Mr U Kean Seng	–	–	100	–	100
Mr Chew Chin Hua (appointed on 18 January 2005)	–	–	100	–	100
Mr Lee Joo Hai (resigned on 18 January 2005)	–	–	100	–	100

Remuneration Band and Name of Key Executives	Salary %	Bonuses %	Directors' Fees %	Others %	Total Compensation %
Below $250,000					
Mr Tan Kian Hoe	76	5	–	19	100
Mr Ling Chat Sin	79	5	–	16	100
Mr Lim Swee Cheong	81	5	–	14	100
Mr Loo Keng Huat	77	15	–	8	100
Ms Ong Chye Hong	82	12	–	6	100

b) Details of options granted are as follows:

Details of options granted to directors are disclosed in paragraph 3 of the Report of Directors.

Details of options granted to five key executives are as follows:

	Number of share options to subscribe for the Company's Ordinary Shares of $0.05 each	
	At date of grant	At 31 August 2005
Pursuant to options granted on 29 January 2002		
Mr Tan Kian Hoe	150,000	30,000
Mr Ling Chat Sin	–	–
Mr Lim Swee Cheong	–	–
Mr Loo Keng Huat	–	–
Ms Ong Chye Hong	–	–
Pursuant to options granted on 29 January 2004		
Mr Tan Kian Hoe	150,000	150,000
Mr Ling Chat Sin	150,000	150,000
Mr Lim Swee Cheong	40,000	40,000
Mr Loo Keng Huat	–	–
Ms Ong Chye Hong	–	–
Pursuant to options granted on 29 January 2005		
Mr Tan Kian Hoe	150,000	150,000
Mr Ling Chat Sin	150,000	150,000
Mr Lim Swee Cheong	80,000	80,000
Mr Loo Keng Huat	–	–
Ms Ong Chye Hong	–	–

Summarised details of the Miyoshi Share Options Scheme are included in paragraph 5 of the Report of Directors.

c) There are no employees who are related to the Chief Executive Officer or a Director whose remuneration exceeds $150,000 in the group's employment during the financial year.

ACCOUNTABILITY AND AUDIT

Audit Committee: Principle 11

The Audit Committee members and the number of meetings held in the year and the attendance thereat are as follows:

	Audit Committee Meetings	
Board Members	**No. of Meetings**	**No. of Attendance**
Mr Chew Chin Hua - Chairman (appointed on 18 January 2005)	3	2
Mr Masayoshi Taira	3	0
Mr U Kean Seng	3	3

The Board is of the opinion that the members of the Audit Committee are appropriately qualified to discharge their responsibilities.

The Audit Committee, which has written terms of reference, performs the following delegated functions:

(1) Reviews the audit plan of the external auditors of the Group and the co-operation given by the Group's management to the external auditors;

(2) Reviews the interim and annual financial statements and the auditors' report of the Company and of the Group before their submission to the Board of Directors;

(3) Reviews with Management the adequacy of the Group's internal controls, including financial, operational and compliance controls;

(4) Reviews the cost effectiveness, the independence and objectivity of the external auditors;

(5) Reviews interested person transactions in accordance with the rules as laid down in the Listing Manual; and

(6) Nominates the external auditors for re-appointment.

The Audit Committee is also tasked to perform all other functions and responsibilities of an audit committee that may be imposed by the Singapore Companies Act, Cap. 50, the Listing Manual of the SGX-ST and the Code of Corporate Governance.

The Audit Committee has full access to and co-operation of Management, and has full discretion to invite any Director or executive to attend its meetings. It also has reasonable resources to enable it to discharge its functions.

The Audit Committee meets with the external auditors without the presence of Management at least once a year.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has confirmed that there were no provisions of non-audit services performed by external auditors during the financial year.

The Audit Committee recommends to the Board of Directors the nomination of Deloitte & Touche as external auditors at the forthcoming Annual General Meeting of the Company.

Internal Controls: Principle 12

The Board acknowledges its responsibilities for the Group's system of internal controls. Key systems within management have been established to provide the Board with assurance that problems are identified and dealt with on a timely basis. The Group has a system for reporting and monitoring the performance of each department at regular management meetings.

The Board notes that no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human errors, losses, frauds or other irregularities.

Internal Audit: Principle 13

The Board evaluates the merits of setting up a formal internal audit function during the financial year. Given the straight forward nature of the Group operations and the cost effectiveness of operating such a function and, are of the opinion that the existing system of internal controls in place, is adequate to mitigate normal operational risks. Accordingly, no formal internal audit function has been set up during the financial year.

Notwithstanding, the Audit Committee and the Board recognise the importance of internal audit function and will continue to review the necessity of setting up a formal internal audit function in the future.

COMMUNICATION WITH SHAREHOLDERS

Policy of Dissemination of Public Information: Principles 10, 14 and 15

The Board strives to ensure timely disclosure of material business matters affecting the Group. All announcements, including half and full year financial results, are made through SGXNET and press releases as well as on investor relations channels.

At the Annual General Meeting, shareholders are encouraged to participate in the question and answer session. The Chairman of the Audit Committee, Remuneration Committee and Nominating Committee, Directors and the external auditors are available to respond to shareholders' queries during the meeting.

The Articles of Association of the Company allow a shareholder to appoint one or two proxies to attend and vote at all general meetings on his/her behalf.

DEALINGS IN COMPANY'S SECURITIES

The Company endorses the recommendations of Best Practices Guide issued by the SGX-ST and had adopted an Internal Code on Transactions in the Company's shares.

Share trading guidelines have been issued to all Directors, employees of Executive level and above. The guidelines forbid the trading of Company's shares during the period commencing one month prior to the announcement of the Company's half year and full year results and ending on the date of the announcement of the results.

Also prohibited are short term trading in the Company's shares as well as while in possession of price sensitive information.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures for recording and reporting interested person transactions. All interested person transactions are subject to review by the Audit Committee to ensure that they were done on normal commercial terms. Details of interested person transactions during the financial year which fall under rule 920 of the Listing Manual are as follows:

Name of interested person	Aggregate Value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate Value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Miyoshi Industry Co., Ltd		
Type of transactions		
Sales	Nil	384,620
Purchases	Nil	4,209,703
Royalty	Nil	410,853
Sales commission	Nil	124,477
Marketing services	Nil	98,400
Total	Nil	5,228,053

MATERIAL CONTRACTS

Except as disclosed and save for the service agreement between the Chief Executive Officer and the Company, there are no material contracts entered into by the Company or its subsidiary companies during the financial year ended 31 August 2005 or still subsisting as at 31 August 2005 which involved the interests of any Director or controlling shareholders of the Company.

Financial Reports

The directors present their report together with the audited financial statements of the company and of the group for the financial year ended 31 August 2005.

1 DIRECTORS

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

Mr Sin Kwong Wah, Andrew
Mr Tan Kay Guan
Ms Gan Yoke Fong, Karen
Mr Masayoshi Taira
Mr U Kean Seng
Mr Chew Chin Hua (Appointed on 18 January 2005)

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 as disclosed under "Share Options" in paragraph 5 of this 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 debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in the name of directors or their nominees		Shareholdings in which directors are deemed to have an interest	
Name of directors and company in which interests are held	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
The Company	**Number of shares of $0.05 each**			
Mr Sin Kwong Wah, Andrew	51,883,160 (1)	51,883,160	40,996,000	41,030,000
Mr Tan Kay Guan	8,864,000	8,864,000	2,284,000	2,284,000
Ms Gan Yoke Fong, Karen	11,568,640	11,568,640	–	–

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

	Number of share options to subscribe for the company's ordinary shares of $0.05 each	
	At beginning of year or date of grant, if later	At end of year
Options granted on 29 January 2002		
Ms Gan Yoke Fong, Karen	300,000	300,000
Options granted on 29 January 2004		
Ms Gan Yoke Fong, Karen	300,000	300,000
Mr Tan Kay Guan	300,000	300,000
Options granted on 29 January 2005		
Ms Gan Yoke Fong, Karen	300,000	300,000
Mr Tan Kay Guan	300,000	300,000
Mr U Kean Seng	100,000	100,000

(1) By virtue of Section 7 of the Singapore Companies Act, Mr Sin Kwong Wah, Andrew is deemed to have an interest in all the subsidiaries of the company.

There was no change in any of the abovementioned interests between the end of the financial year and 21 September 2005.

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, 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 except as disclosed in the financial statements.

5 SHARE OPTIONS

On 4 May 2001, the shareholders of the company approved the Miyoshi Share Option Scheme (the "Scheme"). The Scheme is administered by a committee whose members are:

- Mr Sin Kwong Wah, Andrew (Chairman)
- Mr Masayoshi Taira
- Mr Tan Kay Guan
- Ms Gan Yoke Fong, Karen

5 SHARE OPTIONS (cont'd)

a) Share Option Granted

(i) Options granted on 29 January 2002

Options were granted pursuant to the Scheme to 38 employees and directors (collectively the "Participants") of the company to subscribe for 4,190,000 ordinary shares of $0.05 each in the company at the subscription price of $0.144 per ordinary share with no discount. 3,570,000 options were accepted by the Participants.

(ii) Options granted on 29 January 2004

Options were granted pursuant to the Scheme to 41 employees and directors (collectively the "Participants") of the company to subscribe for 3,100,000 ordinary shares of $0.05 each in the company at the subscription price of $0.252 per share with no discount. 2,940,000 options were accepted by the Participants.

(iii) Options granted on 29 January 2005

Options were granted pursuant to the Scheme to 39 employees and directors (collectively the "Participants") of the company to subscribe for 3,090,000 ordinary shares of $0.05 each in the company at the subscription price of $0.180 per share with no discount. 2,970,000 options were accepted by the Participants.

