

Miyoshi Precision Limited

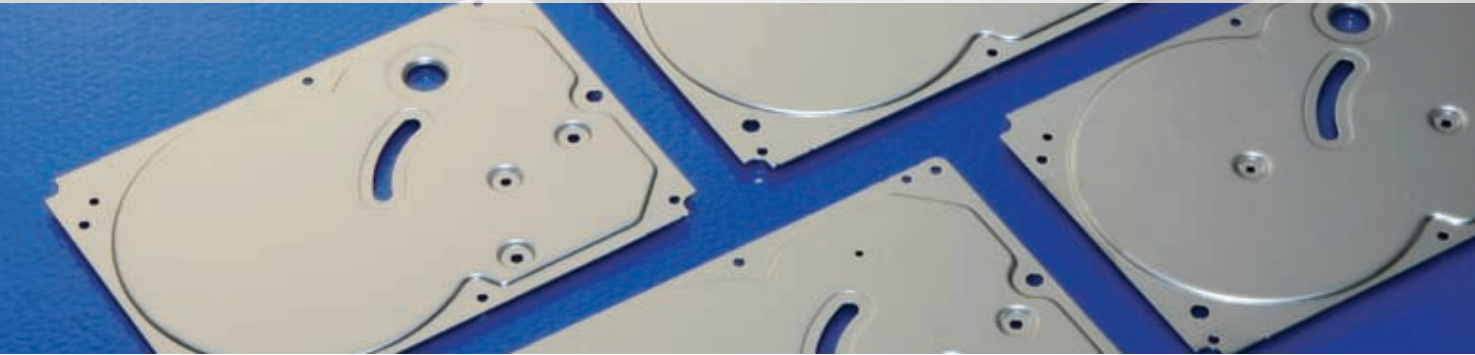
Annual Report
2008



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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 Data Storage, Consumer Electronics & Automotive Industries, our Regional Business Ring revolves around our headquarters in Singapore and manufacturing plants in Singapore, Malaysia, Thailand, Philippines & 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 capitalise on the opportunities in the region.

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CEO'S MESSAGE



Dear Shareholders,

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This year's report comes in at a time when the global economy is in the grips of uncertainty and difficulties brought about by the financial meltdown besieging leading financial institutions that has since filtered through to the broader economy.

Businesses and corporations, not surprisingly, are not spared either. Demand has shed off pace, and is expected to continue to slow down into the next year. Miyoshi, in line with our prudent and measured approach, is bracing itself for the worst and putting in place mitigating measures to weather the storm.

In fact, the Group started early in instituting these measures as can be seen from our latest report card. Despite external challenges such as competitive price pressures, especially in the second half, the Group managed to achieve a credible full year performance.

Net profit attributable to shareholders for the full-year FY2008 came in at \$10.7 million. Tighter cost management was one of the reasons for the better showing in the second half. For example, raw materials cost as a proportion of revenue declined by 1.9%, which was achieved by working closely with our customers in changing materials specification as well as reducing raw material usage for a range of drives that migrated from 3.5" to 2.5".

On a year-on-year comparison, net earnings for the Group eased by 33.6%, to \$10.7 million, in part due to lower revenue which slid by 17.8% from \$162.6 million to \$133.7 million. Nonetheless, the Group still managed to pull in creditable Group net earnings margin of 8.0%.

“Despite external challenges such as competitive price pressures, especially in the second half, the Group managed to achieve a credible full year performance”

The company continued to generate healthy cash flow from its operations with net cash from operations of \$12.2 million contributing to the final cash tally of \$25.5 million at year end. This allowed the Group to reduce its borrowings from \$12.9 million to \$8.9 million with repayments made out of cash generated from operations.

To reward shareholders, our Board of Directors has proposed final dividends of 0.3 cents per share, reaffirming its stance to enhance shareholder value.

I am pleased to announce that the Group has also made inroads into diversifying its revenue and customer base. It now owns a 27.64% equity stake in Catalist-listed Giken Sakata, through a \$1.5 million convertible loan made out to Giken in February this year that has been converted into Giken shares. In addition, we had also disbursed a second loan tranche \$1.5m, which if converted, would give us 53.16% control of Giken.

Giken is principally engaged in the manufacturing of micro shafts, plastic injection, moulding, medical products and steel-printed circuit boards. We see a synergistic fit between Giken and Miyoshi's core businesses and are now working together to realise the potential benefits.

Let me take this opportunity to express my appreciation to our Board of Directors, as well as all our stakeholders including our management and staff for their tenacity and perseverance as well as our customers, suppliers and business partners for steadfastly supporting the Group during these trying times.

Sin Kwong Wah, Andrew

Chief Executive Officer

BOARD OF DIRECTORS



SIN KWONG WAH, ANDREW

Chief Executive Officer

Mr. Sin was first appointed to the Board of Directors on 24 September 1991 and was last re-elected on 27 December 2006.

Mr. Sin, with more than 17 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, Japan 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.



TAN KAY GUAN

Chief Operating Officer

Mr. Tan was first appointed to the Board of Directors on 1 September 1999 and was last re-elected on 27 December 2006.

Mr. Tan, appointed Chief Operating Officer on 1 September 2004, has more than 11 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.



GAN YOKE FONG, KAREN

Executive Director

Ms. Gan was first appointed to the Board of Directors on 6 December 1995 and was last re-elected on 28 December 2005. She has been proposed for re-election at the company's forthcoming Annual General Meeting on 29 December 2008.

Ms. Gan, with more than 20 years of experience in the metal stamping industry, is responsible for the company's development activities as well as supply chain management. She also oversees our operations in Thailand and is a member of the Nominating Committee.

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

BOARD OF DIRECTORS



MASAYOSHI TAIRA

Non-Executive Chairman

Mr. Taira was first appointed to the Board of Directors on 24 September 1991 and was last re-elected on 27 December 2007. He was appointed as Chairman of the company since 31 December 2002.

Mr. Taira currently is a member of both the Audit and Remuneration Committees. Mr. Taira has served as our Marketing Director from 1992 to 1999. Mr. Taira has more than 18 years of experience in metal stamping industry. He is currently the Managing Director 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.



U KEAN SENG

Non-Executive and Independent Director

Mr. U was first appointed to the Board of Directors on 13 February 2004 and was last re-elected on 27 December 2007. Mr. U currently chairs the Nominating and the Remuneration Committees and is a member of Audit Committee. Mr. U was admitted to the Supreme Court of Victoria, Australia in 1991 and to the Singapore Bar in 1993. With more than 14 years of experience in the legal practice, 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 GRP Limited and Ossia International Limited. Mr. U holds degrees in BEc and LLB (Honours) both from Monash University, Australia.



TAY PENG LIM

Non-Executive and Independent Director

Mr. Tay was first appointed to the Board of Directors on 3 April 2006 and was last re-elected on 27 December 2006. He has been proposed for re-election at the Company's forthcoming Annual General Meeting on 29 December 2008.

Mr. Tay currently chairs the Audit Committee and is a member of the Nominating and Remuneration Committees. With more than 21 years of experience in financial and general management, Mr. Tay's substantial work experience includes appointments as Financial Controller and Assistant General Manager in the manufacturing and IT industries.

Mr. Tay is a member of both the Chartered Institute of Management Accountants, United Kingdom and Institute of Certified Public Accountants of Singapore.

OPERATIONS REVIEW



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The Group's three key growth drivers of Data Storage, Consumer Electronics and Automotive faced different challenges during the year in review. Consumer Electronics was weighed down by competitive market pressures since the preceding financial year (FY2007) while some of our Data Storage product lines experienced downward price adjustments, thereby leading to lower revenue. As a result, sales for Data Storage, Consumer Electronics and Automotive & Others slid by 20.7%, 12.3% and 14.5% respectively.

Among the three segments, Data Storage accounted for the lion's share of Group revenue, at 61% or \$81.4 million, down two percentage points from the previous year's 63%, reflecting the Group's ongoing efforts to diversify and balance the exposure to the three key industry segments. Consumer Electronics came in second, accounting nearly a third of Group sales at 31%, up from 29% from the previous year, while Automotive & Others maintained its share of Group revenue at 8%.

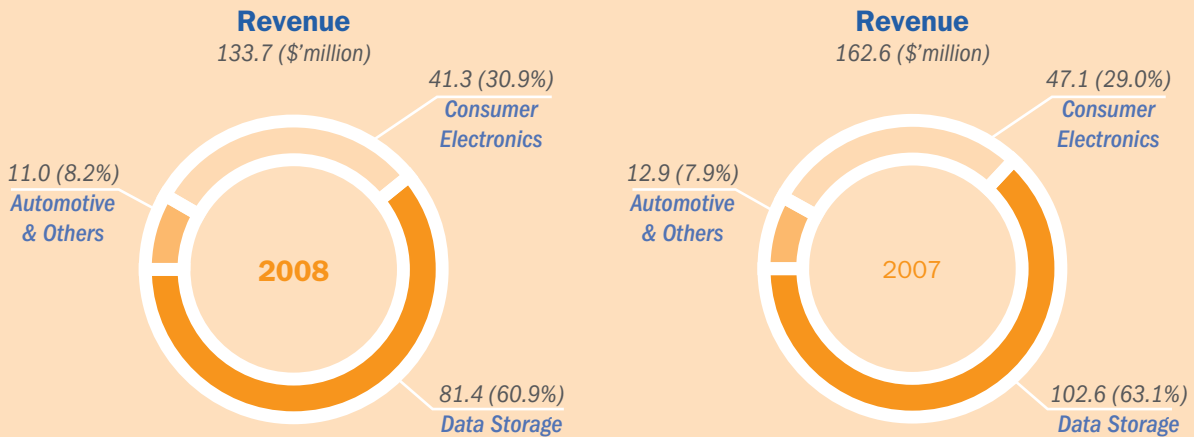
There had been encouraging indications from the data storage industry, before the global financial crisis unfolded, that demand was on the upturn, but this has since reversed and industry watchers are predicting that unit shipment is likely to be adversely affected, although the magnitude of which has yet to be determined. Additionally, the competitive price pressures that have been plaguing the consumer electronics sphere is expected to continue and persist.

These factors are expected to impact the overall performance of the Group going forward. Besides potentially affecting top line growth, net margins are also likely to come under pressure as higher fixed overheads have to be absorbed on a per unit basis.

To counter these challenges, the Group will be embarking on a slew of measures. We will be extending the reach and depth of the Miyoshi Regional Business Ring that has placed the Group in a strong position to effectively respond to customers specific needs and ensure an efficient production turnaround.

This regional network has also afforded Miyoshi the flexibility to mobilize and optimise its resources while at the same time given rise to cross-border collaborations and business referrals. To this end, Miyoshi will strengthen its regional presence when our new China plant in Huizhou is ready early next year. The manufacturing facility will commence operations in the first half of next year and will be the Group's second foray into China, after our production facility in Wuxi.

OPERATIONS REVIEW

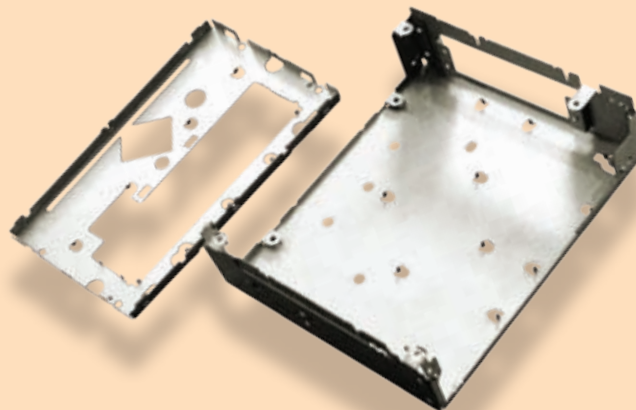


Miyoshi is steadily building its presence in China, which is now the fifth biggest contributor to Group revenue, after, Thailand, Singapore, Malaysia and the Philippines. Thailand and Singapore are the top revenue contributors, each contributing 36% and 35% to Group sales respectively, while Malaysia and the Philippines together account for 27%, an increase of 3% from last year.

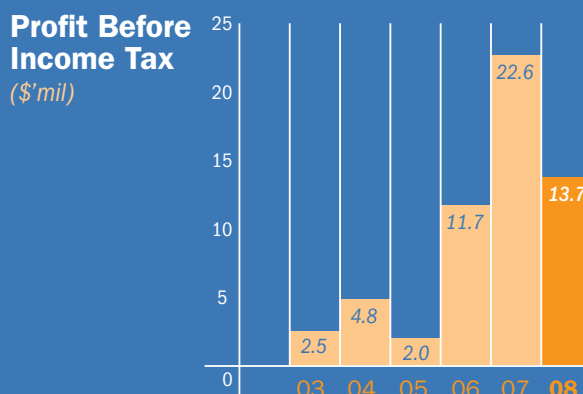
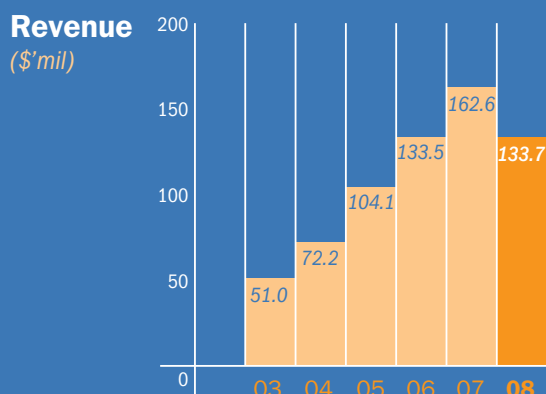
In line with our prudent yet growth-centric business strategy, the Group will seek to consolidate its operations in the various markets. The Group will still study opportunities to introduce new revenue streams but only after carefully and extensively evaluating the economic returns, synergistic value and weighing out the associated risks.

Holding the company in good stead during this global economic turbulence is the Group's sound business and operational fundamentals. We continue to generate healthy cash flow from our operations and maintain sufficient cash reserves that act as a critical buffer and form a silver lining as we ride through possible headwinds.

To strengthen margins, we will continue to build on our Research & Development efforts as well as engaging customers more closely and offering an increasing array of value-adding services. This will put the Group in an even more solid footing and poise the company to take on greater heights when the tide eventually recedes and the economic and business outlook brightens.



FINANCIAL REVIEW



Income Statement

Group revenue for the FY2008 was \$133.7m as compared with \$162.6m for FY2007, a fall of \$28.9m or 17.8%. Revenue from the Data Storage (DS), Consumer Electronic (CE) and Automotive & Others (A&O) business segments fell \$21.3m (20.7%), \$5.8m (12.3%) and \$1.8m (14.5%) respectively.

DS, our largest business segment accounted for most of the decline in revenue. While sales volumes were comparable with last year, unit-selling prices for certain product lines fell as a result of price revisions associated with a change in materials specification and a migration from the 3.5" form factor to 2.5".

The CE businesses had been operating under competitive market conditions since the last financial year. These same conditions prevailed into the current year resulting in a fall in both sales volume and revenue.

Profit attributable to the shareholders fell 33.6% to \$10.7m for FY2008 as compared with \$16.1m for last year.

Margins were generally maintained for our DS business as lower selling prices on a certain product lines were offset by lower materials cost. Profit however declined due to the effect of fixed costs being absorbed over a smaller revenue base. CE registered lower profit from lower margins and volumes. Overall, lower revenue resulting from a reduction in selling price was the key contributor to the fall in profit for the year.

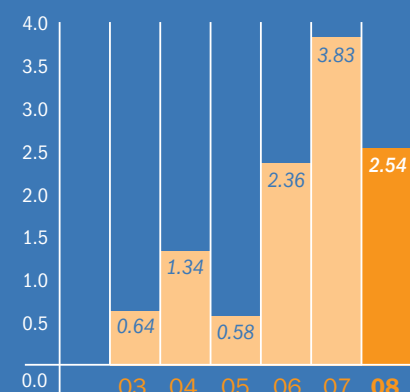
Balance Sheet

Total equity attributable to the shareholders of the group grew 7.7% to \$65.8m as at 31 August 2008 as compared to \$61.1m as at 31 August 2007. Out of the current year group earnings of \$10.7m, a dividend of \$2.0m declared for FY2007 was paid in the current year resulting in the retained earnings growing by a net of \$8.7m.

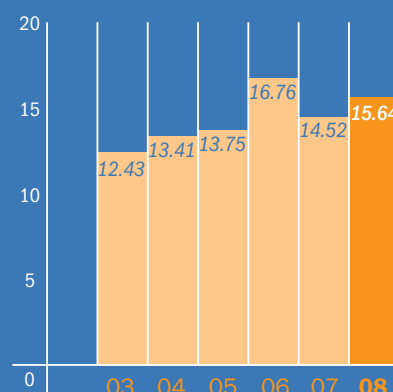
Trade payables and trade receivables declined in tandem with lower purchases and revenue while inventory was also lower mainly due to cheaper materials cost for DS and lower production volumes for CE.

FINANCIAL REVIEW

Earnings Per Share (Cents)



Net Assets Value Per Share (Cents)



Borrowings decreased from \$12.9m last year, to \$8.9m this year as cash generated from operations allowed the group to repay a part of its loans.

The balance in the group's currency translation reserve account was \$6.2m at the end of the current year, an increase of \$4.1m from the year before, while the company's balance increased by \$3.8m. Movements in the currency translation balance was largely due to a translation of the USD financial statements of the company to SGD, the group's presentation currency, as it changed its accounting functional currency from SGD to USD.

Cash Flow Statement

During FY2008, \$12.2m of cash was generated from operating activities; \$6.0m of cash was used in investment activities, mainly for the purchase of factory machinery for our Thailand and Singapore operations; and \$4.1m of cash was used in financing activities, primarily to repay bank borrowings.

The group's cash (net of restricted cash) at the end of the year was \$25.5m, up marginally by \$0.2m to from the end of last year.

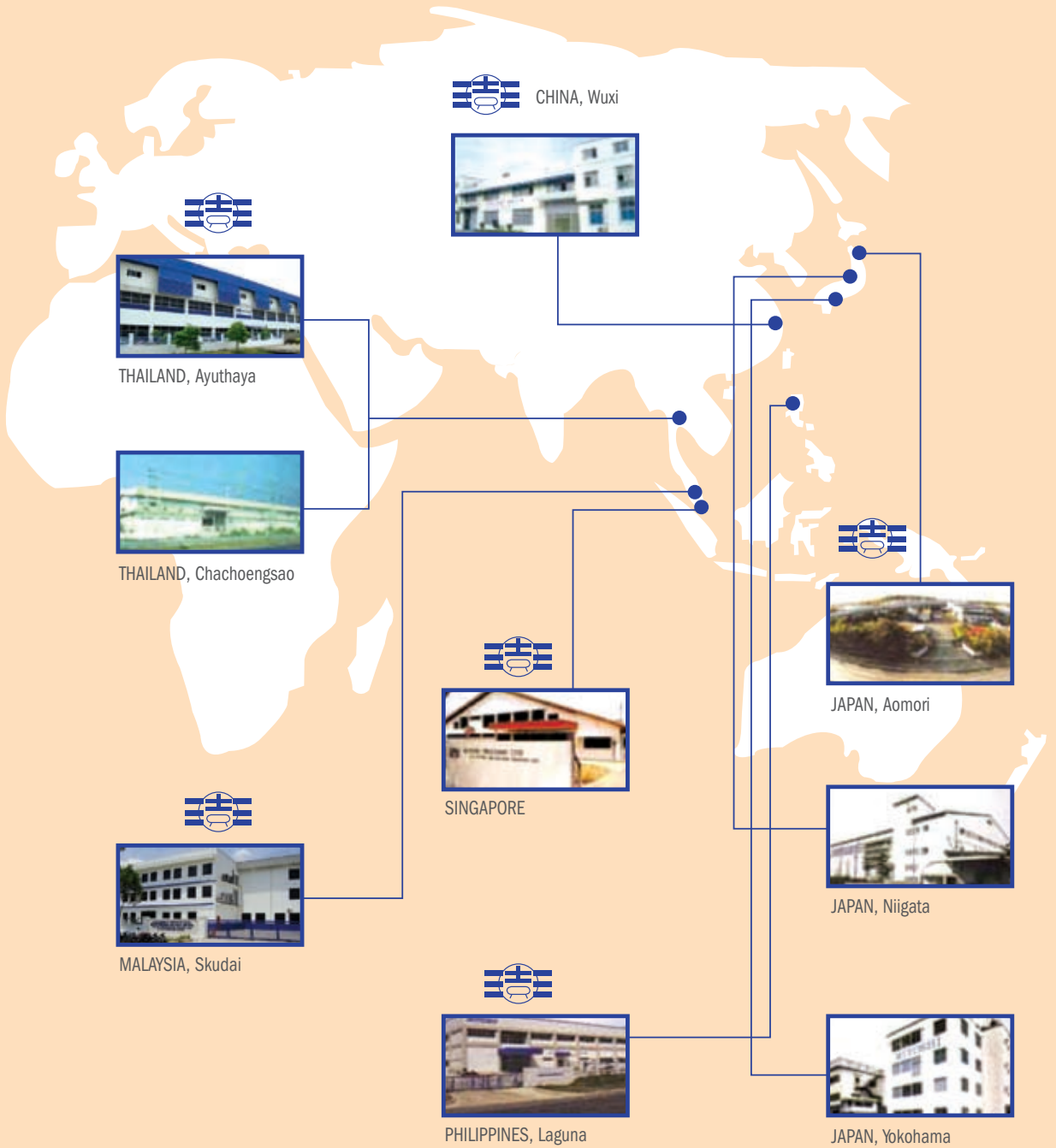
Other Significant Matters - Investment in Giken Sakata (S) Limited

On 5 February 2008, the company gave Giken Sakata (S) Limited the first tranche of a convertible loan of \$1.5m pursuant to the terms of an investment agreement announced on 4 February 2008. This loan was converted to 23,529,411 ordinary shares of Giken on 15 September 2008, representing approximately 27.64% of Giken's ordinary share capital.

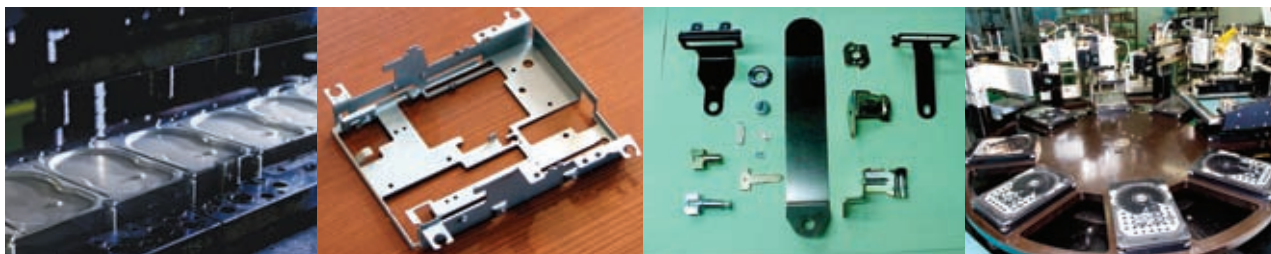
On 19 November 2008, the company disbursed a second convertible loan tranche of \$1.5m which is convertible to 46,382,189 shares. Should the second tranche be fully converted, the company would, in aggregate, own approximately 53.16% of Giken's ordinary share capital.

REGIONAL PRESENCE

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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. Tay Peng Lim *Independent*

AUDIT COMMITTEE

Mr. Tay Peng Lim *Chairman*

Mr. Masayoshi Taira

Mr. U Kean Seng

NOMINATING COMMITTEE

Mr. U Kean Seng *Chairman*

Ms. Gan Yoke Fong, Karen

Mr. Tay Peng Lim

REMUNERATION COMMITTEE

Mr. U Kean Seng *Chairman*

Mr. Masayoshi Taira

Mr. Tay Peng Lim

COMPANY SECRETARIES

Ms. Tan San-Ju (FCIS)

Mr. Tan Cher Liang (FCCA)

COMPANY REGISTRATION NO.

198703979K

REGISTERED OFFICE

No. 5 Second Chin Bee Road

Singapore 618772

Tel: (65) 6265 5221 Fax: (65) 6265 2058

Email: info@sg.miyoshi.biz

Website: <http://www.miyoshi.biz>

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd

3 Church Street #08-01 Samsung Hub

Singapore 049483

AUDITORS

BDO Raffles

Certified Public Accountants

Partner-in-charge: Ms. Lim Ai Leen

Date of appointment: 21 March 2007

PRINCIPAL BANKERS

United Overseas Bank Limited

DBS 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 2008.

BOARD MATTERS

Board's Conduct of its Affairs

Besides its statutory duties, the Board reviews and approves the Group's overall strategic plans, key operational initiatives and major investment and funding decisions. It also reviews the Group's financial performance and evaluates the performance and compensation of key management personnel. 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	
	No. of meetings	Attendance
Mr Masayoshi Taira (Non-Executive Chairman)	2	1
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 Tay Peng Lim	2	2

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

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. These committees have terms of reference, which are reviewed on a regular basis.

The Board considers its composition and size appropriately, taking into account the scope and nature of operations of the Group in the year under review.

The Board comprises directors who as a group, has core competencies and diversity of experience to enable them to lead and control the Group effectively. Such competencies and experiences include industry knowledge, strategic planning, business and general management, legal and finance.

Role of Chairman and Chief Executive Officer

Mr Masayoshi Taira is the Non-Executive Chairman of the Group. 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 ("CEO"), Mr Sin Kwong Wah, Andrew, is an Executive Director and he assumes full responsibilities over the business directions and operational decisions of the Group.

Board Membership

The Nominating Committee comprises the following members:

Mr U Kean Seng	Chairman (Non-Executive and Independent)
Ms Gan Yoke Fong, Karen	Member (Executive, Non-Independent)
Mr Tay Peng Lim	Member (Non-Executive and Independent)

The number of meeting held in the year by the Nominating Committee and the attendance thereat are as follows:

	Nominating Committee Meeting	
	No. of meeting	Attendance
Mr U Kean Seng - Chairman	1	1
Ms Gan Yoke Fong, Karen	1	1
Mr Tay Peng Lim	1	1

The Nominating Committee, in consultation with the Chairman and CEO, will consider and make recommendations to the Board concerning the appropriate size of the Board and the balance of independent Directors as well as Directors with the right profile of expertise, skills, attributes and ability.

The Nominating Committee reviews and assesses candidates for directorships (including executive directors) before recommending to the Board for appointment. Candidates are selected for their character, judgement, business experience and acumen.

The Nominating Committee also recommends Directors who are retiring by rotation, to be put forward for re-election.