The subscription price was equal to the average of the last dealt price for a share, with reference to the daily official list published by the Singapore Exchange Ltd for the last five consecutive market days immediately preceding the date of grant.

The participants may in addition to the scheme participate in other share option schemes implemented by the company or any of its subsidiaries.

No other options to take up unissued shares of the company or any other corporation in the group were granted during the year.

b) Share Options Exercised

During the financial year, the company issued 290,000 ordinary shares of $0.05 each at $0.144 per share upon the exercise of share options under the Scheme granted on 29 January 2002.

No shares were issued under the Schemes granted on 29 January 2004 and 2005 respectively.

5 SHARE OPTIONS (cont'd)

c) Unissued Shares Under Option

At the end of the financial year, there were no unissued shares of the company or any corporation in the group under option except as follows:

Date of grant	At beginning of year or date of grant if, later	Exercised	Expired/ cancelled	At end of year	Exercise price	Exercise period
29 January 2002	100,000	100,000	–	–	$0.144	29 January 2003 to 28 January 2007
29 January 2002	100,000	100,000	–	–	$0.144	29 January 2004 to 28 January 2008
29 January 2002	230,000	–	–	230,000	$0.144	29 January 2003 to 28 January 2012
29 January 2002	360,000	90,000	–	270,000	$0.144	29 January 2004 to 28 January 2013
29 January 2004	100,000	–	100,000	–	$0.252	29 January 2005 to 28 January 2009
29 January 2004	100,000	–	100,000	–	$0.252	29 January 2006 to 28 January 2010
29 January 2004	1,205,000	–	95,000	1,110,000	$0.252	29 January 2005 to 28 January 2014
29 January 2004	1,205,000	–	95,000	1,110,000	$0.252	29 January 2006 to 28 January 2015
29 January 2005	50,000	–	–	50,000	$0.180	29 January 2006 to 28 January 2010
29 January 2005	50,000	–	–	50,000	$0.180	29 January 2007 to 28 January 2011
29 January 2005	1,435,000	–	140,000	1,295,000	$0.180	29 January 2006 to 28 January 2015
29 January 2005	1,435,000	–	140,000	1,295,000	$0.180	29 January 2007 to 28 January 2016
	6,370,000	290,000	670,000	5,410,000		

5 **SHARE OPTIONS** (cont'd)

c) Unissued Shares Under Option (cont'd)

The options may be exercised in whole or in part in multiples of 1,000 shares as follows:

(i) up to fifty per cent of the option at any time after twelve months from the date of grant of that option; and

(ii) the next fifty per cent of the option at any time after twenty-four months from the date of grant of that option.

Such option shall be exercised before the end of one hundred and twenty months or sixty months where the Participant was a non-executive director on the date of grant of that option and subject to such other conditions as may be introduced by the Committee from time to time.

The options, to the extent unexercised, shall lapse upon the employee ceasing to be employed by the company or its subsidiaries.

d) Details of options granted

The information on Participants who are directors, and who received 5% or more of total number of options available under the Scheme is as follows:

Name of participants	**Options granted during the financial year**	**Aggregate options granted since commencement of Scheme to end of the financial year**	**Aggregate options exercised/ cancelled since commencement of Scheme to end of the financial year**	**Aggregate options outstanding as at the end of the financial year**
<u>Directors of the company</u>				
Mr Tan Kay Guan	300,000	900,000	300,000	600,000
Ms Gan Yoke Fong, Karen	300,000	900,000	–	900,000
Mr U Kean Seng	100,000	100,000	–	100,000
<u>Employee</u>				
Mr Lee Ah Kow	180,000	540,000	180,000	360,000

No options under the Scheme were granted to controlling shareholders or their associates.

6 AUDIT COMMITTEE

The members of the Audit Committee are:

Mr Chew Chin Hua (Chairman) – appointed on 18 January 2005
Mr Masayoshi Taira
Mr U Kean Seng

The Audit Committee, which has written terms of reference, performs the following delegated functions:

(1) Reviews the audit plan of the external auditors of the Group and the co-operation given by the Group's management to the external auditors;

(2) Reviews the interim and annual financial statements and the auditors' report of the Company and of the Group before their submission to the Board of Directors;

(3) Reviews with Management the adequacy of the Group's internal controls, including financial, operational and compliance controls;

(4) Reviews the cost effectiveness, the independence and objectivity of the external auditors;

(5) Reviews interested person transactions in accordance with the rules as laid down in the Listing Manual; and

(6) Nominates the external auditors for re-appointment.

The Audit Committee is also tasked to perform all other functions and responsibilities of an audit committee that may be imposed by the Singapore Companies Act, Cap. 50, the Listing Manual of the SGX-ST and the Code of Corporate Governance.

The Audit Committee has full access to and co-operation of Management, and has full discretion to invite any Director or executive to attend its meetings. It also has reasonable resources to enable it to discharge its functions.

The Audit Committee recommends to the Board of Directors the nomination of Deloitte & Touche as external auditors at the forthcoming Annual General Meeting of the Company.

7 AUDITORS

The auditors, Deloitte & Touche, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Sin Kwong Wah, Andrew

Gan Yoke Fong, Karen

Singapore
16 November 2005

Auditors' Report

to the members of Miyoshi Precision Limited

We have audited the consolidated financial statements of the group and the balance sheet and statement of changes in equity of Miyoshi Precision Limited for the financial year ended 31 August 2005 set out on pages 26 to 61. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

a) the accompanying consolidated financial statements of the group and the balance sheet and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap 50 (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 the company as at 31 August 2005 and the results, changes in equity and cash flows of the group and changes in equity of the company for the financial year then ended; and

b) the accounting and other records required by the Act to be kept by the company and by the subsidiary incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche
Certified Public Accountants

Kenny Horlley Young
Partner

Singapore
16 November 2005

Balance Sheets

31 August 2005

	Note	Group		Company	
		2005 $'000	2004 $'000	2005 $'000	2004 $'000
ASSETS					
Current assets:					
Cash and bank balances		5,284	5,806	1,128	4,100
Fixed deposits	3(iii)	354	161	–	–
Loans receivable	5	–	–	–	–
Trade receivables	6	25,780	20,594	32,219	23,945
Other receivables and prepayments	7	3,126	2,808	1,872	1,923
Inventories	8	11,260	5,717	4,561	2,518
Total current assets		45,804	35,086	39,780	32,486
Non-current assets:					
Investment in associates	9	112	64	887	887
Investment in subsidiaries	10	–	–	22,168	16,195
Other investments	11	496	503	496	503
Property, plant and equipment	12	30,656	27,712	11,171	13,409
Goodwill on consolidation	13	–	1	–	–
Negative goodwill arising on consolidation	14	–	(231)	–	–
Loans receivable	5	2,756	2,865	2,753	2,865
Total non-current assets		34,020	30,914	37,475	33,859
Total assets		79,824	66,000	77,255	66,345
LIABILITIES AND EQUITY					
Current liabilities:					
Bank overdrafts	16	2,803	2,054	2,683	1,216
Trade payables	17	22,415	16,388	22,439	14,148
Other payables	18	5,519	3,003	1,494	1,121
Income tax payable		734	1,723	734	1,723
Finance leases	19	563	257	191	90
Bank loans	20	4,789	1,507	3,962	1,478
Total current liabilities		36,823	24,932	31,503	19,776

Balance Sheets

31 August 2005

	Note	Group 2005 $'000	Group 2004 $'000	Company 2005 $'000	Company 2004 $'000
Non-current liabilities:					
Finance leases	19	769	517	340	250
Bank loans	20	719	1,251	178	616
Deferred tax liabilities	15	1,281	1,134	1,070	1,070
Total non-current liabilities		2,769	2,902	1,588	1,936
Minority interest		2,023	936	–	–
Capital and reserves:					
Issued capital	21	13,891	13,876	13,891	13,876
Share premium		8,643	8,615	8,643	8,615
Capital redemption reserve		337	337	337	337
Currency translation reserve		272	484	–	–
Accumulated profits		15,066	13,918	21,293	21,805
Total equity		38,209	37,230	44,164	44,633
Total liabilities and equity		79,824	66,000	77,255	66,345

See accompanying notes to financial statements.

Consolidated Profit and Loss Statement

Year ended 31 August 2005

	Note	Group 2005 $'000	Group 2004 $'000
Revenue	22	105,222	72,207
Other operating income	23	666	692
Changes in inventories of finished goods and work-in-process		3,139	260
Raw materials and consumables used		(73,199)	(43,218)
Staff costs	24	(13,347)	(9,908)
Depreciation and amortisation expense		(5,464)	(4,490)
Other operating expense		(14,498)	(10,219)
Profit from operations	24	2,519	5,324
Finance costs (interest expense)		(351)	(166)
Share of results of associates		48	(360)
Profit before income tax		2,216	4,798
Income tax expense	25	(181)	(1,122)
Profit after income tax		2,035	3,676
Minority interest		(229)	41
Profit attributable to the shareholders of the company		1,806	3,717
Earnings per share:	26		
- Basic (cents)		0.65	1.34
- Fully diluted (cents)		0.65	1.34

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended 31 August 2005

	Note	Issued capital $'000	Share premium $'000	Capital redemption reserve $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total $'000
Group							
Balance at 1 September 2003		13,801	8,474	337	375	11,311	34,298
Foreign exchange translation gain arising in the year		–	–	–	109	–	109
Dividends	27	–	–	–	–	(1,110)	(1,110)
Net profit for the year		–	–	–	–	3,717	3,717
Issue of share capital	21	75	141	–	–	–	216
Balance at 31 August 2004		13,876	8,615	337	484	13,918	37,230
Adoption of FRS 103 - transfer of unamortised negative goodwill	14	–	–	–	–	231	231
As restated		13,876	8,615	337	484	14,149	37,461
Foreign exchange translation loss arising in the year		–	–	–	(212)	–	(212)
Dividends	27	–	–	–	–	(889)	(889)
Net profit for the year		–	–	–	–	1,806	1,806
Issue of share capital	21	15	28	–	–	–	43
Balance at 31 August 2005		13,891	8,643	337	272	15,066	38,209

	Note	Issued capital $'000	Share premium $'000	Capital redemption reserve $'000	Accumulated profits $'000	Total $'000
Company						
Balance at 1 September 2003		13,801	8,474	337	18,322	40,934
Dividends	27	–	–	–	(1,110)	(1,110)
Net profit for the year		–	–	–	4,593	4,593
Issue of share capital	21	75	141	–	–	216
Balance at 31 August 2004		13,876	8,615	337	21,805	44,633
Dividends	27	–	–	–	(889)	(889)
Net profit for the year		–	–	–	377	377
Issue of share capital	21	15	28	–	–	43
Balance at 31 August 2005		13,891	8,643	337	21,293	44,164

See accompanying notes to financial statements.