In selecting new directors and in re-nominating directors for re-election, the Nominating Committee will seek to identify the competencies required to enable the Board to fulfill its responsibilities. In re-nominating directors, the Nominating Committee will have regard to the results of the annual evaluation of directors. Recommendations are put to the Board for its consideration.

The Nominating Committee has reviewed the independence of the Board members and is of the opinion that Mr U Kean Seng and Mr Tay Peng Lim 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 Pages 4 and 5 of the Annual Report.

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

The Nominating Committee meets at least once every financial year.

Board Performance

The fiduciary responsibilities of the Board include the following:

- Conduct itself with proper due diligence and care;
- Profess good faith; and
- Act in the best interests of the Company and of its shareholders at all times.

CORPORATE GOVERNANCE

The Company holds the belief that the Group's performance and that of the Board are directly related. The Nominating Committee assesses the Board's performance through its ability to steer the Group in the right direction and the support it renders to the management. For the purpose of evaluating directors' performance, the Nominating Committee takes into consideration a number of factors including the directors' attendance at meetings, participation and contributions at meetings and other Company activities.

The Nominating Committee uses its best effort to ensure that directors appointed to the Board possess the necessary background, experience, skills and knowledge in management, business and finance, critical to the Group's business; and that each director is able to contribute his/her perspective; thus allowing for effective decisions to be made.

The Nominating Committee assesses the contribution of the individual directors' performance and the effectiveness of the Board as a whole.

Access to Information

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 Secretaries. The role of the Company Secretaries have 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"), and communicating with the relevant authorities 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.

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REMUNERATION MATTERS

Procedures for Developing Remuneration Policies Level and Mix of Remuneration

The Remuneration Committee comprises the following members:

Mr U Kean Seng	Chairman (Non-Executive and Independent)
Mr Masayoshi Taira	Member (Non-Executive, Non-Independent)
Mr Tay Peng Lim	Member (Non-Executive and Independent)

The number of meeting held in the year by the Remuneration Committee and the attendance thereat are as follows:

	Remuneration Committee Meeting	
	No. of meeting	Attendance
Mr U Kean Seng - Chairman	1	1
Mr Masayoshi Taira	1	1
Mr Tay Peng Lim	1	1

The Remuneration Committee is tasked to determine the remuneration packages of the directors and key executives so as to ensure that the level of remuneration packages are appropriate to attract, retain and motivate the personnel of the required quality to run the Group successfully.

The Remuneration Committee, in consultation with the Chairman and CEO, reviews and recommends to the Board, a framework of remuneration for the Board and key executives.

In its deliberation on issues to be considered, the Remuneration Committee takes into consideration the industry practices and norms for remuneration packages. It may obtain independent professional advice at the Company's expense.

No director is involved in any decision-making in relation to his/her own remuneration, terms and conditions of service, and the review of his/her own performance.

The Remuneration Committee meets at least once every financial year.

DISCLOSURE ON REMUNERATION

- a) Details of the remuneration of the Company's Directors and five key executives for the financial year ended 31 August 2008 are as follows:

Remuneration Band and Name of Directors	Salary %	Bonuses %	Directors' Fees %	Others %	Total Compensation %
\$500,000 and above					
Mr Sin Kwong Wah, Andrew	54.6	44.1	–	1.3	100.0
\$250,000 to \$499,999					
Ms Gan Yoke Fong, Karen	52.5	45.6	–	1.9	100.0
Mr Tan Kay Guan	57.3	40.2	–	2.5	100.0
Below \$250,000					
Mr Masayoshi Taira	–	–	100.0	–	100.0
Mr U Kean Seng	–	–	22.3	77.7	100.0
Mr Tay Peng Lim	–	–	100.0	–	100.0
Remuneration Band and Name of Key Executives					
Below \$250,000					
Brian Especkerman	91.2	6.7	–	2.1	100.0
Lee Ah Kow, David	83.5	11.6	–	4.9	100.0
Lim Swee Cheong	84.7	11.4	–	3.9	100.0
Loo Keng Huat, Walter	85.1	11.3	–	3.6	100.0
Wee Soon Ghee	84.7	10.6	–	4.7	100.0

CORPORATE GOVERNANCE

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	
	At date of grant	At 31 August 2008
Pursuant to options granted on 29 January 2002		
Brian Especkerman	–	–
Lee Ah Kow, David	180,000	–
Lim Swee Cheong	–	–
Loo Keng Huat, Walter	–	–
Wee Soon Ghee	80,000	–
Pursuant to options granted on 29 January 2004		
Brian Especkerman	–	–
Lee Ah Kow, David	180,000	229,000*
Lim Swee Cheong	40,000	51,000*
Loo Keng Huat, Walter	–	–
Wee Soon Ghee	80,000	102,000*
Pursuant to options granted on 29 January 2005		
Brian Especkerman	–	–
Lee Ah Kow, David	180,000	–
Lim Swee Cheong	80,000	–
Loo Keng Huat, Walter	–	–
Wee Soon Ghee	150,000	–
Pursuant to options granted on 31 January 2007		
Brian Especkerman	–	–
Lee Ah Kow, David	180,000	229,000*
Lim Swee Cheong	80,000	102,000*
Loo Keng Huat, Walter	150,000	191,000*
Wee Soon Ghee	150,000	191,000*

* After adjustment arising from a rights issue during the financial year ended 31 August 2007.

Summarised details of the Miyoshi Employees' 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

Accountability

In presenting the annual financial statements and announcement on half year and full year results to the shareholders, it is the aim of the Board to provide the shareholders with a balanced and comprehensible assessment of the Group's position and prospects.

Audit Committee

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

	Audit Committee Meetings	
	No. of meetings	Attendance
Mr Tay Peng Lim – Chairman	3	3
Mr U Kean Seng	3	3
Mr Masayoshi Taira	3	2

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 plans and scope of audit examination of the external auditors and approves the audit plans of the internal auditors;
- (2) Reviews the nature and extent of non-audit services performed by the external auditors;
- (3) Evaluates the overall effectiveness of both the internal and external audits through meetings with each group of auditors;
- (4) Evaluates the adequacy and effectiveness of the Group's internal controls by reviewing written reports from the internal and external auditors, and management's responses and actions to correct any deficiencies;
- (5) Reviews the annual and interim financial statements and announcements to shareholders before submission to the Board for approval;
- (6) Reviews interested person transactions; and
- (7) Nominates the internal and external auditors for re-appointment.

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

The Audit Committee confirms that it has undertaken a review of all the non-audit services provided by the Company's auditor during the financial year (fees: \$31,000) and is satisfied that such services would not, in the Audit Committee's opinion, affect the independence of the external auditors.

The Audit Committee has also put in place a policy, whereby staff of the Group may raise concerns about possible improprieties in matters of financial reporting, fraudulent acts and other matters and ensure that arrangements are in place for independent investigations of such matters and appropriate follow up actions.

CORPORATE GOVERNANCE

Internal Controls

The Board acknowledges its responsibilities for the Group's system of internal controls to safeguard the Group's assets. The Board believes that in the absence of any evidence to the contrary and from due enquiry, the system of internal controls that has been maintained by the Group's management throughout the financial year is adequate to meet the needs of the Group in its current business environment.

The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can only provide reasonable and not absolute assurance against material misstatement or loss. The Directors regularly review the effectiveness of all internal controls, including financial, operational and compliance controls, and risk management.

Internal Audit

The Company outsources its internal audit functions to an external consultant firm ("Internal Auditor"). The Internal Auditor meets the professional standards set out in the Code of Corporate Governance. The Internal Auditor reports directly to the Chairman of the Audit Committee on internal audit matters. The internal audit work programme is prepared by the Internal Auditor with input from management, and is subject to approval by the Audit Committee.

COMMUNICATION WITH SHAREHOLDERS

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 Chairmen of the Audit Committee, Remuneration Committee and Nominating Committee, the Directors and the external auditors are available to respond to shareholders' queries during the meeting.

DEALINGS IN COMPANY'S SECURITIES

The Company has adopted a code of conduct to provide guidance to its Officers with regard to dealings in the Company's securities. The Company has complied with its Best Practices Guide on Securities Transactions which states that Officers of the Company should not deal in the Company's securities on short-term considerations and during the period commencing one month prior to the announcement of the Company's half-year and full year financial results.

INTERESTED PERSON TRANSACTIONS

The Company has established a procedure 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 a 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 period 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		
Purchases	Nil	1,921,535
Sales commission	Nil	212,457
Total	Nil	2,133,992

MATERIAL CONTRACTS

Except as disclosed and save for the service agreement between the Executive Directors and the Company, there are no material contracts entered into by the Company or its subsidiary companies during the financial year ended 31 August 2008 or still subsisting as at 31 August 2008 which involved the interests of any Director or controlling shareholders of the Company.

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REPORT OF THE DIRECTORS

The directors present their report together with the audited consolidated financial statements of the group and the balance sheet of the company for the financial year ended 31 August 2008.

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 Tay Peng Lim

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 in paragraph 3.

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:

Name of directors and company in which interests are held	Shareholdings registered in the name of directors or their nominees		Shareholdings in which directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
The company	Number of ordinary shares			
Mr Sin Kwong Wah, Andrew	77,825,000 ⁽¹⁾	77,825,000	61,744,000	61,244,000
Mr Tan Kay Guan	6,096,000	6,096,000	3,876,000	3,876,000
Ms Gan Yoke Fong, Karen	18,252,960	18,252,960	–	–
Mr Masayoshi Taira	–	–	104,509,290	104,509,290
Name of directors and company in which interests are held	At beginning of year		At end of year	
Subsidiary company	Ordinary shares of Thai Baht 100 each			
Miyoshi Precision (Thailand) Co., Ltd	Held in the name of Directors			
Mr Sin Kwong Wah, Andrew	2 ⁽²⁾		2 ⁽²⁾	
Mr Tan Kay Guan	2 ⁽²⁾		2 ⁽²⁾	
Ms Gan Yoke Fong, Karen	2 ⁽²⁾		2 ⁽²⁾	

REPORT OF THE DIRECTORS

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

Name of directors and company in which interests are held	At beginning of year	At end of year
<u>Subsidiary company</u>		
<u>Ordinary shares of Thai Baht 100 each</u>		
Held in the name of Directors		
Miyoshi Hi-Tech Co., Ltd		
Mr Sin Kwong Wah, Andrew	399,996 ⁽²⁾	399,996 ⁽²⁾
Ms Gan Yoke Fong, Karen	1 ⁽²⁾	1 ⁽²⁾
<u>Subsidiary company</u>		
<u>Ordinary shares of Philippines Peso 1,000 each</u>		
Held in the name of Directors		
Miyoshi Technologies Phils., Inc.		
Mr Sin Kwong Wah, Andrew	1 ⁽²⁾	1 ⁽²⁾
Mr Tan Kay Guan	1 ⁽²⁾	1 ⁽²⁾
Number of share options to subscribe for the company's ordinary shares		
	At beginning of year or date of grant, if later	At end of year
<u>Options granted on 29 January 2002</u>		
Ms Gan Yoke Fong, Karen	300,000	–
<u>Options granted on 29 January 2004</u>		
Mr Tan Kay Guan	300,000	381,000 ⁽³⁾
Ms Gan Yoke Fong, Karen	300,000	381,000 ⁽³⁾
<u>Options granted on 29 January 2005</u>		
Mr Tan Kay Guan	300,000	381,000 ⁽³⁾
Ms Gan Yoke Fong, Karen	300,000	–
Mr U Kean Seng	100,000	127,000 ⁽³⁾
<u>Options granted on 31 January 2007</u>		
Mr Tan Kay Guan	300,000	381,000 ⁽³⁾
Ms Gan Yoke Fong, Karen	300,000	381,000 ⁽³⁾
Mr U Kean Seng	200,000	254,000 ⁽³⁾
Mr Tay Peng Lim	100,000	127,000 ⁽³⁾

(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.

(2) Shares held in trust for the Company.

(3) After adjustment arising from a rights issue during the financial year ended 31 August 2007.

There was no change in any of the abovementioned interests between the end of the financial year and 21 September 2008.

REPORT OF THE DIRECTORS

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 Employees' Share Option Scheme (the "Scheme"). The Scheme is administered by a committee ("Committee") whose members are:

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

a) Options 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 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 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 in the company at the subscription price of \$0.180 per share with no discount. 2,970,000 options were accepted by the Participants.

(iv) Options granted on 31 January 2007

Options were granted pursuant to the Scheme to 35 employees and directors (collectively the "Participants") of the company to subscribe for 3,150,000 ordinary shares in the company at the subscription price of \$0.239 per share with no discount. 3,150,000 options were accepted by the Participants.

REPORT OF THE DIRECTORS

5 SHARE OPTIONS (cont'd)

a) Options Granted (cont'd)

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 Limited 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.

Arising from a rights issue during the financial year and pursuant to Rule 10 of Miyoshi Employees' Share Option Scheme, the aggregate number of outstanding shares under options and the exercise price have been adjusted.

The number of shares which may be acquired by a grantee or the acquisition price or both are subject to adjustment, as confirmed by the auditors of the company that such adjustment is fair and reasonable, by reason of any variation in the issued ordinary share capital of the company (by way of rights issue) while an option remains unexercised.

b) 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 options except as follows:

Date of grant	At beginning of year or date of grant if, later	Options adjustments	Exercised	Forfeited	At end of year	Original exercise price	Adjusted exercise price	Exercise period
29 Jan 2002	51,000	–	–	–	51,000	0.144	0.114	29 Jan 2003 to 28 Jan 2012
29 Jan 2002	51,000	–	–	–	51,000	0.144	0.114	29 Jan 2004 to 28 Jan 2013
29 Jan 2004	847,000	–	–	–	847,000	0.252	0.199	29 Jan 2005 to 28 Jan 2014
29 Jan 2004	848,000	–	–	–	848,000	0.252	0.199	29 Jan 2006 to 28 Jan 2015
29 Jan 2005	63,000	–	–	–	63,000	0.180	0.142	29 Jan 2006 to 28 Jan 2010
29 Jan 2005	64,000	–	–	–	64,000	0.180	0.142	29 Jan 2007 to 28 Jan 2011
29 Jan 2005	203,000	–	–	–	203,000	0.180	0.142	29 Jan 2006 to 28 Jan 2015
29 Jan 2005	204,000	–	–	–	204,000	0.180	0.142	29 Jan 2007 to 28 Jan 2016
31 Jan 2007	190,000	–	–	–	190,000	0.239	0.188	31 Jan 2008 to 30 Jan 2012
31 Jan 2007	191,000	–	–	–	191,000	0.239	0.188	31 Jan 2009 to 30 Jan 2013
31 Jan 2007	1,667,000	–	–	(13,000)	1,654,000	0.239	0.188	31 Jan 2008 to 30 Jan 2017
31 Jan 2007	1,711,000	–	–	(13,000)	1,698,000	0.239	0.188	31 Jan 2009 to 30 Jan 2018
Total	6,090,000	–	–	(26,000)	6,064,000			

REPORT OF THE DIRECTORS

5 SHARE OPTIONS (cont'd)

b) 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 share options at any time after twelve months from the date of grant of those options; and
- (ii) the next fifty per cent of the share options at any time after twenty-four months from the date of grant of those options.

Such share options 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 those options and subject to such other conditions as may be introduced by the Committee from time to time.

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

c) 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
Directors of the company				
Mr Tan Kay Guan	–	1,443,000*	300,000	1,143,000*
Ms Gan Yoke Fong, Karen	–	1,362,000*	600,000	762,000*
Mr U Kean Seng	–	381,000*	–	381,000*
Mr Tay Peng Lim	–	127,000*	–	127,000*
Employees				
Mr Lee Ah Kow	–	818,000*	360,000	458,000*
Mr Seah Kin Song	–	843,000*	385,000	458,000*

* Arising from a rights issue during the financial year ended 31 August 2007 and pursuant to Rule 10 of Miyoshi Employees' Share Option Scheme, the aggregate number of outstanding shares under option has been adjusted.

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

REPORT OF THE DIRECTORS

6 AUDIT COMMITTEE

The members of the Audit Committee are:

Mr Tay Peng Lim (Chairman)
Mr U Kean Seng
Mr Masayoshi Taira

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

- 1) Reviews the audit plans and scope of audit examination of external auditors and approves the audit plans of the internal auditors;
- 2) Reviews the nature and extent of non-audit services performed by the external auditors;
- 3) Evaluates the overall effectiveness of both the internal and external audits through meetings with each group of auditors;
- 4) Evaluates the adequacy of the group's internal controls by reviewing written reports from the internal and external auditors, and management's responses and actions to correct any deficiencies;
- 5) Reviews the annual and interim financial statements and announcements to shareholders before submission to the Board for approval;
- 6) Reviews interested person transactions; and
- 7) Nominates the internal and external auditors for re-appointment.

The Audit Committee has full access to and has the co-operation of the Management, and has been given the resources required for it to discharge its function properly. It has also full discretion to invite any director or executive officer to attend its meetings. The external and internal auditors have unrestricted access to the audit committee.

The Audit Committee has recommended to the Board of Directors the nomination of BDO Raffles for re-appointment as external auditors of the group at the forthcoming Annual General Meeting of the company.

REPORT OF THE DIRECTORS

7 AUDITORS

The auditors, BDO Raffles, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Sin Kwong Wah, Andrew

Gan Yoke Fong, Karen

Singapore
1 December 2008

INDEPENDENT AUDITORS' REPORT

to the Members of Miyoshi Precision Limited

We have audited the accompanying financial statements of Miyoshi Precision Limited (the "company") and its subsidiaries (the "group") as set out on pages 30 to 83 which comprise the balance sheets of the group and of the company as at 31 August 2008, the income statement, statement of changes in equity and cash flow statement of the group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair income statement and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITORS' REPORT

to the Members of Miyoshi Precision Limited

Opinion

In our opinion,

- (a) the consolidated financial statements of the group and the balance sheet of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the group and of the company as at 31 August 2008 and of the results, changes in equity and cash flows of the group for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the company and by the subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

BDO Raffles

Certified Public Accountants

Singapore

1 December 2008

BALANCE SHEETS

as at 31 August 2008

	Notes	Group		Company	
		2008	2007 (Restated)	2008	2007 (Restated)
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets:					
Cash and bank balances	6	19,516	23,439	8,948	10,838
Fixed deposits	6	6,699	2,784	–	–
Trade receivables	7	30,049	39,673	22,914	28,481
Other receivables and prepayments	8	4,026	3,737	3,721	2,885
Inventories	9	11,816	13,882	3,044	4,191
Total current assets		72,106	83,515	38,627	46,395
Non-current assets:					
Investment in associate	10	18	7	55	59
Subsidiaries	11	–	–	23,155	26,925
Available for sale financial assets	12	446	30	9	9
Other receivables and prepayments	8	158	650	158	650
Property, plant and equipment	13	33,384	33,117	7,774	8,723
Deferred tax assets	14	120	23	–	–
Loans receivable	15	2,387	2,670	2,387	2,670
Total non-current assets		36,513	36,497	33,538	39,036
Total assets		108,619	120,012	72,165	85,431
LIABILITIES AND EQUITY					
Current liabilities:					
Bank overdrafts	16	443	481	–	–
Trade payables	17	18,994	26,158	9,237	15,571
Other payables and accruals	18	7,255	9,584	3,351	5,528
Income tax payable		2,140	5,393	1,827	2,701
Finance leases	19	797	793	365	335
Bank loans	20	5,274	8,679	5,100	8,100
Total current liabilities		34,903	51,088	19,880	32,235
Non-current liabilities:					
Finance leases	19	630	952	322	441
Bank loans	20	1,719	1,993	–	–
Deferred tax liabilities	21	1,000	899	514	459
Total non-current liabilities		3,349	3,844	836	900
Capital and reserves:					
Share capital	22	37,389	37,389	37,389	37,389
Treasury share reserve	22	(29)	–	(29)	–
Fair value reserve	22	(7)	(7)	–	–
Share options reserve	22	756	536	756	536
Currency translation reserve	22	(6,197)	(2,065)	(7,977)	(4,134)
Retained earnings		33,862	25,221	21,310	18,505
		65,774	61,074	51,449	52,296
Minority interests		4,593	4,006	–	–
Total equity		70,367	65,080	51,449	52,296
Total liabilities and equity		108,619	120,012	72,165	85,431

See accompanying notes to the financial statements.

CONSOLIDATED INCOME STATEMENT

year ended 31 August 2008

	Notes	2008 S\$'000	2007 (Restated) S\$'000
Revenue	24	133,715	162,637
Other operating income	25	4,996	5,519
Changes in inventories of finished goods and work-in-process		(1,365)	2,387
Raw materials and consumables used		(83,780)	(103,845)
Employee benefits expenses		(16,662)	(19,366)
Depreciation expense		(4,781)	(4,722)
Other operating expenses	26	(17,984)	(19,436)
Finance costs		(447)	(533)
Share of results of associate		23	7
Profit before income tax		13,715	22,648
Income tax expense	27	(1,834)	(4,664)
Profit for the year	28	11,881	17,984
Attributable to:			
Equity holders of the Company		10,687	16,104
Minority interests		1,194	1,880
		11,881	17,984
Earnings per share	29		
Basic (cents)		2.54	3.83
Diluted (cents)		2.54	3.82

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN EQUITY

year ended 31 August 2008

Group	Issue Capital S\$'000	Treasury Share Reserve S\$'000	Share Options Reserve S\$'000	Fair Value Reserve S\$'000	Currency Translation Reserve S\$'000	Retained Earnings S\$'000	Total Attributable to Equity Holders S\$'000	Minority Interest S\$'000	Total Equity S\$'000
Balance at 31 August 2006	22,871	-	311	-	(156)	23,545	46,571	3,235	49,806
Effect on the prior year of change in functional currency of the Company in the current year	3	-	(2)	-	(2,624)	905	(1,718)	-	(1,718)
Foreign exchange translation gain arising in the year	-	-	-	-	715	-	715	187	902
Fair value adjustment	-	-	-	(7)	-	-	(7)	-	(7)
Net (loss)/income recognised directly in equity	3	-	(2)	(7)	(1,909)	905	(1,010)	187	(823)
Net profit for the year	-	-	-	-	-	16,104	16,104	1,880	17,984
Total recognised income and expense for the year	3	-	(2)	(7)	(1,909)	17,009	15,094	2,067	17,161
Acquisition of additional interest in subsidiary	-	-	-	-	-	-	-	(787)	(787)
Dividends paid to minority shareholders	-	-	-	-	-	-	-	(509)	(509)
Dividends	-	-	-	-	-	(15,337)	(15,337)	-	(15,337)
Shares issued pursuant to rights issue	14,003	-	-	-	-	-	14,003	-	14,003
Share-based payments expense for the year	-	-	231	-	-	-	231	-	231
Share options lapsed	-	-	(4)	-	-	4	-	-	-
Issue of shares	512	-	-	-	-	-	512	-	512
Balance at 31 August 2007 (restated)	37,389	-	536	(7)	(2,065)	25,221	61,074	4,006	65,080
Foreign exchange translation (loss)/gain arising in the year	-	-	19	-	(4,132)	-	(4,113)	291	(3,822)
Net (loss)/income recognised directly in equity	-	-	19	-	(4,132)	-	(4,113)	291	(3,822)
Net profit for the year	-	-	-	-	-	10,687	10,687	1,194	11,881
Total recognised income and expense for the year	-	-	19	-	(4,132)	10,687	6,574	1,485	8,059
Acquisition of additional interest in subsidiary	-	-	-	-	-	-	-	(714)	(714)
Dividends paid to minority shareholders	-	-	-	-	-	-	-	(184)	(184)
Dividends	-	-	-	-	-	(2,046)	(2,046)	-	(2,046)
Share-based payments expense for the year	-	-	204	-	-	-	204	-	204
Share options lapsed	-	-	(3)	-	-	-	(3)	-	(3)
Repurchase of share and held as treasury share	-	(29)	-	-	-	-	(29)	-	(29)
Balance at 31 August 2008	37,389	(29)	756	(7)	(6,197)	33,862	65,774	4,593	70,367

See accompanying notes to the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

year ended 31 August 2008

	Group	
	2008	2007 (Restated)
	S\$'000	S\$'000
Operating activities:		
Profit before income tax and share of results of associate	13,692	22,641
Adjustments for:		
Allowance for inventory obsolescence	129	519
Diminution in value of club membership	–	1
Reversal for doubtful trade receivables	(15)	(85)
Bad debts written off	1	20
Depreciation expense	4,781	4,722
Gain on disposal of interest in associate	–	(401)
Gain on disposal of property, plant and equipment	(23)	(189)
Loss on disposal of interest in Subsidiary	75	–
Negative goodwill on acquisition of additional interest in subsidiary	(636)	(721)
Interest expense	447	533
Interest income	(288)	(281)
Property, plant and equipment written off	262	–
Share-based payments expense	201	227
Operating cash flows before movements in working capital	18,626	26,986
Trade receivables	9,640	(9,020)
Other receivables and prepayments	204	(143)
Inventories	1,937	(2,886)
Trade payables	(7,163)	(1,696)
Other payables and accruals	(3,585)	2,458
Cash generated from operations	19,659	15,699
Interest paid	(447)	(533)
Interest received	288	274
Income tax paid	(5,094)	(1,875)
Dividends paid	(2,046)	(1,334)
Dividend paid to minority shareholders	(185)	(509)
Net cash from operating activities	12,175	11,722
Investing activities:		
Loan receivables	104	19
Proceeds from disposal of interest in associate	–	369
Acquisition of additional interest in subsidiary	(69)	(67)
Acquisition of other investment	(417)	–
Proceeds from disposal of property, plant and equipment	97	459
Purchase of property, plant and equipment	(5,743)	(4,311)
Net cash used in investing activities	(6,028)	(3,531)

See accompanying notes to the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

year ended 31 August 2008

	Group	
	2008	2007 (Restated)
	S\$'000	S\$'000
Financing activities:		
Proceeds from bank loans	–	8,422
Repayment of bank loans	(3,680)	(4,460)
Repayments for finance leases	(560)	(855)
Proceeds from issue of shares	–	512
Repurchase of shares and held as treasury shares	(29)	–
Restricted cash	124	(126)
Net cash (used in)/ from financing activities	(4,145)	3,493
Net effect of exchange rate changes on consolidation	(1,848)	2
Increase in cash and cash equivalents	154	11,686
Cash and cash equivalents at beginning of year	25,371	13,685
Cash and cash equivalents at end of year	25,525	25,371
Cash and cash equivalents at end of year includes the following:		
Cash and bank balances	19,516	23,439
Fixed deposits	6,699	2,784
Bank overdraft	(443)	(481)
	25,772	25,742
Restricted cash	(247)	(371)
Cash and cash equivalents at end of year	25,525	25,371

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

1 GENERAL

The company (Registration No. 198703979K) is incorporated in 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 presented in Singapore dollars (\$) and all values are rounded to the nearest thousand (\$'000) except when otherwise indicated.