Consolidated Cash Flow Statement

Year ended 31 August 2005

	2005 $'000	2004 $'000
Cash flows from operating activities:		
Profit before income tax and share of loss of associate	2,168	5,158
Adjustments for:		
(Reversal of) allowance for inventories	(15)	50
Amortisation of goodwill on consolidation	–	1
Amortisation of negative goodwill	–	(62)
Bad debts written off	37	–
Depreciation and amortisation expense	5,464	4,489
Inventories written off	21	177
Gain on disposal of property, plant and equipment	(123)	(316)
Interest expense	351	166
Interest income	(58)	(69)
Allowance for impairment in goodwill on consolidation	1	–
Allowance for impairment in value of other investments	7	109
Gain on disposal of other investments	–	(2)
Allowance for doubtful receivables and loans receivable	334	–
Operating profit before working capital changes	8,187	9,701
Trade receivables	(4,779)	(6,613)
Other receivables and prepayments	(386)	(426)
Inventories	(5,516)	(2,220)
Trade payables	5,988	5,675
Other payables	(544)	556
Cash generated from operations	2,950	6,673
Dividends paid	(889)	(1,110)
Income tax paid	(1,023)	(1,005)
Interest paid	(351)	(166)
Interest received	58	69
Net cash from operating activities	745	4,461
Cash flows used in investing activities:		
Purchase of subsidiary, net of cash acquired (Note 3)	(213)	–
Proceeds from disposal of other investments	–	7
Loans receivables	8	14
Negative goodwill arising from acquisition of additional interest in a subsidiary	–	126
Proceeds from sales of property, plant and equipment	907	1,010
Purchase of property, plant and equipment (Note 1)	(5,543)	(4,278)
Net cash used in investing activities	(4,841)	(3,121)

Consolidated Cash Flow Statement

Year ended 31 August 2005

	2005 $'000	2004 $'000
Cash flows (used in) from financing activities:		
Proceeds from issue of shares	43	216
Restricted cash	(149)	–
Repayment of finance leases	(535)	(463)
Proceeds from bank loans	2,750	458
Minority interest	659	(369)
Net cash from (used in) financing activities	2,768	(158)
Net effect of exchange rate changes in consolidating subsidiaries	101	513
Net (decrease) increase in cash	(1,227)	1,695
Cash at beginning of year	3,913	2,218
Cash at end of year	2,686	3,913
Cash at end of year includes the following:		
Cash and bank balances	5,284	5,806
Fixed deposits	354	161
Bank overdraft	(2,803)	(2,054)
	2,835	3,913
Restricted cash (Note 2)	(149)	–
Cash at end of year	2,686	3,913

Notes to the cash flow statement:

Property, plant and equipment

During the financial year, the group acquired mainly machinery, plant and equipment with an aggregate cost of $8,501,000 (2004 : $6,320,000) of which $657,000 (2004 : $837,000) was acquired by means of finance leases and $Nil (2004 : $1,205,000) was reclassified from inventory as of end of the year. $2,301,000 (2004 : $Nil) remained outstanding as at end of the year. The balance of $5,543,000 (2004 : $4,278,000) was paid in cash.

Restricted cash

Restricted cash pertains to fixed deposits of certain subsidiaries pledged with banks as securities for banking facilities granted.

Acquisition of subsidiary

During the year, the fair value of net assets of subsidiary acquired were as follow:

	2005 $'000
Trade receivables	578
Other receivables	31
Inventories	33
Cash and bank balances	23
Property, plant and equipment	1,107
Trade payables	(39)
Other payables	(759)
Finance leases	(435)
Income tax payable	(34)
Minority interest	(269)
Payment for acquisition of subsidiary	236
Less cash and bank balances	(23)
Cash outflow on acquisition of subsidiary, inclusive of cash and bank balances acquired	213

The subsidiary contributed $1.6 million revenue and a net loss of $0.6 million to the group's profit before tax for the current financial year.

See accompanying notes to financial statements.

1 GENERAL

The company (Registration No. 198703979K) is incorporated in the Republic of Singapore with its principal place of business and registered office at No. 5 Second Chin Bee Road, Singapore 618772. The company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are measured and presented in Singapore dollars.

The principal activities of the company are those of designing and manufacturing of mould and precision pressed parts and trading in related products.

The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

The financial statements of the company and of the group for the year ended 31 August 2005 were authorised for issue by the Board of Directors on 16 November 2005.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements are prepared in accordance with the historical cost convention, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

The company and group have adopted all the applicable new/revised FRS and INT FRS which became effective during the year. The adoption of these new/revised FRS and INT FRS has no material effect on the financial statements excepts as disclosed below and in the notes to the financial statements.

Adoption of FRS 103 - Business Combinations:

a) Goodwill

FRS 103 which is in effect for financial years beginning on or after 1 July 2004 was adopted by the group during the current financial year. FRS 103 requires goodwill acquired in a business combination to be carried at cost less accumulated impaired losses. Previously, under FRS 22, the group carried goodwill in its balance sheet at costs less accumulated amortisation and accumulated impairment losses.

In accordance with the transitional provisions of FRS 103, the group has applied the revised accounting policy for goodwill prospectively from the beginning of the financial year. Therefore, from 1 September 2004, the group had discontinued amortising such goodwill and had tested the goodwill for impairment in accordance with FRS 36. The accumulated amortisation as at 31 August 2004 has been eliminated with a corresponding decrease in the gross carrying amount of goodwill leaving the net carrying amount of goodwill unchanged at 1 September 2004.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

b) Negative goodwill

FRS 103 requires that, after reassessment, any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination should be recognised immediately in the profit and loss statement. FRS 103 prohibits the recognition of negative goodwill in the balance sheet.

Previously, under FRS 22, (superseded by FRS 103), the group released negative goodwill to income over a number of accounting periods, based on an analysis of the circumstances from which the balance resulted. Negative goodwill was reported as a deduction from assets in the balance sheet.

In accordance with the transitional provisions of FRS 103, the group has applied the revised accounting policy prospectively from 1 September 2004. The balance of the negative goodwill as at 31 August 2004 has been transferred to accumulated profits as at 1 September 2004. Therefore, the change has had no impact on amounts reported for 2004 or prior periods.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the company and enterprises controlled by the company (its subsidiaries) made up to 31 August each year. Control is achieved where the company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. On acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the group. All significant intercompany transactions and balances between group enterprises are eliminated on consolidation. Where a group enterprise transacts with an associate of the group, unrealised profits and losses are eliminated to the extent of the group's interest in the relevant associate, except where unrealised losses provide evidence of an impairment of assets transferred.

Associates are entities over which the group exercises significant influence, through participation in the financial and operating policy decisions of the investee. The equity method of accounting is used.

In the company's financial statements, investments in subsidiaries and associates are carried at cost less any impairment in net recoverable value.

FINANCIAL ASSETS - The company's and group's principal financial assets include cash and bank balances, fixed deposits, other investments, loans receivable, trade and other receivables. Loans receivable, trade and other receivable are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

The accounting policy for other investments is outlined below.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL LIABILITIES AND EQUITY - Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Financial liabilities include trade and other payables, finance leases, term loans and bank overdraft. Trade and other payables are stated at their nominal value. The accounting policy adopted for finance leases is outline below. Term loans and bank overdrafts are recorded at the fair value of the consideration received, net of transaction costs. Finance costs are accounted for on an accrual basis (effective yield method) and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Equity instruments are recorded at the fair value of the consideration received, net of direct issue costs. Dividends on ordinary shares are recognised in shareholders' equity in the period in which they are declared.

SHARE OPTIONS - Share options are not recorded as an expense. When exercised, the exercise price is allocated between issued capital and share premium accordingly.

OTHER INVESTMENTS - Investments held for long-term are stated at cost less any impairment in net recoverable value.

INVENTORIES - Inventories are measured at the lower of cost (first-in, first-out method) and net realisable value. Cost include all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, costs include materials, direct labour and an appropriate proportion of production overhead expenditure. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are carried at cost less accumulated depreciation and any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Freehold building	-	20 years
Leasehold land and buildings	-	20 to 45 years (over remaining terms of lease with effect from date of purchase)
Plant and equipment	-	$1\frac{1}{2}$ to 8 years
Office furniture and equipment	-	5 to 8 years
Motor vehicles	-	5 to 8 years

No depreciation is provided for freehold land and construction-in-progress. Construction-in-progress is transferred to various categories of property, plant and equipment and depreciated in the year in which they are put into use.

Fully depreciated assets still in use are retained in the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Assets held under finance lease arrangements are depreciated over their expected useful lives on the same basis as owned assets.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the profit and loss statement.