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 associate and subsidiaries are disclosed in Notes 10 and 11 to the financial statements.

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

During the current financial year, the company changed its functional currency from Singapore dollar to United States dollar. The results of the last financial year (FY2007) in the financial statements and notes to the financial statements have been restated to reflect the change. The presentation currency for the group and company is in Singapore dollar consistent with prior years.

The consolidated financial statements of the group and balance sheet and statement of changes in equity of the company for the year ended 31 August 2008 were authorised for issue by the Board of Directors on 1 December 2008.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In the current financial year, the group and company have adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2007. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the group's and the company's accounting policies and has no material effect on the amounts reported in the current or prior years except for the adoption of FRS 107-Financial Instruments: Disclosures and amendments to FRS1 Presentation of Financial Statements relating to capital disclosures.

FRS 1 Amendments to FRS 1 (revised), Presentation of Financial Statements (Capital Disclosures).

The amendment to FRS 1 requires the group to make new disclosures to enable users of the financial statements to evaluate the group's objectives, policies and processes for managing capital.

FRS 107 Financial Instruments: Disclosures

FRS 107 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

At the balance sheet date, the following FRSs and INT FRSs were issued but not effective until future periods:

	Effective date (Annual periods beginning on or after)
FRS 1 : Presentation of Financial Statements (Revised)	1 January 2009
FRS 23 : Borrowing Costs (Revised)	1 January 2009
FRS 102 : Share-Based Payments (Amendments)	1 January 2009
FRS 108 : Operating Segments	1 January 2009

The group and the company expect that the adoption of the above pronouncements, will have no material impact on the financial statements in the period of initial application, except for FRS 23 (revised) and FRS 108 as indicated below.

FRS 23 Borrowing Costs (Revised)

FRS 23 requires an entity to capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group will apply FRS 23 (Revised) prospectively from financial period beginning 1 September 2009. The group is still assessing the impact of adoption of FRS 23 on the financial statements in the period of initial application.

FRS 108 Operating Segments

FRS 108 requires an entity to adopt a "management perspective approach" in reporting financial and descriptive information about its reportable segment. Financial information is required to be reported on the basis that it is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. FRS 108 introduces additional segment disclosures to be made to improve the information about operating segments. The Group will apply FRS 108 from financial period beginning 1 September 2009.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income 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 intra-group transactions, balances, income and expenses are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Minority interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the company except to the extent that the minority has a binding obligation and is able to make an additional investment to cover its share of those losses.

In the company's financial statements, investments in subsidiaries are carried at cost less any impairment in value that has been recognised in the income statement.

BUSINESS COMBINATIONS – The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the consolidated income statement.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets within the scope of FRS 39 are classified as either loans and receivables or available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, net of bank overdrafts and restricted cash. Cash equivalents are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

Investments in equity securities are classified by the group as available-for-sale. Subsequent to initial recognition, available for sale financial assets are measured at fair value and changes therein, other than for impairment losses and foreign exchange gains and losses on available for sale monetary items are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the income statement. Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Equity investments without active quoted market prices and whose fair value cannot be reliably measured are measured at cost less impairment.

Trade and other receivables

Trade and other receivables including loans receivable are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Effective Interest method

The effective interest method calculates the amortised cost of a financial instrument and allocates the interest income or expense over the relevant period. The effective interest rate exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the income statement.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

The group's activities expose itself primarily to the financial risk of changes in foreign exchange rates.

The group uses primarily foreign currency forward contracts to hedge its risk associated with foreign currency fluctuations relating to certain firm commitments.

The group does not use derivative financial instrument for speculative purposes.

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

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 inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to income statement, unless they are directly attributable to qualifying assets in which case they are capitalised in accordance with the group's general policy on borrowing costs.

Rentals payable under operating leases are charged to income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

INVENTORIES – Inventories are stated at the lower of cost (first-in, first-out method) and net realisable value. Costs 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 work-in-progress and 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 of 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 depreciable cost of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Freehold buildings	–	20 years
Leasehold land and buildings	–	5 to 50 years (over remaining terms of lease with effect from date of purchase)
Plant and equipment	–	1½ to 10 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 available for use.

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

Assets held under finance lease arrangements are depreciated over their expected useful lives on the same basis as owned assets or where shorter, the term of the relevant lease.

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 amount of the asset and is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The residual values, useful life and depreciation method are reviewed at each balance sheet date to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of future economic benefits embodied in the items of property, plant and equipment.

IMPAIRMENT OF FINANCIAL AND NON-FINANCIAL ASSETS EXCLUDING GOODWILL – At each balance sheet date, the group reviews 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 group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so 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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement, 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.

ASSOCIATES – An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the group's financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the group's interest in that associate (which includes any long-term interests that, in substance, form part of the group's net investment in the associate) are not recognised, unless the group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated income statement.

Where a group entity transacts with an associate of the group, profits and losses are eliminated to the extent of the group's interest in the relevant associate.

In the company's financial statements, investment in associates are carried at cost less any impairment in value that has been recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PROVISIONS – Provisions are recognised when the group or the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group or the company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

SHARE-BASED PAYMENTS – The company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferrability, exercise restrictions and behavioural considerations.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. 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-proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the company's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

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 – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted in countries where the company and its subsidiaries operate by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, 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 there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the group and the balance sheet and statement of changes in equity of the company are presented in Singapore dollars. The functional currency of the company is United States dollars (Note 35).

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in income statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

In order to hedge its exposure to certain foreign exchange risks, the group enters into forward contracts (See above for details of the group's accounting policies in respect of such derivative financial instruments).

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised in income statement in the period in which the foreign operation is disposed of.

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

SEGMENT REPORTING – A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

FINANCIAL GUARANTEES – The company has issued corporate guarantees to banks for bank facilities provided to its subsidiaries. These guarantees are financial guarantee contracts as they require the company to make payments to the banks if the subsidiaries fail to fulfill their obligations relating to the facilities utilised in accordance with the terms of their facilities.

Financial guarantee contracts are initially recognised at their fair value plus transaction costs.

Financial guarantee contracts are subsequently amortised to the income statement over the period of the subsidiaries' borrowings or other facilities utilised, unless the company has incurred an obligation to make payments to the bank for an amount higher than the unamortised amount, in which case the financial guarantee contracts are carried at the expected amount payable to the bank.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the entity's accounting policies

In the process of applying the entity's accounting policies, which are described in Note 2, management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements apart from those involving estimates, which are dealt with below.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Allowances for inventories

In determining the net realisable value of the group's inventories, an estimation of the recoverable amount of inventories on hand is performed based on the most reliable evidence available at the time the estimates are made. This represents the value of the inventories which are expected to realise as estimated by management. These estimates take into consideration the fluctuations of price or cost, or any inventories on hand that may not be realised, directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. As at balance sheet date, the carrying amount of the group's inventories was \$11,816,000 (2007: \$13,882,000).

The management is of the view that allowances for inventories are adequate as at year end.

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Allowances for doubtful receivables

The group makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables including loan receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of managements assessment of collectibility. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed. The carrying amount of the group's trade and other receivables and prepayments as at 31 August 2008 was \$34,233,000 (2007: \$44,060,000).

The management is of the view that allowances for doubtful receivables are adequate as at year end.

Impairment of investments in subsidiaries and associates

Determining whether investments in subsidiaries and associates are impaired requires an estimation of the recoverable amount of the investments in subsidiaries and associates as at balance sheet date. For those subsidiaries with indication of impairment, management has assessed the value in use using the future cash flows expected to arise from subsidiaries over the fifteen years beginning with FY2009 and using a discount rate of 12%. Estimates of future cash flows is based on a forecast annual growth in revenue of between 2% to 5%. The carrying amount of the company's investment in subsidiaries and associate as at 31 August 2008 was \$23,210,000 (2007: \$26,984,000).

The management is of the view that no impairment for investments in subsidiaries and associates are required.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 1½ to 50 years. The carrying amounts of the group's and the company's property, plant and equipment as at 31 August 2008 were approximately \$33,384,000 (2007: \$33,117,000) and \$7,774,000 (2007: \$8,723,000) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets.

Income taxes

The group has exposure to income taxes in several jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. At the balance sheet date, the amount of the group's income tax payable and deferred tax liabilities were \$2,140,000 (2007: \$5,393,000) and \$1,000,000 (2007: \$899,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

4 FINANCIAL RISKS AND MANAGEMENT

Financial risk management objectives and policies

The group's overall policy with respect to managing risk arising in the normal course of the group's business as well as that associated with financial instruments is to minimise the potential adverse effects on the financial performance of the group. The policies for managing specific risks are summarised below.

(a) Credit Risk

The group's credit risk is primarily attributable to its cash and cash equivalents, trade receivables, other receivables and loans receivable. Cash and cash equivalents are placed with credit worthy financial institutions. The group has adopted a stringent procedure in extending credit terms to customers and monitoring its credit risk. Where appropriate, letters of credit, cash and/or advance payments are required for new customers and those with an unacceptable credit assessment. The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any allowances for impairment losses represents the group's maximum exposure to credit risk.

Credit risk on loan to associate

The group's exposure to credit risk on loans to associate is monitored on an ongoing basis. Regular reviews of financial performance and operations are used to evaluate credit risk.

(b) Market Risk

Foreign exchange risk

The group transacts in various foreign currencies, including Singapore dollars, United States dollars (USD), Thailand Baht (THB) and Japanese Yen (JPY) and therefore is exposed to foreign exchange risk.

The group uses a combination of natural hedges of matching assets and liabilities and foreign exchange forward contracts to manage its exposure to fluctuation in foreign exchange rates. Foreign currency exposures are monitored by management on an ongoing basis.

The group utilises foreign currency forward exchange contracts on a limited basis to hedge firm commitments from customers for the sale of goods. The group does not enter into derivative foreign exchange contracts for speculative purpose.

As at year end, the group has no contracts outstanding. As at 31 August 2007, the company had a forward currency option contract outstanding whereby the company has the option to buy a notional amount of US\$500,000 or US\$1,000,000 at an exchange rate of 1.528 to 1.519 depending on the spot exchange rate at the expiration date.

The carrying amounts of the group's and company's foreign currency denominated monetary assets and monetary liabilities at the balance sheet date are as follows:

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

4 FINANCIAL RISKS AND MANAGEMENT (cont'd)

(b) Market Risk (cont'd)

Foreign exchange risk (cont'd)

Net Monetary Assets

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
United States Dollars	3,987	10,311	–	–
Singapore Dollars	(1,793)	(10,132)	(1,151)	(8,875)
Japanese Yen	958	336	1,279	524
Philippines Peso	(450)	(363)	–	–
Thailand Baht	2,154	–	2,152	–
Total	4,856	152	2,280	(8,351)

The following table details the group's sensitivity to a 10% change in USD against the SGD, JPY, PHP and THB. The sensitivity analysis assumes an instantaneous 10% change in the foreign currency exchange rates from the balance sheet date, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in SGD, JPY, PHP and THB are included in the analysis.

Foreign Currency Sensitivity Analysis

	Gain / (Loss)			
	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
SGD				
Strengthens against USD	179	1,013	115	888
Weakens against USD	(179)	(1,013)	(115)	(888)
JPY				
Strengthens against USD	(96)	(34)	(128)	(52)
Weakens against USD	96	34	128	52
PHP				
Strengthens against USD	45	36	–	–
Weakens against USD	(45)	(36)	–	–
THB				
Strengthens against USD	(215)	–	(215)	–
Weakens against USD	215	–	215	–

NOTES TO THE FINANCIAL STATEMENTS

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4 FINANCIAL RISKS AND MANAGEMENT (cont'd)

(b) Market Risk (cont'd)

Interest rate risk

The group's exposure to interest rate risk mainly arises from the bank overdrafts, finance leases and bank loans. Their interest rates and terms of repayment are disclosed in Notes 16, 19 and 20 respectively.

The group's and company's borrowings as at the balance sheet date are as follows:

Borrowings

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Bank Overdrafts	443	481	–	–
Finance Leases	1,427	1,745	687	776
Bank Loans	6,993	10,672	5,100	8,100
Total	8,863	12,898	5,787	8,876

Assuming that the amount of borrowings outstanding at the balance sheet date was outstanding for the whole year; and interest rates increase/decrease instantaneously by 10% from the balance sheet date, with all other variables held constant, the interest expense of the group would increase/decrease by \$45,000 (2007: \$53,000), while the interest expense of the company would increase/decrease by \$23,000 (2007: \$34,000).

(c) Liquidity Risk

Liquidity risks refer to the risks in which the group encounters difficulties in meeting its short-term obligations. The group's and company's liquidity risk management policy is to maintain a sufficient level of liquid financial assets through proper management of its receivables and payables and by arranging for appropriate bank financing facilities. The table below analyses the maturity profile of the group's and company's financial liabilities based contractual undiscounted cash flows.

NOTES TO THE FINANCIAL STATEMENTS

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4 FINANCIAL RISKS AND MANAGEMENT (cont'd)

(c) Liquidity Risk (cont'd)

Financial Liabilities

	2008			2007		
	1 Year or Less	1 Year to	Total	1 Year or Less	1 Year to	Total
	\$'000	5 Years	\$'000	\$'000	5 Years	\$'000
		\$'000	\$'000		\$'000	\$'000
Group						
Trade payables	18,994	–	18,994	26,158	–	26,158
Other payables and accruals	7,255	–	7,255	9,584	–	9,584
Bank Overdrafts	443	–	443	481	–	481
Finance Leases	797	630	1,427	793	952	1,745
Bank Loans	5,274	1,719	6,993	8,679	1,993	10,672
	32,763	2,349	35,112	45,695	2,945	48,640
Company						
Trade payables	9,237	–	9,237	15,571	–	15,571
Other payables and accruals	3,351	–	3,351	5,528	–	5,528
Bank Overdrafts	–	–	–	–	–	–
Finance Leases	365	322	687	335	441	776
Bank Loans	5,100	–	5,100	8,100	–	8,100
	18,053	322	18,375	29,534	441	29,975

(d) Capital Risk Management

The group manages its capital to ensure that it is able to continue as a going concern. It maintains sufficient cash and cash equivalents and internally generated cash flows to finance its activities. Adequate lines of credit and availability of committed funding lines are maintained at all times to meet its obligations as and when they fall due.

Management monitors its capital through the gearing ratio to ensure that there is adequate liquidity, taking into consideration internal funding requirements as well as external economic conditions.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

NOTES TO THE FINANCIAL STATEMENTS

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4 FINANCIAL RISKS AND MANAGEMENT (cont'd)

(d) Capital Risk Management (cont'd)

The group's and company's gearing ratio as at the balance sheet date are as follows:

Gearing Ratio

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Bank overdrafts	443	481	–	–
Finance leases	1,427	1,745	687	776
Bank loans	6,993	10,672	5,100	8,100
Trade payables	18,994	26,158	9,237	15,571
Other payables and accruals	7,255	9,584	3,351	5,528
Less: Cash and cash equivalents	(25,525)	(25,371)	(8,948)	(10,838)
Net debt	9,587	23,269	9,427	19,137
Equity attributable to the equity shareholders of the group	65,774	61,074	51,449	52,296
Total capital	75,361	84,343	60,876	71,433
Gearing ratio	12.7%	27.6%	15.5%	26.8%

Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements. The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

5 RELATED PARTY TRANSACTIONS

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. Related parties also include those that are associates of the group.

Some of the group'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 unsecured, interest-free and repayable on demand unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

5 RELATED PARTY TRANSACTIONS (cont'd)

During the year, the group entities entered into the following trading transactions with related parties:

	Associate		Related Party (A Shareholder)	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Sales	–	–	(98)	(7)
Purchases	–	–	1,922	2,628
Sales commission expense	–	–	212	272
Interest income	(34)	(39)	–	–
Marketing fees expense	–	–	71	120
Other expense	43	34	24	3

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2008 \$'000	2007 \$'000
Short-term benefits	2,238	2,065
Post-employment benefits	104	58
Share-based payments	–	110
	2,342	2,233

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Cash and bank balances	19,516	23,439	8,948	10,838
Fixed deposits	6,699	2,784	–	–
Bank overdrafts (Note 16)	(443)	(481)	–	–
	25,772	25,742	8,948	10,838
Restricted cash	(247)	(371)	–	–
	25,525	25,371	8,948	10,838

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

6 CASH AND CASH EQUIVALENTS (cont'd)

The carrying amount of cash and cash equivalents approximate their fair value.

Fixed deposits of the group bear interest ranging from 2.25% to 3.78% per annum (2007 : 2.25% to 6.25% per annum) and are for a tenor of approximately 365 days (2007 : 365 days).

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

The group's and company's cash and cash equivalents that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2008	2007 (Restated)	2008	2007 (Restated)
	\$'000	\$'000	\$'000	\$'000
Singapore Dollars	4,474	1,182	4,474	1,182
United States Dollars	3,710	2,580	–	–
Japanese Yen	1,343	1,324	1,343	1,324
Philippines Peso	124	275	–	–
Thailand Baht	2,154	–	2,154	–

7 TRADE RECEIVABLES

	Group		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Outside parties	29,654	38,329	11,789	12,862
Less: Allowance for doubtful debts	–	(18)	–	–
	29,654	38,311	11,789	12,862
Related party	395	1,362	395	1,354
Subsidiaries	–	–	10,730	14,265
	30,049	39,673	22,914	28,481

Trade receivables are non-interest bearing and are generally on a 30 to 60 days (2007: 30 to 60 days) credit terms.

NOTES TO THE FINANCIAL STATEMENTS

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7 TRADE RECEIVABLES (cont'd)

The group's and company's trade receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2008	2007 (Restated)	2008	2007 (Restated)
	\$'000	\$'000	\$'000	\$'000
Singapore Dollars	431	684	432	1,582
United States Dollars	7,879	14,520	–	–
Japanese Yen	–	216	–	216
Philippines Peso	35	13	–	–

Credit risk on trade receivables

Trade receivables that are neither past due nor impaired are substantially from companies with good collection track record with the group. The group's and company's trade receivables which are past due as indicated in the table below are not considered to be impaired.

Trade Receivables	Group		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Past due 0 to 3 months	6,080	8,273	3,229	2,323
Past due 3 to 6 months	69	4	0	0
Past due over 6 months	24	35	0	0
Total	6,173	8,312	3,229	2,323

8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Current				
Outside parties	4,026	2,176	2,830	757
Related party	–	1,561	–	1,561
Subsidiaries	–	–	891	567
	4,026	3,737	3,721	2,885
Non-current				
Other receivable	158	650	158	650

NOTES TO THE FINANCIAL STATEMENTS

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8 OTHER RECEIVABLES AND PREPAYMENTS (cont'd)

Current amounts receivable from outside parties at the end of the current financial year includes a loan to Giken Sakata (S) Limited ("Giken") of \$1,500,000 which is convertible into new ordinary shares of Giken subject to fulfilment of the conversion conditions. If the conversion conditions are not fulfilled within the agreed period, the company has the right to recall the loan. The other terms of the investment agreement are explained in Note 36.

Non-current receivable represents the proceeds from the disposal of an associate, PT. SM Engineering in the prior year. No interest is charged on the amount receivable which is repayable over 36 months starting in December 2006.

The remaining balances comprise mainly of deposits, prepayments, advances and expenses paid on behalf of related parties.

None of the above balances are past due nor impaired.

The group's and company's other receivables and prepayments that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2008	2007 (Restated)	2008	2007 (Restated)
	\$'000	\$'000	\$'000	\$'000
Singapore Dollars	3,146	2,175	3,833	2,571
United States Dollars	–	71	–	–
Japanese Yen	–	848	–	856
Philippines Peso	128	93	–	–

9 INVENTORIES

	Group		Company	
	2008	2007 (Restated)	2008	2007 (Restated)
	\$'000	\$'000	\$'000	\$'000
Finished goods	6,207	5,994	886	677
Work-in-process	661	1,806	762	1,499
Raw materials	4,948	6,082	1,396	2,015
Total inventories at lower of cost and net realisable value	11,816	13,882	3,044	4,191

NOTES TO THE FINANCIAL STATEMENTS

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10 INVESTMENT IN ASSOCIATE

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Unquoted equity shares, at cost	55	59	55	59
Currency realignment on translation of foreign associate	1	(2)	–	–
Share of post-acquisition accumulated losses	(38)	(50)	–	–
	(37)	(52)	–	–
	18	7	55	59

Details of the group's associate are as follows:

Associate	Principal activities	Country of incorporation and operations	Proportion of ownership interest and voting power held	
			2008 %	2007 %
Miyoshi International Philippines, Inc. ⁽¹⁾	Property holding	Philippines	40	40

(1) Audited by BDO Alba Romeo & Co. Philippines.

Summarised financial information in respect of the group's associate is set out below:

	2008 \$'000	2007 \$'000
Total assets	2,444	2,630
Total liabilities	(2,400)	(2,614)
Net assets	44	16
Group's share of associate's net assets	18	7
Profit for the year	30	292
Group's share of associate's profit for the year	12	7

NOTES TO THE FINANCIAL STATEMENTS

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11 SUBSIDIARIES

	Company	
	2008	2007 (Restated)
Unquoted equity shares, at cost	9,579	12,389
Advances	13,576	14,536
	23,155	26,925

As at the year end, the balance of advances made by the company to its subsidiaries was \$13,576,000 (2007: \$14,536,000) comprising:

- (a) advances of \$8,261,000 (2007: \$8,903,000) which are interest-free and with no fixed repayment terms;
- (b) advances of \$3,505,000 (2007: \$2,952,000) which bear interest of between 4.05% and 5% per annum with no fixed repayment terms, but not expected to be repaid within the next 12 months from the balance sheet date;
- (c) advances of \$1,710,000 (2007: \$2,681,000) which bear interest of 1% per annum with monthly repayment of principle over 48 months starting September 2006, amounts varying between \$61,000 and \$95,000;
- (d) advances of \$100,000 (2007: Nil) which are interest-free with repayment of principle over 5 equal monthly installments starting May 2008, but not expected to be repaid within the next 12 months from the balance sheet date;

The advances to subsidiaries are not secured.

It is not practicable to determine the fair value of advances in (a) and (b) as they have no fixed term of repayment. The fair value of advances in (c) and (d) approximates the carrying amount.

There have been no changes to the above repayment term except as disclosed below.

Included in the amount in (a) above, is an interest-free advance of \$7,587,000 (2007: \$8,204,000) for which no notional interest income is accounted for by the company (2007: \$370,000, at interest rates ranging from 4% to 6% per annum). The change in accounting treatment for notional interest follows a change in accounting estimates relating to the expected repayment period of the advance. This advance is currently not expected to be repaid (2007: fixed repayment term).

The company's advances to subsidiaries that are not denominated in the functional currency of the company are as follows:

	Company	
	2008	2007 (Restated)
Singapore Dollars	4,751	4,079
Japanese Yen	180	181
Thailand baht	1,710	2,681

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

11 SUBSIDIARIES (cont'd)

Details of the company's subsidiaries are as follows:

Name of subsidiary	Principal activities/Country of incorporation and operations	Proportion of ownership interest and voting power held	
		2008 %	2007 %
Miyoshi Saitoh Pte Ltd ⁽¹⁾	Investment holding and trading of machines Singapore	100	100
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	70	80
Miyoshi Hi-Tech Co., Ltd ⁽⁴⁾	Metal stamping Thailand	80	80
Fastrack Pte. Ltd. ⁽¹⁾	Manufacture and repair of machine tools, provision of jig grinding and wire cut services Singapore	51	51
iNovuus Technologies Pte Ltd ⁽¹⁾	System integration service provider, application and development solutions and e-commerce web development services Singapore	93	91.5
Wuxi Miyoshi Precision Co., Ltd ⁽⁵⁾ (A wholly-owned subsidiary of Miyoshi Saitoh Pte Ltd)	Metal stamping and plastic injection moulding People's Republic of China	100	100
Miyoshi Precision Huizhou Co., Ltd ⁽⁶⁾ (A Subsidiary of Miyoshi Saitoh Pte Ltd)	Metal stamping and assembly of electronic components People's Republic of China	100	100
Miyoshi Bio Energy (Malaysia) Sdn Bhd (A Subsidiary of Miyoshi Precision (Malaysia) Sdn. Bhd.)	Processing of bio energy activities Malaysia	100	–

(1) Audited by BDO Raffles, Singapore.

(2) Audited by BDO Binder, Malaysia.

(3) Audited by BDO Alba Romeo & Co., Philippines.

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

11 SUBSIDIARIES (cont'd)

- (4) Audited by BDO Richfield, Thailand.
- (5) Audited by another firm of auditors namely, Jiangsu GongZheng Certified Public Accountants Co., Ltd, People's Republic of China.
- (6) Audited by another firm of auditors namely, Huizhou Junhe Certified Public Accountants, People's Republic of China.

On 28 December 2007, the company acquired an additional 20% equity interest in Miyoshi Precision (Thailand) Co., Ltd for a purchase consideration of THB1,600,000 (\$68,640 equivalent).

On 1 June 2008, the company disposed of 30% equity interest in Miyoshi Precision (Thailand) Co., Ltd for a cash consideration of US\$300,000 (\$454,830 equivalent).

On 30 April 2008, the company acquired an additional 1.5% equity interest in iNovuus Technologies Pte Ltd for a cash consideration of \$1.

On 14 January 2008, Miyoshi Precision (Malaysia) Sdn. Bhd., a subsidiary of the company, acquired a 50% equity interest in Miyoshi Bio Energy (Malaysia) Sdn. Bhd., for a cash consideration of RM 1.00.

On 28 January 2008, Miyoshi Precision (Malaysia) Sdn. Bhd., a subsidiary of the company, acquired the remaining 50% equity interest in Miyoshi Bio Energy (Malaysia) Sdn. Bhd. for a cash consideration of RM 1.00.