GOODWILL - Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition. Prior to 1 September 2004, goodwill was recognised as an asset and amortised on a straight-line basis over its estimated useful life of 5 years.

With effect from 1 September 2004, previously recognised goodwill will be treated prospectively by freezing the carrying amount of goodwill at the beginning of the financial year and eliminating the amount of accumulated amortisation with a decrease in goodwill.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Goodwill arising from an acquisition of an associate is included with the carrying amount of the associate. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

On disposal of a subsidiary or associate, the attributable carrying amount of unamortised goodwill is included in the determination of the profit or loss on disposal.

NEGATIVE GOODWILL - Negative goodwill represents the excess the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition over the cost of acquisition. Prior to 1 September 2004, negative goodwill arising on acquisition of subsidiaries was released to profit and loss statement based on an analysis of the circumstances from which the balance resulted. To the extent that the negative goodwill is attributable to losses or expenses anticipated at the date of acquisition, it was released to profit and loss statement in the period in which those losses or expenses arise. The remaining negative goodwill is recognised in the profit and loss statement on a straight-line basis over the remaining weighted average useful life of the identifiable acquired depreciable assets which was determined to be 5 years. To the extent that such negative goodwill exceeded the aggregate fair value of the acquired identifiable non-monetary assets, it was recognised in profit and loss statement immediately.

With effect from 1 September 2004, negative goodwill arising on the acquisition of subsidiaries is recognised immediately in the profit and loss statement. Negative goodwill previously recorded in the balance sheet is derecognised at the beginning of the first financial period after 1 September 2004 with a corresponding adjustment to the opening balance of accumulated profits.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

IMPAIRMENT OF ASSETS (EXCLUDING GOODWILL) - At each balance sheet date, the company and the group review the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

PROVISIONS - Provisions are recognised when the group has a present obligation as a result of a past event where it is probable that it will result in an outflow of economic benefits that can be reasonably estimated.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the group at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the profit and loss statement over the term of the relevant lease using the effective interest rate method.

Rental payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

REVENUE RECOGNITION - Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyers and the amounts of revenue and the costs of the transactions can be measured reliably.

Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the interest rate applicable on an effective yield basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans (including state-managed retirement benefit schemes, such as the Singapore Central Provident Fund) are charged as an expense when incurred.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

INCOME TAX - Tax expense is determined on the basis of tax effect accounting, using the liability method, and it is applied to all significant temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, except that the potential tax saving relating to a tax loss carryforward is not recorded as an asset unless there is a reasonable expectation of realisation in the foreseeable future.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is charged or credited to the profit and loss statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - Transactions in foreign currencies are recorded using the rates ruling at the dates of the transactions. At each balance sheet date, recorded monetary balances and balances carried at fair value that are denominated in foreign currencies are reported at the rates ruling at the balance sheet date. All realised and unrealised exchange adjustment profits and losses are dealt with in the profit and loss statement.

For inclusion in the consolidated financial statements, assets and liabilities of the foreign entities (subsidiaries and associates) are translated at the rates of exchange approximating those ruling at the balance sheet date. The profit and loss statements are translated at the average rates of exchange for the year, and the opening net investment in the foreign entities are translated at the historical rates. The resulting currency translation differences are taken to the currency translation reserve. On disposal of a foreign entity, the accumulated currency translation differences are recognised in the profit and loss statement as part of the profit or loss on disposal.

CASH - Cash for the cash equivalents for the cash flow statement includes cash and cash equivalents less bank overdrafts.

3 FINANCIAL RISKS AND MANAGEMENT

i) Credit risk

The group and company places their cash and cash equivalents with creditworthy institutions. The group and company perform ongoing credit evaluation of its customers' financial condition. The carrying amount of cash balances and trade and other receivables is identical to the maximum credit risk. The trade receivables are distributed in such a manner that the concentration of credit risk is not considered extraordinary.

ii) Foreign exchange risk

The group's and company's main currency exposures are in United States dollars and Japanese yen. The group uses a combination of natural hedges of matching assets and liabilities and foreign exchange forward contracts to manage its exposure to fluctuating foreign currencies.

At 31 August 2005, the group and the company had no foreign exchange forward contracts.

iii) Interest rate risk

The group and company are exposed to interest rate risk through the impact of rate changes on fixed deposits, loans receivable and debt obligations. The interest rate and terms of repayment for loans receivable and long-term debts obligation are disclosed in Notes 5, 16, 19 and 20. Fixed deposits yield an effective interest rate of approximately 3% (2004 : approximately 2%) per annum.

iv) Liquidity risk

The group has adequate funds for day to day operations.

v) Fair value of financial assets and financial liabilities

The carrying amount of financial assets and financial liabilities reported in the balance sheet approximates the fair value of those assets and liabilities except for other investments and loans receivable from an associate. The market value of quoted investments is disclosed in Note 11. The directors are of the view that it is not cost effective to ascertain the market value of unquoted investments.

It is not practical to determine the fair value of loans receivable from an associate as it has no fixed repayment terms.

4 RELATED PARTIES

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are without fixed repayment terms and interest unless stated otherwise.

Except as disclosed elsewhere in the notes to the financial statements, significant related parties transactions include:

	Group	
	2005 $'000	2004 $'000
Sales to related parties	(384)	(1,357)
Purchases from related parties	4,210	3,302
Sales commission to related party	124	196
Marketing fees	98	98
Royalty expenses	411	452
Other charges	–	(11)

5 LOANS RECEIVABLE

	Group		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Loans to:				
Outside parties	403	400	400	400
Less: Allowance for doubtful loans receivable	(400)	(400)	(400)	(400)
	3	–	–	–
Associate (Note 9)	2,853	2,865	2,853	2,865
Less: Allowance for doubtful loans receivable	(100)	–	(100)	–
Total	2,756	2,865	2,753	2,865
Current portion:				
Outside parties	299	299	299	299
Less: Allowance for doubtful loans receivable	(299)	(299)	(299)	(299)
	–	–	–	–
Associate (Note 9)	–	–	–	–
Total current portion	–	–	–	–

5 LOANS RECEIVABLE (cont'd)

	Group 2005 $'000	Group 2004 $'000	Company 2005 $'000	Company 2004 $'000
Non-current portion:				
Outside parties	104	101	101	101
Less: Allowance for doubtful loans receivable	(101)	(101)	(101)	(101)
	3	–	–	–
Associate (Note 9)	2,853	2,865	2,853	2,865
Less: Allowance for doubtful loans receivable	(100)	–	(100)	–
Total non-current portion	2,756	2,865	2,753	2,865

The loans receivable from outside parties include an amount of $298,384 (2004 : $298,384) extended to a sub-contractor for the purchase of equipment to support the activity of the company. The loan is unsecured and interest-free. The sub-contractor is currently under judicial management. Full allowance had been made for the amount receivable in previous years.

The loans receivable from associate is for the purpose of financing the purchase of a property by the associate. These loans are secured by properties owned by the associate, have no fixed repayment term and are not expected to be repaid within the next 12 months. The loans are subject to interest at 2% (2004 : 2%) per annum.

6 TRADE RECEIVABLES

	Group 2005 $'000	Group 2004 $'000	Company 2005 $'000	Company 2004 $'000
Outside parties	24,730	19,720	14,504	17,138
Less: Allowance for doubtful debts	(171)	(42)	(168)	(35)
	24,559	19,678	14,336	17,103
Related party (Note 4)	1,201	912	1,198	884
Associates (Note 9)	20	4	11	4
Subsidiaries (Note 10)	–	–	16,674	5,954
	25,780	20,594	32,219	23,945

7 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Outside parties	1,600	1,169	93	460
Related party (Note 4)	–	5	–	–
Associates (Note 9)	1,626	1,634	1,445	1,463
Subsidiaries (Note 10)	–	–	434	–
Less: Allowance for doubtful other receivables from associates	(100)	–	(100)	–
	3,126	2,808	1,872	1,923

8 INVENTORIES

	Group		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
At cost:				
Finished goods	4,405	2,843	1,712	789
Reclassified to plant and equipment	–	(1,205)	–	–
	4,405	1,638	1,712	789
Work-in-process	1,587	1,164	1,048	689
Raw materials	5,155	1,788	1,801	1,040
	11,147	4,590	4,561	2,518
At net realisable value:				
Finished goods	108	159	–	–
Raw materials	5	968	–	–
	11,260	5,717	4,561	2,518

9 INVESTMENT IN ASSOCIATES

	Group		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Unquoted equity shares, at cost	887	887	887	887
Currency realignment on translation of foreign associates	43	43	–	–
Share of post-acquisition accumulated losses	(818)	(866)	–	–
	(775)	(823)	–	–
Total	112	64	887	887

9 INVESTMENT IN ASSOCIATES (cont'd)

	Group 2005 $'000	Group 2004 $'000
Share of post-acquisition losses not recognised:		
Balance at beginning of year	421	253
Share of current year loss	73	168
Balance at end of year	494	421

In accordance with FRS 28 – Investments in Associates, the group discontinues recording its share of further losses in an associate when the group's share of losses in the associate equals or exceeds the carrying amount of the investment.

Significant transactions with the associates are as follows:

	Group 2005 $'000	Group 2004 $'000
Sales	(33)	(63)
Purchases	174	172
Interest income	(48)	(47)
Other charges	18	1

The details of the associates are as follows:

Name of Associate	Principal activities	Country of incorporation and operations	Effective equity interest 2005 %	Effective equity interest 2004 %
Miyoshi International Philippines, Inc. (1)	Property holding	Philippines	40	40
iNovuus Technologies Pte Ltd (2)	System integration service provider, application and development solutions and e-commerce web development services	Singapore	38	38
PT. SM Engineering (3)	Metal stamping for electronic components	Indonesia	40	40

(1) Audited by another firm of auditors, namely Punongbayan & Araullo, CPAs, The Philippines.

(2) Audited by another firm of auditors, namely J. Tan & Co., Singapore.

(3) Audited by another firm of auditors, namely Dra. S. Griselda & Co. Batam, Indonesia.

10 INVESTMENT IN SUBSIDIARIES

	Company 2005 $'000	Company 2004 $'000
Unquoted equity shares, at cost	13,505	10,633
Advances	8,663	5,562
	22,168	16,195

Name of subsidiary	Principal activities	Country of incorporation and operations	Effective equity interest 2005 %	Effective equity interest 2004 %
Miyoshi Saitoh Pte Ltd [1]	Investment holding and trading of machines	Singapore	70	70
Miyoshi Precision (Malaysia) Sdn. Bhd. [2]	Metal stamping, fabrication of parts and components of machine tools	Malaysia	100	100
Miyoshi Technologies Phils., Inc. [3]	Metal stamping, fabrication of parts and components of machine tools	Philippines	100	100
Miyoshi Precision (Thailand) Co., Ltd. [4]	Metal stamping and plastic injection moulding	Thailand	80	80
Miyoshi Hi-Tech Co., Ltd [5]	Metal stamping	Thailand	80	–
Fastrack Pte Ltd [6]	Manufacture and repair of machine tools, provision of jig grinding and wire cut services	Singapore	51	–
Wuxi Miyoshi Precision Co., Ltd [7] (A wholly-owned subsidiary of Miyoshi Saitoh Pte Ltd)	Metal stamping and plastic injection moulding	People's Republic of China	70	70

(1) Audited by Deloitte & Touche, Singapore.

(2) Audited by an overseas practice of Deloitte Touche Tohmatsu.

(3) Audited by another firm of auditors namely, Punongbayan & Araullo, CPAs, The Philippines.

(4) Audited by another firm of auditors namely, 2V Counsellor Ltd, Thailand.

(5) Audited by another firm of auditors namely, BDO Richfield Ltd, Thailand.

(6) Audited by another firm of auditors namely, CS Chan & Co., Singapore.

(7) Audited by another firm of auditors namely, Jiangsu GongZheng Certified Public Accountants Co., Ltd, People's Republic of China.

10 INVESTMENT IN SUBSIDIARIES (cont'd)

During the financial year:

i) the 80% owned subsidiary, Miyoshi Precision (Thailand) Co., Ltd called up the remaining 75% of the unpaid capital on the 120,000 shares acquired by the company on 14 May 2005 for working purposes. Total cash consideration amounting to Baht 30 million (equivalent to approximately S$1,002,476) was paid.

ii) The company acquired a 51% equity interest in a Singapore incorporated company, Fastrack Pte Ltd ("Fastrack"), comprising 102,000 ordinary shares of S$1 each for a purchase consideration of S$235,620 based on 51% of the net tangible assets ("NTA") of Fastrack as at the date of acquisition.

The principal activities of Fastrack are primarily the manufacture and repair of machine tools, provision of jig grinding and wire cut services, and other general machining jobs.

iii) The company incorporated a 80% owned subsidiary, Miyoshi Hi-Tech Co., Ltd on 26 January 2005 with a paid-up capital of Baht 50 million divided into 500,000 ordinary shares of Baht 100 each. The principal activity of Miyoshi Hi-Tech is primarily that of metal stamping.

Of the advances to subsidiaries, $1,620,000 (2004 : $1,620,000) is secured by charges on the subsidiary's equipment and bears interest at the company's cost of funds plus 2.5% (2004 : 2.5%) per annum. The interest charged was waived for the current and prior financial year.

Otherwise, the advances to subsidiaries are unsecured, interest-free and are not expected to be repaid within the next twelve months.

11 OTHER INVESTMENTS

	Group and Company	
	2005	**2004**
	$'000	**$'000**
Club membership, at cost	265	265
Less: Impairment loss	(217)	(197)
	48	68
Unquoted non-cumulative convertible preferred shares, at cost	436	436
Less: Impairment loss	(436)	(436)
	–	–
Quoted equity shares, at cost	448	448
Less: Impairment loss	–	(13)
	448	435
Total other investments net of impairment loss	496	503
Market value of quoted equity shares	554	493

12 PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Freehold building $'000	Leasehold land and buildings $'000	Plant and equipment $'000	Office furniture and equipment $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
Group								
Cost:								
At beginning of year	–	–	15,257	34,703	2,491	1,220	185	53,856
Exchange adjustment	–	–	(206)	(516)	(28)	(8)	–	(758)
Additions	868	2,720	154	4,224	359	175	1	8,501
Acquisition of subsidiary	–	–	–	115	1,093	34	–	1,242
Transfer from construction-in-progress	–	–	–	185	–	–	(185)	–
Disposals/Write-offs	–	–	–	(1,358)	(11)	(123)	–	(1,492)
At end of year	868	2,720	15,205	37,353	3,904	1,298	1	61,349
Accumulated depreciation:								
At beginning of year	–	–	3,508	20,540	1,685	411	–	26,144
Exchange adjustment	–	(3)	(39)	(288)	(9)	(3)	–	(342)
Depreciation for the year	–	83	527	4,368	246	240	–	5,464
Acquisition of subsidiary	–	–	–	113	17	5	–	135
Disposals/Write-offs	–	–	–	(641)	(6)	(61)	–	(708)
At end of year	–	80	3,996	24,092	1,933	592	–	30,693
Depreciation for last year	–	–	499	3,568	201	221	–	4,489
Net carrying value:								
At beginning of year	–	–	11,749	14,163	806	809	185	27,712
At end of year	868	2,640	11,209	13,261	1,971	706	1	30,656

12 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold land and buildings $'000	Plant and equipment $'000	Office furniture and equipment $'000	Motor vehicles $'000	Total $'000
Company					
Cost:					
At beginning of year	9,328	17,068	1,553	964	28,913
Additions	117	1,239	107	–	1,463
Disposals	–	(1,804)	(1)	(110)	(1,915)
At end of year	9,445	16,503	1,659	854	28,461
Accumulated depreciation:					
At beginning of year	2,599	11,236	1,365	304	15,504
Depreciation for the year	336	2,421	81	168	3,006
Disposals	–	(1,172)	–	(48)	(1,220)
At end of year	2,935	12,485	1,446	424	17,290
Depreciation for last year	307	2,045	85	172	2,609
Net carrying value:					
At beginning of year	6,729	5,832	188	660	13,409
At end of year	6,510	4,018	213	430	11,171

Included in the group's and company's plant and equipment are items with net carrying value of $2,204,000 (2004 : $1,084,000) and $824,000 (2004 : $561,000) respectively under finance lease agreements.

The group's land and building comprise the following:

Location	Title	Description
No. 5 Second Chin Bee Road Singapore 618772	Leasehold (30 years from 16 December 1979, expiring in August 2009. Lease period has been extended for another 30 years from 16 August 2009)	A two-storey factory cum office building
No. 7 Second Chin Bee Road Singapore 618774	Leasehold (60 years from 30 December 1983)	A two-storey factory building

12 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Location	Title	Description
Lot B1-5 Carmelray Industrial Park II, Barangay Tulo, Calamba, Laguna 4027, Philippines	Leasehold (50 years from 1 October 1999, expiring in September 2049 with an option to extend by another 25 years)	A two-storey factory building
No. 3, Jalan Bistari 3, Taman Industri Jaya, 81300 Skudai, Johor Malaysia	Leasehold (991 years from 3 September 1920)	A factory cum office building
66 Moo 5 Bangna-Trad Road Tambol Bangsamak Amphur Bangpakong Chachoengsao Province, Thailand	Leasehold (12 years from 31 December 2002)	A factory cum office building
38 Moo 1 Tumbol Banpo Amphur Bangpa-In Pranakornsriayudha Province	Freehold	A factory cum office building

13 GOODWILL ON CONSOLIDATION

	Group $'000
Cost:	
Balance at beginning of year	29
Less: Impairment loss	(1)
Elimination of amortisation accumulated prior to the adoption of FRS 103 (Note 2)	(28)
Balance at end of year	–
Amortisation:	
At beginning of year	28
Elimination of amortisation accumulated prior to the adoption of FRS 103 (Note 2)	(28)
At end of year	–
Amortisation for last year	1
Carrying amount:	
At end of year	–
At beginning of year	1

Goodwill amortised of $Nil (2004 : $1,283) has been included under other operating expenses.

14 NEGATIVE GOODWILL ARISING ON CONSOLIDATION

	Group 2005 $'000	Group 2004 $'000
Cost:		
At beginning of year	(365)	(239)
Amount arising on acquisition of additional interest in a subsidiary	–	(126)
Adoption of FRS 103 – transfer to accumulated profits	365	–
At end of year	–	(365)
Accumulated amortisation:		
At beginning of year	134	72
Transfer to profit and loss in the financial year	–	62
Adoption of FRS 103 – transfer to accumulated profits	(134)	–
At end of year	–	134
Balance at end of year	–	(231)

Release of negative goodwill of $Nil (2004 : $62,579) is included under other operating income (Note 23).