12 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
At beginning of year	30	38	9	10
Additions	417	–	–	–
Impairment loss	(1)	(1)	–	(1)
Fair value adjustment	–	(7)	–	–
At end of year	446	30	9	9

At the balance sheet date, available-for-sale financial assets included the following:

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Unquoted equity shares				
– At cost less impairment loss	29	30	9	9
Quoted equity shares				
– At market value	417	–	–	–
	446	30	9	9

NOTES TO THE FINANCIAL STATEMENTS

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13 PROPERTY, PLANT AND EQUIPMENT

	Freehold land \$'000	Freehold buildings \$'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 31 August 2006 (restated)	912	2,889	15,705	41,519	2,881	1,299	1,101	66,306
Reclassification	1,064	–	(973)	(82)	5	(14)	–	–
Exchange adjustment	56	177	(282)	(107)	(25)	(25)	35	(171)
Additions	–	29	143	2,861	189	621	2,629	6,472
Transfer from construction -in-progress	–	3,001	–	702	–	–	(3,703)	–
Disposals/Written off	–	–	(8)	(247)	(112)	(465)	–	(832)
At 31 August 2007 (restated)	2,032	6,096	14,585	44,646	2,938	1,416	62	71,775
Exchange adjustment	(108)	(343)	(997)	(2,496)	(161)	(75)	(4)	(4,184)
Additions	–	502	2,183	3,692	248	37	596	7,258
Transfer from construction -in-progress	–	6	–	621	–	–	(627)	–
Disposals/Written off	–	–	–	(1,899)	(30)	(20)	–	(1,949)
At 31 August 2008	1,924	6,261	15,771	44,564	2,995	1,358	27	72,900
Accumulated depreciation:								
At 31 August 2006 (restated)	–	246	4,273	27,483	2,023	721	–	34,746
Reclassification	–	–	92	(90)	2	(4)	–	–
Exchange adjustment	–	19	(75)	(147)	(31)	(18)	–	(252)
Depreciation for the year	–	179	489	3,643	150	261	–	4,722
Disposals/Written off	–	–	(8)	(127)	(102)	(321)	–	(558)
At 31 August 2007 (restated)	–	444	4,771	30,762	2,042	639	–	38,658
Exchange adjustment	–	(29)	(343)	(1,761)	(133)	(38)	–	(2,304)
Depreciation for the year	–	–	789	3,670	93	229	–	4,781
Disposals/Written off	–	–	–	(1,584)	(25)	(10)	–	(1,619)
At 31 August 2008	–	415	5,217	31,087	1,977	820	–	39,516
Net carrying value:								
At 31 August 2007 (restated)	2,032	5,652	9,814	13,884	896	777	62	33,117
At 31 August 2008	1,924	5,846	10,554	13,477	1,018	538	27	33,384

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

13 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 31 August 2006 (restated)	8,607	16,130	1,321	806	26,864
Exchange adjustment	(274)	(512)	(42)	(27)	(855)
Additions	129	1,107	19	318	1,573
Disposal	–	(79)	(4)	(348)	(431)
At 31 August 2007 (restated)	8,462	16,646	1,294	749	27,151
Exchange adjustment	(607)	(1,193)	(93)	(53)	(1,946)
Additions	324	884	48	–	1,256
Disposal	–	(2,164)	(3)	–	(2,167)
At 31 August 2008	8,179	14,173	1,246	696	24,294
Accumulated depreciation :					
At 31 August 2006 (restated)	2,942	13,287	1,206	489	17,924
Exchange adjustment	(96)	(429)	(39)	(18)	(582)
Depreciation	294	862	64	153	1,373
Disposal	–	(27)	(3)	(257)	(287)
At 31 August 2007 (restated)	3,140	13,693	1,228	367	18,428
Exchange adjustment	(224)	(964)	(88)	(26)	(1,302)
Depreciation	290	738	45	127	1,200
Disposal	–	(1,803)	(3)	–	(1,806)
At 31 August 2008	3,206	11,664	1,182	468	16,520
Net carrying value:					
At 31 August 2007 (restated)	5,322	2,953	66	382	8,723
At 31 August 2008	4,973	2,509	64	228	7,774

Included in the group's and company's plant and equipment and motor vehicle are items with net carrying value of \$2,967,000 (2007 : \$3,172,000) and \$1,382,000 (2007 : \$1,230,000) respectively under finance lease agreements.

During the financial year, the group acquired mainly building, machinery, plant and equipment with an aggregate cost of \$7,258,000 (2007 : \$6,472,000) of which \$242,000 (2007 : \$931,000) was acquired by means of finance leases, no banks loan was used to finance the acquisitions in the current year (2007: \$984,000), \$5,743,000 (2007 : \$4,311,000) was paid by cash while \$1,273,000 (2007 : \$245,000) remained to be payable.

NOTES TO THE FINANCIAL STATEMENTS

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13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

The group's land and buildings 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
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 Ayutthaya Province, Thailand	Freehold	A factory cum office building
No. 4, Jalan Wira 3, Taman Tan Sri Yaacob, 81300 Skudai, Johor Bahru, Johor, Malaysia	Freehold	A factory cum office building
Tongqiao Industrial Base Huicheng District Huizhou, Guangdong China 516001	Leasehold (50 years from 12 March 2008)	Land

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14 DEFERRED TAX ASSETS

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Deferred tax assets	120	23	-	-

The deferred tax assets recognised by the group and movements thereon during the year:

	Group	
	2008 \$'000	2007 \$'000
<u>Unutilised tax losses</u>		
At beginning of year	23	21
Credit to income statement for the current year	77	-
Foreign exchange adjustment	-	2
At end of year	100	23
<u>Allowance for obsoleted stocks</u>		
At beginning of year	-	-
Credit to income statement for the current year	20	-
Foreign exchange adjustment	-	-
At end of year	20	-
Total at beginning of year	23	21
Total at end of year	120	23

NOTES TO THE FINANCIAL STATEMENTS

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15 LOANS RECEIVABLE

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Current				
Outside parties	299	299	299	299
Less: Allowance for doubtful loans receivable	(299)	(299)	(299)	(299)
	–	–	–	–
Non-current				
Outside parties	101	101	101	101
Less: Allowance for doubtful loans receivable	(101)	(101)	(101)	(101)
	–	–	–	–
Associate	2,387	2,670	2,387	2,670
	2,387	2,670	2,387	2,670

The loans receivable from outside parties pertain to a loan 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 in previous years for the amount receivable.

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 and are repayable on demand but are not expected to be repaid within the next 12 months. The loans are subject to interest at 2% (2007 : 2%) per annum. It is not practicable to determine the fair value of this loan as there is no fixed repayment term.

The group's and company's loans receivable that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2008 \$'000	2007 (Restated) \$'000	2008 \$'000	2007 (Restated) \$'000
Singapore Dollars	263	268	263	268

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

16 BANK OVERDRAFTS

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Secured	443	481	-	-

The secured bank overdrafts are covered by a corporate guarantee issued by the company and bear interest at 5% (2007 : 5%) per annum.

The group's and company's bank overdrafts that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
United States Dollars	-	74	-	-

17 TRADE PAYABLES

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Outside parties	18,034	23,573	4,807	7,620
Related party	960	2,585	103	1,848
Subsidiaries	-	-	4,327	6,103
	18,994	26,158	9,237	15,571

Trade payables are non-interest bearing and are normally settled on 30-60 days (2007: 30-60 days) terms.

The group's and company's trade payables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2008 \$'000	2007 (Restated) \$'000	2008 \$'000	2007 (Restated) \$'000
Singapore Dollars	1,247	1,857	1,280	1,853
United States Dollars	7,528	6,832	-	-
Japanese Yen	61	1,899	60	1,719
Philippines Peso	40	70	-	-
Malaysia Ringgit	-	-	-	-
Thai Baht	-	-	2	-

NOTES TO THE FINANCIAL STATEMENTS

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18 OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Accruals for wages and salaries	1,329	1,999	573	702
Other accruals	3,831	3,940	2,206	2,541
Payables arising from purchase of assets	706	245	30	–
Outside parties	1,228	2,135	248	768
Related party	156	1,265	82	1,229
Associate	5	–	–	–
Subsidiaries	–	–	212	288
	7,255	9,584	3,351	5,528

Other payables to outside parties are unsecured, interest free and repayable on demand.

The group's and company's other payables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2008 \$'000	2007 (Restated) \$'000	2008 \$'000	2007 (Restated) \$'000
Singapore Dollars	3,072	3,707	3,086	3,749
United States Dollars	74	28	–	–
Japanese Yen	324	153	4	153
Philippines Peso	697	674	–	–
Hong Kong Dollars	–	6	–	–

NOTES TO THE FINANCIAL STATEMENTS

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19 FINANCE LEASES

	Group				Company			
	Minimum lease payments		Present value of minimum lease payments		Minimum lease payments		Present value of minimum lease payments	
	2008	2007	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Amounts payable under finance leases</u>								
Within one year	850	875	797	793	394	370	365	335
In the second to fifth year inclusive	662	996	630	947	331	464	322	441
After five years	-	5	-	5	-	-	-	-
Less: Future finance charges	(85)	(131)	-	-	(38)	(58)	-	-
Present value of lease obligations	<u>1,427</u>	<u>1,745</u>	<u>1,427</u>	<u>1,745</u>	<u>687</u>	<u>776</u>	<u>687</u>	<u>776</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)			(797)	(793)			(365)	(335)
Amount due for settlement after 12 months			<u>630</u>	<u>952</u>			<u>322</u>	<u>441</u>

The rate of interest for the group and company ranges from 4.33% to 8.29% (2007 : 4.33% to 8.29%) per annum. The finance leases are secured on the plant and equipment purchased under finance lease arrangements (Note 13).

20 BANK LOANS

	Group		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
<u>Secured</u>				
Bank loan I	427	486	-	-
Bank loan II	562	639	-	-
Bank loan III	904	1,026	-	-
Bank loan IV	-	155	-	-
Bank loan V	-	266	-	-
	<u>1,893</u>	<u>2,572</u>	<u>-</u>	<u>-</u>
<u>Unsecured</u>				
Bank loan VI	-	1,000	-	1,000
Bank loan VII	2,100	2,100	2,100	2,100
Bank loan VIII	-	2,000	-	2,000
Bank loan IX	3,000	3,000	3,000	3,000
	<u>6,993</u>	<u>10,672</u>	<u>5,100</u>	<u>8,100</u>
Less: Within one year	(5,274)	(8,679)	(5,100)	(8,100)
In the second to fifth year inclusive	<u>1,719</u>	<u>1,993</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

20 BANK LOANS (cont'd)

Bank loan I of the group bears interest at 8% (2007 : 8%) per annum and is repayable in 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, Taman Industri Jaya, 81300 Skudai, Johor, Malaysia and a letter of comfort by the company.

Bank loan II of the group bears interest at 3.48% (2007 : 3.48%) per annum and is repayable in 180 monthly instalments commencing September 2006. It is secured by legal charges over the freehold land and building of a subsidiary at No 4, Jalan Wira 3, Taman Tan Sri Yaacob, 81300 Skudai, Johor Bahru, Johor, Malaysia and a corporate guarantee by the company.

Bank loan III of the group bears interest at 3.48% per annum and is repayable in 120 monthly instalments commencing January 2007. It is secured by legal charges over the freehold land and building of a subsidiary at No 4, Jalan Wira 3, Taman Tan Sri Yaacob, 81300 Skudai, Johor Bahru, Johor, Malaysia and a corporate guarantee by the company.

Bank loan IV of the group bears interest at 6.20% per annum and is repayable in 12 monthly instalments commencing October 2006. It is covered by a corporate guarantee from the company. The loan has been fully repaid as at 31 August 2008.

Bank loan V of the group bears interest at 4.35% per annum and is fully repayable in January 2008. It is covered by a corporate guarantee from the company. The loan has been fully repaid as at 31 August 2008.

Bank loan VI of the company and of the group bears interest at 3.65% per annum and is repayable 1 month after the date of drawdown on 24 August 2007, with an option to rollover for another 1 month. The loan has been fully repaid as at 31 August 2008.

Bank loan VII of the company and of the group bears interest at 3.35% per annum and is repayable 3 months after the date of drawdown on 21 June 2007, with an option to rollover for another 3 months.

Bank loan VIII of the company and of the group bears interest 3.46% per annum and is repayable 3 months after the date of drawdown on 29 June 2007, with an option to rollover for another 3 months. The loan has been fully repaid as at 31 August 2008.

Bank loan IX of the company and of the group bears interest at 2.69% per annum and is repayable 3 months after the date of drawdown on 27 August 2007, with an option to rollover for another 3 months.

The carrying amounts of the bank loans approximate their fair value.

21 DEFERRED TAX LIABILITIES

	Group		Company	
	2008	2007 (Restated)	2008	2007 (Restated)
	\$'000	\$'000	\$'000	\$'000
Deferred tax liabilities	1,000	899	514	459

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

21 DEFERRED TAX LIABILITIES (cont'd)

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

Group	Accelerated tax depreciation \$'000	Others \$'000	Total \$'000
2008			
At beginning of year	989	(90)	899
Foreign exchange adjustment	95	–	95
Charge to income statement for the current year	16	(10)	6
At end of year	1,100	(100)	1,000
2007			
At beginning of year	792	(35)	757
Credit to income statement for the current year	288	(54)	234
Foreign exchange adjustment	(91)	(1)	(92)
At end of year	989	(90)	899
Company			
Company	Accelerated tax depreciation \$'000	Others \$'000	Total \$'000
2008			
At beginning of year	590	(131)	459
Foreign exchange adjustment	95	–	95
Charge to income statement for the current year	(87)	47	(40)
At end of year	598	(84)	514
2007			
At beginning of year	476	(5)	471
Foreign exchange adjustment	(95)	–	(95)
Credit to income statement for the current year	209	(126)	83
At end of year	590	(131)	459

NOTES TO THE FINANCIAL STATEMENTS

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22 SHARE CAPITAL AND RESERVES

- (a) Share capital and treasury share reserve

	Group and Company			
	2008		2007	
	Number of shares	\$'000	Number of shares	\$'000
	'000	\$'000	'000	\$'000
Issued and fully paid:				
At beginning of year	420,670	37,389	277,818	22,871
Rights issue during the year	–	–	140,029	14,003
Exercise of Employees' Share Options	–	–	2,823	515
	420,670	37,389	420,670	37,389
Treasury shares	(133)	(29)	(133)	(29)
At end of year	420,537	37,360	420,537	37,360

(i) On 27 February 2007, the company announced a one off bonus cash dividend of \$0.061 less tax of 18% per ordinary share and a renounceable non-underwritten rights issue of new ordinary shares in the capital of the company at an issue price of \$0.10 for each rights share, on the basis of one rights share for every two ordinary shares held. On 25 May 2007, the company allotted and issued 140,028,830 rights shares.