15 DEFERRED TAX LIABILITIES

	Group 2005 $'000	Group 2004 $'000	Company 2005 $'000	Company 2004 $'000
Deferred tax liabilities	1,281	1,134	1,070	1,070

The following are the major deferred tax liabilities recognised by the company and the group and movements thereon during the year:

2005	Unutilised tax losses $'000	Unabsorbed capital allowances $'000	Accelerated tax depreciation $'000	Others $'000	Total $'000
Group					
At beginning of year	(57)	(38)	1,238	(9)	1,134
Charge to profit and loss:					
Arising from current year	56	37	41	(20)	114
Effect on change in tax rate	1	1	(3)	–	(1)
Foreign exchange adjustment	–	–	34	–	34
At end of year	–	–	1,310	(29)	1,281

15 DEFERRED TAX LIABILITIES (cont'd)

	2004				
	Unutilised tax losses $'000	Unabsorbed capital allowances $'000	Accelerated tax depreciation $'000	Others $'000	Total $'000
Group					
At beginning of year	–	–	1,657	43	1,700
Credit to profit and loss:					
Arising from current year	–	–	(279)	(44)	(323)
Over provision in prior year	–	–	(153)	–	(153)
Effect on changes in tax rate	–	–	(150)	(4)	(154)
Reclassification from deferred tax assets	(57)	(38)	163	(4)	64
At end of year	(57)	(38)	1,238	(9)	1,134
Company					
At beginning and end of year	–	–	1,075	(5)	1,070

	2004		
	Accelerated tax depreciation $'000	Others $'000	Total $'000
Company			
At beginning of year	1,657	43	1,700
Credit to profit and loss:			
Arising from current year	(279)	(44)	(323)
Overprovision in prior year	(153)	–	(153)
Effect of change in tax rate	(150)	(4)	(154)
At end of year	1,075	(5)	1,070

16 BANK OVERDRAFTS

	Group		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Secured	120	838	–	–
Unsecured	2,683	1,216	2,683	1,216
	2,803	2,054	2,683	1,216

The secured bank overdraft is covered by a corporate guarantee issued by the company and bears interest at 5% per annum.

17 TRADE PAYABLES

	Group 2005 $'000	Group 2004 $'000	Company 2005 $'000	Company 2004 $'000
Outside parties	22,145	14,881	8,866	7,937
Subsidiary (Note 10)	–	–	13,535	6,164
Associate (Note 9)	31	–	–	–
Related party (Note 4)	239	1,507	38	47
	22,415	16,388	22,439	14,148

18 OTHER PAYABLES

	Group 2005 $'000	Group 2004 $'000	Company 2005 $'000	Company 2004 $'000
Accruals for wages and salaries	1,413	860	893	610
Other accruals	1,423	1,397	436	445
Payables arising from purchase of assets	2,301	–	–	–
Subsidiary (Note 10)	–	–	–	1
Related party (Note 4)	98	420	98	25
Associate (Note 9)	217	286	–	–
Provision for directors' fees	67	40	67	40
	5,519	3,003	1,494	1,121

19 OBLIGATIONS UNDER FINANCE LEASES

	Group				Company			
	Minimum lease payments		Present value of minimum lease payments		Minimum lease payments		Present value of minimum lease payments	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Amounts payable under finance leases								
Within 1 year	616	292	563	257	214	103	191	90
In the second to fifth year inclusive	811	535	761	502	357	254	336	235
After five years	9	16	8	15	5	16	4	15
Less: Future finance charges	(104)	(69)	NA	NA	(45)	(33)	NA	NA
Present value of lease obligations	1,332	774	1,332	774	531	340	531	340
Less: Amount due for settlement within 12 months (shown under current liabilities)			(563)	(257)			(191)	(90)
Amount due for settlement after 12 months			769	517			340	250

The rate of interest for the group and company ranges from 3.12% to 7.89% (2004 : 3.42% to 4.22%) per annum. The finance leases are secured on the plant and equipment under finance leases arrangements (Note 12).

20 LONG-TERM BANK LOANS

	Group		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Secured				
Bank loan I	498	819	498	819
Bank loan II	142	275	142	275
Bank loan III	572	664	–	–
	1,212	1,758	640	1,094
Unsecured				
Bank loan IV	1,000	1,000	1,000	1,000
Bank loan V	2,000	–	2,000	–
Bank loan VI	500	–	500	–
Bank loan VII	796	–	–	–
	5,508	2,758	4,140	2,094
Less: Within one year	(4,789)	(1,507)	(3,962)	(1,478)
In the second to fifth year inclusive	719	1,251	178	616

Bank loan I of the company and of the group bears interest at 4.31% (2004 : 4.81%) per annum on monthly rest basis and is repayable in 59 months commencing May 2002. It is secured on a first legal mortgage on the factory of the company at No. 7 Second Chin Bee Road, Singapore 618774.

Bank loan II of the company and of the group bears interest at 3.75% (2004 : 3.25%) per annum and is repayable in 36 months commencing July 2003. It is secured on a multi function press system included under plant and machinery of the company and the group with a net carrying value of $467,032 (2004 : $547,095) as at 31 August 2005.

Bank loan III of the group bears interest at 7.25% (2004 : 7.25%) per annum and is repayable by 180 equal monthly instalments commencing May 2003. It is secured by legal charges over the leasehold land and building of a subsidiary at No 3, Jalan Bistari 3, Jaman Industri Jaya, 81300 Skudai, Johor, Malaysia and a letter of comfort by the company.

Bank loan IV of the company and of the group bears interest at 3.09% (2004 : 2.19%) per annum and is repayable 6 months after the date of drawdown on 24 August 2005, with an option to rollover for another 6 months.

Bank loan V of the company and of the group bears interest at 3.14% per annum and is repayable 6 months after the date of drawdown on 30 March 2005.

Bank VI of the company and of the group bears interest at 3% per annum and is repayable 6 months after the date of drawdown on 8 March 2005.

Bank loan VII of the group bears interest at 4.75% per annum and is repayable 3 months after the date of drawdown on 26 July 2005. It is secured by a corporate guarantee from the company.

The bank loans are denominated in Singapore dollars except for:

	2005	2004
Bank loan III	RM 1,287,000	–
Bank loan VII	Baht 20,000,000	–

21 ISSUED CAPITAL

	Group and Company 2005 $'000	Group and Company 2004 $'000
Authorised:		
400,000,000 ordinary shares of $0.05 each	20,000	20,000
Issued and fully paid:		
277,817,660 (2004 : 277,527,660) ordinary shares of $0.05 each	13,891	13,876
Movements during the financial year were:		
Balance at beginning of year:		
277,527,660 (2004 : 276,027,660) ordinary shares of $0.05 each	13,876	13,801
290,000 (2004 : 1,500,000) new ordinary shares of $0.05 each issued at a premium of $0.094 each upon the exercise of share options under the Miyoshi Share Option Scheme granted on 29 January 2002	15	75
Balance at end of year:		
277,817,660 (2004 : 277,527,660) ordinary shares of $0.05 each	13,891	13,876

As at the end of the financial year, there are options outstanding granted to employees and directors of the group to subscribe for unissued share totalling 5,410,000 (2004 : 3,400,000) ordinary shares of $0.05 each as described in paragraph 5 of the report of directors.

During the financial year, 670,000 (2004 : 610,000) options were cancelled.

22 REVENUE

This represents sale of goods to customers at invoice value net of returns.

23 OTHER OPERATING INCOME

	Group 2005 $'000	Group 2004 $'000
Technical assistance fee	–	88
Operating lease income	–	114
Foreign exchange adjustment gain	59	24
Gain on disposal of property, plant and equipment	123	316
Interest income from an associate	48	47
Interest income from non-related companies	10	22
Amortisation of negative goodwill	–	62
Reversal of allowance for inventories	15	–
Reversal of allowance for impairment loss in value of other investments	13	–
Miscellaneous income	398	19
	666	692

24 PROFIT FROM OPERATIONS

	Group 2005 $'000	Group 2004 $'000
Number of employees at end of year	1,207	876

Number of directors in remuneration bands as follows:

	2005	2004
$500,000 and above	–	–
$250,00 to $499,999	1	1
Below $250,000	6	6
Total	7	7

In addition to the charges and credits disclosed elsewhere in the notes, this item includes the following charges (credits):

	Group 2005 $'000	Group 2004 $'000
Staff costs (including directors' remuneration)	13,347	9,908
Costs of defined contribution plans included in staff costs	738	594
Allowance for:		
Doubtful trade receivables	134	3
Doubtful other receivables	100	–
Doubtful loan receivables	100	–
Impairment loss in value of other investments	20	109
Inventories	–	50
Auditors' remuneration:		
Audit fees:		
Auditors of the company		
- current year	78	68
- underprovision in prior year	–	15
Other auditors		
- current year	37	24
- underprovision in prior year	–	–
Non-audit fees:		
Auditors of the company	–	9
Other auditors	–	1

24 PROFIT FROM OPERATIONS (cont'd)

	Group 2005 $'000	Group 2004 $'000
Directors' remuneration:		
Directors of the company	663	754
Other directors of the subsidiary	159	66
Directors' fees:		
Directors of the company	50	40
Other directors of the subsidiary	21	9
Fees paid to a firm in which a director has an interest	15	4
Foreign exchange adjustment loss (net)	876	965
Gain on disposal of property, plant and equipment (net)	(123)	(316)
Gain on disposal of other investment	–	(2)
Inventories written off	21	177
Bad debts written off	37	–

25 INCOME TAX EXPENSE

	Group 2005 $'000	Group 2004 $'000
Current - Singapore	–	1,515
- Foreign	68	29
Deferred tax liabilities (Note 15)		
- Current	113	(323)
- Over provision in prior year	–	(153)
- Effect on change in tax rate	–	(154)
Deferred tax assets		
- Current year deferred tax assets recognised	–	208
- Under provision in prior year	–	–
	181	1,122

25 INCOME TAX EXPENSE (cont'd)

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 20% (2004 : 20%) to profit before income tax and share of loss of associate as a result of the following differences:

	Group	
	2005 $'000	2004 $'000
Income tax expense at statutory rate	434	1,032
Non-allowable items	78	135
Corporate tax exemptions	(376)	(10)
Effect of different tax rates of overseas operations	100	151
Effect on deferred taxation arising from change in tax rates	–	(154)
Deferred tax assets of subsidiaries not recognised	13	89
Utilisation of deferred tax benefits previously not recognised	(62)	(23)
Over provision of deferred tax liabilities in prior year	–	(153)
Other items	(6)	55
Total income tax expense at effective tax rates	181	1,122

Income tax for overseas subsidiaries are calculated at the rates prevailing for the respective jurisdictions.

The group has tax loss carryforwards available for offsetting against future taxable income as follows:

	2005		
	Unutilised tax losses $'000	Others $'000	Total $'000
Group			
Amount at beginning of year	732	–	732
Adjustment in respect of prior years	41	–	41
Amount in current year	64	–	64
Utilised during the year	(312)	–	(312)
Amount at end of year	525	–	525
Deferred tax benefit unrecorded			105

25 INCOME TAX EXPENSE (cont'd)

	2004		
	Unutilised tax losses $'000	Others $'000	Total $'000
Group			
Amount at beginning of year	424	6	430
Adjustment in respect of prior years	16	–	16
Amount in current year	407	(6)	401
Utilised during the year	(115)	–	(115)
Amount at end of year	732	–	732
Deferred tax benefit unrecorded			146

Deferred tax benefits vary from the Singapore statutory tax rate as the amount includes deferred taxes for overseas operations where different statutory rates apply.

No deferred tax benefit is recognised due to the unpredictability of future profit stream.

The realisation of the future income tax benefits from tax loss carryforwards and timing 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.

In the Philippines, the subsidiary enjoys tax concessions made available to non-pioneer Ecozone Export Enterprises. Under Section 6 of the Republic Act No. 7916, known as the Special Economic Zone Act of 1995, new non-pioneer Ecozone Export Enterprises shall be fully exempt from income taxes levied by the National Government for a period of four years from the start of commercial operations. The subsidiary, Miyoshi Technologies Phils., Inc., commenced operations in September 2000.

In the People's Republic of China, the subsidiary is exempted from tax for the first two profitable years and subject to tax for 50% of its taxable profit for the subsequent three years. The taxable income can be offset against unabsorbed losses which are allowed to be carried forward for five years.

Investment allowance

The Economic Development Board ("EDB") had granted an investment allowance of 50% to the company on the condition that it incurs a minimum qualifying expenditure of $12,520,000 between 16 May 1998 to 15 May 2003. In 2004, the company had successfully obtained an extension of the qualifying period for another 2 years to 15 May 2005.

For the period between 16 May 1998 to 15 May 2003, the company had claimed investment allowance amounting to approximately $4,050,000 on cumulative qualifying expenditure of $8,100,000. The claim gave rise to cumulative tax savings of approximately $850,000.

In a letter from EDB dated 14 February 2005, the company had obtained the approval from EDB to further reduce the minimum qualifying expenditure required to at least 70% of the initial approved qualifying expenditure, that is, $10,955,000 to be incurred over the period between 16 May 1998 to 15 May 2005. However the investment allowance will only apply to approved capital expenditure incurred during the original 5 year qualifying period, that is, from 16 May 1998 to 15 May 2003.

Management is of the view that the minimum qualifying expenditure has been met.

26 EARNINGS PER SHARE

The calculation of basic and fully diluted earnings per ordinary share is calculated based on the group profit attributable to shareholders divided by the weighted average number of ordinary shares in issue during the year as follows:

	Group	
	2005 **$'000**	**2004** **$'000**
Profit attributable to shareholders	1,806	3,717
	2005 **'000**	**2004** **'000**
<u>Number of ordinary shares</u>		
Number of ordinary shares in issue at the beginning of financial year	277,528	276,028
Weighted average number of ordinary shares issued pursuant to the exercise of share options	229	1,012
Weighted average number of ordinary shares applicable to basic earnings per share	277,757	277,040
Effect of dilutive share options	52	261
Weighted average number of ordinary shares applicable to diluted earning per share	277,809	277,301
Earnings per share (cents)	0.65	1.34
Fully diluted earnings per share (cents)	0.65	1.34

Fully diluted earning per share is computed based on the weighted average number of ordinary shares in issue, adjusted for the effect of dilutive options during the year. Options which are anti-dilutive are ignored in the computation.

27 DIVIDENDS

During the financial year ended 31 August 2004, the company declared and paid an interim dividend of $0.005 per ordinary share less tax on the ordinary shares of the company totalling $1,110,111 in respect of the financial year ended 31 August 2004.

During the financial year, the company declared and paid a final special dividend of $0.004 per ordinary share less tax on the ordinary shares of the company totalling $888,088 in relation to financial year ended 31 August 31, 2004.

Subsequent to 31 August 2005, the directors of the company recommended that a final dividend be paid at $0.003 per ordinary share less tax on the ordinary shares of the company totalling $666,762 for the financial year just ended. The proposed dividends are not accrued as a liability for the current financial year in accordance with FRS 10 - Events After The Balance Sheet Date.

28 CONTINGENT LIABILITIES

	Group		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Bankers' guarantee				
- secured	171	23	–	–
- unsecured	722	348	722	348
Corporate guarantee	–	–	796	–
	893	371	1,518	348

The maximum estimated amount the company could become liable is as shown above.

The secured bankers' guarantee is secured on the fixed deposit of a subsidiary amounting $149,000 (2004 : $Nil).

29 CAPITAL COMMITMENTS

Estimated amounts committed for future capital commitments but not provided for in the financial statements:

	Group		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Authorised and contracted for	25	4,828	11	–

30 OPERATING LEASE COMMITMENTS

	Group		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Minimum lease payments under operating leases included in the profit and loss statement	364	271	176	180

At the balance sheet date, the commitments in respect of non-cancellable operating leases for rental of factory building and land were as follows:

	Group		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Within one year	314	213	133	139
In the second to fifth year inclusive	680	598	470	501
After five years	3,646	3,753	3,646	3,753

A subsidiary has committed to lease a parcel of land, with a total area of 13,300 square meter, from an associate for a period of 50 years, extendable for another 25 years commencing from 1 October 1999. The annual rental is Peso 3.745 per square meter or Peso 629,946 (equivalent to $19,356).

31 GROUP SEGMENTAL INFORMATION

a) Analysis by Business Segment

For management purposes, the group is organised into the following three main business activities which form the basis for its primary segment information.

Segment revenue and expenses: Segment revenue and expense are the operating revenue and expense reported in the Group's profit and loss statement that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating receivables, inventories and property, plant and equipment, net of allowances and provisions. Capital expenditure includes the total cost incurred to acquire property, plant and equipment, and intangible assets directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of accounts payable.

Inter-segment transfers: Segment revenue and expenses include transfers between business segments. Inter-segment sales are charged at cost plus a percentage profit mark-up. These transfers are eliminated on consolidation basis.

Investment in associates: Share of results from associates are not allocated as they are not specifically attributable to any of the major business segments, and correspondingly the investments in associates are included as unallocated assets of the group.

	Data Storage		Consumers Electronics		Automotive and Others		Elimination		Group	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Revenue										
External sales	42,044	15,344	50,919	46,141	12,259	10,722	–	–	105,222	72,207
Inter-segment sales	15	231	729	207	456	990	(1,200)	(1,428)	–	–
Total revenue	42,059	15,575	51,648	46,348	12,715	11,712	(1,200)	(1,428)	105,222	72,207
Results										
(Loss) Profit from operations	(2,718)	929	3,039	4,138	2,140	188	–	–	2,461	5,255
Interest expense									(351)	(166)
Interest income									58	69
Share of result of associates									48	(360)
Profit before income taxes and minority interest									2,216	4,798
Income tax expense									(181)	(1,122)
Profit before minority interest									2,035	3,676
Minority interest									(229)	41
Profit attributable to the shareholder of the company									1,806	3,717

31 GROUP SEGMENTAL INFORMATION (cont'd)

a) Analysis by Business Segment (cont'd)

	Data Storage		Consumers Electronics		Automotive and Others		Elimination		Group	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Segment assets	29,551	12,370	37,776	41,911	8,876	8,639	–	–	76,203	62,920
Unallocated corporate assets									3,621	3,080
Consolidated total assets									79,824	66,000
Segment liabilities	6,563	2,149	14,457	12,796	1,395	1,443	–	–	22,415	16,388
Borrowings									9,643	5,586
Unallocated segment liabilities									7,534	5,860
Consolidated total liabilities									39,592	27,834
Capital expenditure	3,397	1,087	4,114	3,269	990	759	–	–	8,501	5,115
Depreciation and amortisation	2,183	954	2,644	2,869	637	667	–	–	5,464	4,490

Assets and liabilities not directly attributable to the respective segments are allocated to each segment based on a ratio of that segment's revenue over the group's total revenue.

b) Analysis by Geographical Segment

Revenue is analysed by the location of the customers. Segment assets and capital expenditure are analysed by the location in which the assets are located:

	Revenue		Assets		Capital Expenditure	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Singapore	26,270	23,559	40,097	43,619	1,806	2,089
Malaysia	28,550	26,568	5,294	5,371	778	879
Thailand	25,443	10,132	18,563	5,840	5,060	1,256
Philippines	9,909	6,565	10,385	9,640	627	582
China	13,881	289	5,485	1,530	230	309
Others	1,169	5,094	–	–	–	–
	105,222	72,207	79,824	66,000	8,501	5,115

Statement of Directors

In the opinion of the directors, the consolidated financial statements of the group and the balance sheet and statement of changes in equity of the company set out on pages 26 to 61 are drawn up so as to give a true and fair view of the state of affairs of the group and of the company as at 31 August 2005 and of the results, changes in equity and cash flows of the group and changes in equity of the company for the financial year then ended and 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.

ON BEHALF OF THE DIRECTORS

Sin Kwong Wah, Andrew

Gan Yoke Fong, Karen

Singapore
16 November 2005

Statistics of Shareholdings

as at 21 November 2005

Authorised share capital	:	S$20,000,000
Issued and fully paid-up capital	:	S$13,890,883
Class of shares	:	Ordinary share of $0.05 each
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 999	0	0.00	0	0.00
1,000 - 10,000	1,652	64.56	6,896,000	2.48
10,001 - 1,000,000	892	34.86	49,002,000	17.64
1,000,001 and above	15	0.58	221,919,660	79.88
Total	2,559	100.00	277,817,660	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 21 NOVEMBER 2005 (As recorded in the Registrar of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Miyoshi Industry Co., Ltd	90,172,860	32.46	0	0.00
Sin Kwong Wah, Andrew	51,883,160	18.68	41,030,000	14.77
Pek Yee Chew	30,481,000	10.97	62,432,160	22.47

Mr Sin Kwong Wah, Andrew, is deemed to have an interest in the 10,000,000 shares held by United Overseas Bank Limited, the 30,481,000 shares held by his spouse, Mdm Pek Yee Chew and the 549,000 shares held by DBS NOminees Pte Ltd.

Mdm Pek Yee Chew is deemed to have an interest in the shares held or deemed to be held by her spouse, Mr Sin Kwong Wah, Andrew.

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1	Miyoshi Industry Co., Ltd	90,172,860	32.46
2	Sin Kwong Wah, Andrew	51,883,160	18.68
3	Pek Yee Chew	30,481,000	10.97
4	Gan Yoke Fong, Karen	11,568,640	4.16
5	United Overseas Bank Nominees Pte Ltd	11,465,000	4.13
6	Tan Kay Guan	8,564,000	3.08
7	DBS Nominees Pte Ltd	3,366,000	1.21
8	Mah Wai Pheng	2,584,000	0.93
9	Kim Eng Securities Pte Ltd	2,451,000	0.88
10	Phillip Securities Pte Ltd	2,281,000	0.82
11	UOB Kay Hian Pte Ltd	1,914,000	0.69
12	Chua Poh Keng	1,500,000	0.54
13	OCBC Securities Pte Ltd	1,340,000	0.48
14	Hong Leong Finance Nominees Pte Ltd	1,304,000	0.47
15	DBS Vickers Securities (S) Pte Ltd	1,045,000	0.38
16	Koh Beow Ko	800,000	0.29
17	OCBC Nominees Singapore Pte Ltd	714,000	0.26
18	Lim Poh Fah, Victor	615,000	0.22
19	Yap Thiam Joo	610,000	0.22
20	Citibank Consumer Nominees Pte Ltd	565,000	0.20
	Total	225,223,660	81.07

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HAND

25.92% of the Company's shares are held in the hands of public. Accordingly, the company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Miyoshi Precision Limited ("the Company") will be held at No. 5 Second Chin Bee Road, Singapore 618772 on Wednesday, 28 December 2005 at 3.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 August 2005 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final dividend of 6% (0.3 Singapore cents per share) less income tax for the year ended 31 August 2005 (2004: 8% (0.4 Singapore cents per share)). **(Resolution 2)**

3. To re-elect the following Directors retiring pursuant to Articles 88 and 89 of the Company's Articles of Association:

Chew Chin Hua	(Retiring under Article 88)	**(Resolution 3)**
Masayoshi Taira	(Retiring under Article 89)	**(Resolution 4)**
Gan Yoke Fong, Karen	(Retiring under Article 89)	**(Resolution 5)**

Mr Chew will upon re-election as a Director of the Company, remain as a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of Listing Manual of the Singapore Exchange Securities Trading Limited.

Mr Taira will upon re-election as a Director of the Company, remain as a member of the Audit Committee and will be considered non-independent for the purposes of Rule 704(8) of Listing Manual of the Singapore Exchange Securities Trading Limited.

4. To re-appoint Deloitte & Touche as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

5. To transact any other ordinary business which may properly be 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:

6. To approve the payment of Directors' fees of S$50,000 for the year ended 31 August 2005 (2004: S$40,000). [See Explanatory Note (i)] **(Resolution 7)**

7. **Authority to allot and issue shares up to 50 per centum (50%) of issued share capital**

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors be empowered to allot and issue shares (whether by way of rights, bonus or otherwise) and convertible securities in the capital of the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares (including shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution) to be allotted and issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the issued share capital of the Company at the time of the passing of this Resolution, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the issued share capital of the Company and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities. [See Explanatory Note (ii)] **(Resolution 8)**

8. **Authority to allot and issue shares under the Miyoshi Employees' Share Option Scheme**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be authorised and empowered to allot and issue shares in the capital of the Company to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the Miyoshi Employees' Share Option Scheme ("the Scheme") upon the exercise of such options and in accordance with the terms and conditions of the Scheme, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the issued share capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the Company's next Annual General Meeting 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)**

9. **Renewal of Share Purchase Mandate**

That the Directors of the Company be and are hereby authorised to make purchases of shares from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per centum (10%) of the issued ordinary share capital of the Company (as ascertained as at the date of Annual General Meeting of the Company) at the price of up to but not exceeding Maximum Price as defined in the Attachment to AGM Notice to Shareholders dated 28 November 2005 ("Appendix"), in accordance with the "Guidelines on Share Purchases" set out on Appendix 1 of the Appendix, and this mandate shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the next Annual General Meeting by the Company is held or is required by law to be held, whichever is earlier. [See Explanatory Note (iv)] **(Resolution 10)**

10. **Renewal of Shareholders' Mandate for Interested Person Transactions**

That for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited:

(a) approval be given for the renewal of the mandate for the Company, its subsidiaries and target associated companies or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as set out on pages 10 to 12 of the Company's Circular dated 26 April 2004 ("Circular") with any party who is of the class of Interested Persons described in the Circular, provided that such transactions are carried out in the normal course of business, at arm's length and on commercial terms and in accordance with the guidelines of the Company for Interested Person Transactions as set out in the Company's Circular (the "Shareholders' Mandate");

(b) the Shareholders' Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting; and

(c) authority be given to the Directors to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the Shareholders' Mandate as they may think fit. [See Explanatory Note (v)] **(Resolution 11)**

By Order of the Board

Tan Cher Liang/Tan San-Ju
Secretaries

Singapore, 12 December 2005

Explanatory Notes:

(i) The Ordinary Resolution 7 proposed in item 6 above, if passed, will empower the Company to pay the Directors' fees for the financial year ended 31 August 2005.

(ii) The Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue shares (whether by way of rights, bonus or otherwise) and convertible securities in the Company. The number of shares and convertible securities that the Directors may allot and issue under this resolution would not exceed fifty per centum (50%) of the issued capital of the Company at the time of the passing of this resolution. For issue of shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed twenty per centum (20%) of the issued capital of the Company.

For the purpose of this resolution, the percentage of issued capital is based on the Company's issued capital at the time this proposed Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this proposed Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

(iii) The Ordinary Resolution 9 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, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoke by the Company in general meeting, whichever is the earlier, to allot and issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the issued share capital of the Company from time to time pursuant to the exercise of the options under the Scheme.

(iv) The Ordinary Resolution 10 proposed in item 9 above, if passed, will empower the Directors from the date of the above Meeting until the next Annual General Meeting 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 issued share capital of the Company at the Maximum Price as defined in the Appendix. The rationale for, the authority & limitation on, and the financial effects of the purchase or acquisition of ordinary Shares by the Company pursuant to the Share Purchase Mandate on the audited financial accounts of the Company and its subsidiaries for the financial year ended 31 August 2005 are set out in greater detail in the Appendix.

(v) The Ordinary Resolution 11 proposed in item 10 above, if passed, will authorise the Interested Person Transactions as described in the Circular and recurring in the year and will empower the Directors to do all acts necessary to give effect to the Shareholders' Mandate. This authority will, unless previously revoked or varied by the Company at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

Notes:

1. A Member entitled to attend and vote at the Annual General (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. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 5 Second Chin Bee Road, Singapore 618772 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

MIYOSHI PRECISION LIMITED
(Incorporated in the Republic of Singapore with limited liability)
(Company Registration No. 198703979K)

Proxy Form

(Please see notes overleaf before completing this Form)

IMPORTANT
1. For investors who have used their CPF monies to buy MIYOSHI PRECISION LIMITED's shares, this Annual Report 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.

I/We, ____

of ____

being a member/members of MIYOSHI PRECISION LIMITED (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing him/her, 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 on 28 December 2005 at 3.00 p.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 will vote or abstain from voting at his/her 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 August 2005		
2	Payment of proposed first & final dividend		
3	Re-election of Mr Chew Chin Hua as a Director		
4	Re-election of Mr Masayoshi Taira as a Director		
5	Re-election of Ms Gan Yoke Fong, Karen as a Director		
6	Re-appointment of Deloitte & Touche as Auditors		
7	Approval of Directors' fees amounting to S$50,000		
8	Authority to allot and issue new shares		
9	Authority to allot and issue shares under the Miyoshi Employees' Share Option Scheme		
10	Renewal of Share Purchase Mandate		
11	Renewal of Shareholders' Mandate for Interested Person Transactions		

Dated this ____________ day of ____________ 2005

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

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

* Delete where inapplicable

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, Chapter 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 a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at No. 5 Second Chin Bee Road, Singapore 618772 not less than 48 hours before the time appointed for the Meeting.

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 seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

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 Shares entered in the Depository Register, 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 Meeting, as certified by The Central Depository (Pte) Limited to the Company.