(ii) During the current financial year, there were no shares issued upon exercise of share options granted pursuant to the company's share option scheme. During the previous year ended 31 August 2007, 2,823,000 shares were issued upon exercise of such options.

The company has one class of ordinary shares which carry no right to fixed income.

(iii) During the current financial year, the company purchased 133,000 ordinary shares by way of open market purchase pursuant to its share purchase mandate. These shares are held as treasury shares as at 31 August 2008.

- (b) Fair value reserve

The fair value reserve includes the cumulative change in the fair value of available-for-sale financial assets until they are derecognised.

- (c) Share options reserve

Share options reserve represents the equity-settled share options granted to employees and certain directors (Note 23). The reserve is made up of the cumulative value of services received from employees and certain directors recorded on grant of equity-settled share options.

- (d) Currency translation reserve

The currency translation reserve is used to record exchange differences arising from the translation of financial statements of the company and foreign operations whose functional currencies are different from that of the group's presentation currency.

Fair value, share options and currency translation reserves are non-distributable. Movements in fair value, share options and currency translation accounts were shown in the statements of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

23 SHARE-BASED PAYMENTS

The company has a share options scheme for certain employees and directors of the company.

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 Limited for the last five consecutive market days immediately preceding the date of grant.

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

Such share options 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 share options and subject to such other conditions as may be introduced by a committee administering the option plans from time to time.

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

Arising from a rights issue during the financial year and pursuant to Rule 10 of Miyoshi Employees' Share Option Scheme, the aggregate number of outstanding shares under options and the exercise price has been adjusted.

The following table illustrates the number and weighted average exercise prices of, and movements in, share options during the year.

	Group and Company			
	2008		2007	
	Number of share options	Weighted average exercise prices	Number of share options	Weighted average exercise prices
		\$		\$
Outstanding at beginning of the year	6,090,000	0.228	4,570,000	0.207
Granted during the year	–	–	3,150,000	0.239
Exercised during the year	–	–	(2,823,000)	0.183
Adjustment due to rights issue	–	–	1,477,000	0.185
Forfeited during the year	(26,000)	0.239	(284,000)	0.236
Outstanding at end of the year	6,064,000	0.228	6,090,000	0.228
Exercisable at end of the year	4,197,500		2,331,000	

There were no share options exercised during the current financial year. The weighted average share price at the date of exercise for share options exercised during the last financial year ended 31 August 2007 was \$0.183. The share options outstanding at the end of the year have a weighted average remaining contractual life of 7.48 years (2007 : 8.49 years).

NOTES TO THE FINANCIAL STATEMENTS

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23 SHARE-BASED PAYMENTS (cont'd)

The weighted average fair value of the share options are as follows:

Share options granted on 29 January 2004	- \$0.10
Share options granted on 29 January 2005	- \$0.06
Share options granted on 31 January 2007	- \$0.15

These fair values were calculated using The Black-Scholes Pricing Model. The inputs into the model were as follows:

	Granted on 31 January 2007	Granted on 29 January 2005	Granted on 29 January 2004
Weighted average share price (\$)	0.220	0.185	0.245
Weighted average exercise price (\$)	0.239	0.180	0.252
Expected life of share options (years)	4 to 9	5 to 7	5 to 7
Risk free interest rate (%)	3.07% to 3.18%	2.25% to 2.57%	2.33% to 2.83%
Expected volatility (%)	77%	30%	42%
Dividend yield (%)	1.85%	2.62%	2.62%

The expected life of share options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

24 REVENUE

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

25 OTHER OPERATING INCOME

	Group	
	2008	2007 (Restated)
	\$'000	\$'000
Gain on disposal of associate	-	401
Gain on disposal of property, plant and equipment	23	189
Income from sales of scrap	3,672	3,768
Interest income from associate	34	39
Interest income from non-related companies	254	242
Miscellaneous income	375	60
Negative goodwill on acquisition of additional interest in subsidiary	636	721
Other income	2	99
	4,996	5,519

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

26 OTHER OPERATING EXPENSES

	Group	
	2008	2007 (Restated)
	\$'000	\$'000
Maintenance	719	795
Supplies and services	8,274	10,279
Professional fees	995	1,174
Transportation and travelling	1,377	1,502
Utilities	3,044	2,889
Others	3,575	2,797
	17,984	19,436

27 INCOME TAX EXPENSE

	Group	
	2008	2007 (Restated)
	\$'000	\$'000
Current tax		
Current year	2,104	4,408
(Over)/under provision in prior years	(179)	22
Deferred tax		
Current year	(91)	(133)
Under provision in prior years	–	367
	1,834	4,664

Domestic income tax is calculated at 18% (2007 : 18%) of the estimated assessable profit for the year. Taxation of other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

27 INCOME TAX EXPENSE (cont'd)

The total tax charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2008	2007 (Restated)
	\$'000	\$'000
Profit before income tax	13,715	22,648
Income tax calculated at statutory tax rate of 18% (2007 : 18%)	2,469	4,077
Effect of change in tax rates	(17)	(68)
Effect of different tax rates of overseas operations	779	1,375
Expenses not deductible for income tax purposes	400	898
Income not subject to tax	(485)	(434)
Income tax exemptions	(1,061)	(1,404)
Deferred tax assets not recognised in income statement	20	33
Utilisation of deferred tax assets previously not recognised	(105)	(34)
(Over)/underprovision of current income tax in prior years	(179)	22
Underprovision of deferred income tax in prior years	–	367
Effect of change of functional currency	41	(193)
Other items	(28)	25
	1,834	4,664

The amount of deductible temporary differences and unutilised tax losses for which no deferred tax assets is recognised are as follows:

	Group	
	2008	2007
	\$'000	\$'000
Unutilised tax losses	1,334	1,124
Allowance for slow moving inventories	–	95
	1,334	1,219
Deferred tax benefits not recognised	240	220

No deferred tax benefit is recognised due to the unpredictability of future profit stream in respect of the entities within the group from which the benefit is available.

The realisation of the future income tax benefits from tax loss carryforwards is available for an unlimited future period except for tax losses amounting to \$375,000 which expires in 2013, subject to the conditions imposed by law including the retention of majority shareholders as defined.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

28 PROFIT FOR THE YEAR

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

	Group	
	2008	2007 (Restated)
	\$'000	\$'000
Costs of defined contribution plans included in employee benefit expenses	867	1,031
Write-back of doubtful receivables and loans receivable	(15)	(85)
Allowance for inventory obsolescence	129	519
Impairment in value of club membership	–	1
Non-audit fees:		
Auditors of the company	31	10
Other auditors	–	24
Directors' remuneration:		
Directors of the company	1,255	1,650
Other directors of the subsidiaries	528	498
Directors' fees:		
Directors of the company	83	98
Other directors of the subsidiaries	8	20
Fees paid to a firm in which a director has an interest	160	141
Foreign exchange adjustment loss (net)	1,360	106
Gain on disposal of property, plant and equipment (net)	(23)	(189)
Bad debts written off	1	20
Property, plant and equipment written off	262	–
Share-based payments expense	201	227
Loss on disposal of interest in a subsidiary	75	–

Number of directors in remuneration bands are as follows:

	Company	
	2008	2007
\$500,000 and above	1	2
\$250,000 to \$499,999	2	1
Below \$250,000	3	3
Total	6	6

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

29 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares outstanding during the financial year:

	Group	
	2008	2007 (Restated)
Profit attributable to equity holders of the company (\$'000)	10,687	16,104
Weighted average number of ordinary share in issue ('000)	420,584	420,670
Basic earnings per share (cents per share)	2.54	3.83

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The company has only one type of dilutive potential ordinary shares which are the share options granted under its share option schemes.

For the share options, the weighted average number of shares in issue is adjusted as if all share options that are dilutive were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration with no adjustment to earnings (numerator).

	Group	
	2008	2007 (Restated)
Profit attributable to equity holders of the company (\$'000)	10,687	16,104
Weighted average number of ordinary share in issue for basic earnings per share ('000)	420,670	420,670
Adjustment for assumed exercise of share options ('000)	(459)	850
Adjustment for treasury shares ('000)	(86)	-
Adjusted weighted average number of ordinary shares ('000)	420,125	421,520
Diluted earnings per share (cents per share)	2.54	3.82

NOTES TO THE FINANCIAL STATEMENTS

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30 DIVIDENDS

In the previous financial year ended 31 August 2007, the company declared and paid final and special dividends of \$0.004 and \$0.002 per ordinary share less tax at 20% on the ordinary shares of the company totalling \$889,016 and \$444,508 respectively in relation to financial year ended 31 August 2006. During the financial year, the company declared and paid an interim dividend of \$0.061 per ordinary share less tax at 18% on the ordinary shares of the company totalling \$14,002,883 in relation to financial year ended 31 August 2007.

During the financial year, the company declared and paid a final dividend of \$0.004 and a special dividend and \$0.001 per ordinary share (tax exempt-one tier) on the ordinary shares of the company totalling \$1,682,678 and \$420,669 respectively for the financial year ended 31 August 2007.

Subsequent to 31 August 2008, the directors of the company recommended that a final dividend be paid at \$0.003 per ordinary share (tax exempt-one tier) on the ordinary shares of the company totalling \$1,261,609 for the financial year just ended. These proposed dividends are subject to the approval of shareholders at the Annual General Meeting and are not accrued as a liability for the current financial year in accordance with FRS 10 - Events After The Balance Sheet Date.

31 CONTINGENT LIABILITIES

Corporate Guarantees

The company has given corporate guarantees of \$2,368,669 (2007: \$3,343,000) to financial institutions in connection with banking facilities granted by the financial institutions to the group's subsidiaries. The directors are of the view that no material losses will arise from these contingent liabilities. The fair values of the corporate guarantees are immaterial based on the management's estimates.

Legal Case

The company and Fastrack Pte Ltd ("Fastrack"), a subsidiary of the company, have commenced legal proceedings against an ex-staff of Fastrack. The case relates to actions of the ex-staff; which, in the opinion of the company and Fastrack, were detrimental to their respective interests, and which failed to satisfy the fiduciary duty owed by the ex-staff to Fastrack.

Certain details of the case which may be relevant to the understanding of the financial statements are not disclosed in order not to prejudice the interests of the parties involved in this case, which is currently ongoing.

Expenses relating to the case which are known or may be reasonably anticipated have been provided for in the accounts.

Fastrack has entered into the following transactions with parties over which the ex-staff has influence:

Purchases during the financial year amounted to \$Nil (2007: \$116,000). Sales during the financial year amounted to \$Nil (2007 : \$ 49,000)

NOTES TO THE FINANCIAL STATEMENTS

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32 COMMITMENTS

- (a) Property, plant and equipment

As at balance sheet date, estimated amounts committed for future capital commitments but not provided for in the financial statements:

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Authorised and contracted for	1,454	4,360	–	425
Authorised but not contracted for	–	239	–	–
	1,454	4,599	–	425

33 OPERATING LEASE ARRANGEMENTS

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Minimum lease payments under operating leases included in the income statement	672	454	197	159

At the balance sheet date, the commitments in respect of non-cancellable operating leases were as follows:

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Within one year	417	436	165	151
In the second to fifth year inclusive	904	841	527	352
After five years	5,229	3,630	3,481	3,514
	6,550	4,907	4,173	4,017

Leases for the rental of leasehold land and building are negotiated for a term of 34 years. For rental of office premises, the terms are negotiated for an average term of 3 years.

34 GROUP SEGMENTAL INFORMATION

- a) Analysis by Business Segments

For management purposes, the group is currently organised into three operating divisions – data storage, consumer electronics and automotive and others. These divisions are the bases on which the group reports its primary segment information.

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

34 GROUP SEGMENTAL INFORMATION (cont'd)

a) Analysis by Business Segments (cont'd)

Segment revenue and expenses: Segment revenue and expenses are the operating revenue and expenses reported in the group's income statement that are directly attributable to a segment and the relevant portion of such revenue and expenses 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 trade and other receivables, inventories and property, plant and equipment, net of allowances and provisions. Capital additions include 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 trade payables and accruals.

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

	Data Storage		Consumer Electronics		Automotive and Others		Group	
	2008	2007	2008	2007	2008	2007	2008	2007
	\$'000	(Restated) \$'000	\$'000	(Restated) \$'000	\$'000	(Restated) \$'000	\$'000	(Restated) \$'000
Revenue								
External sales	81,390	102,676	41,318	47,090	11,007	12,871	133,715	162,637
Results								
Profit from operations	8,615	14,664	3,455	5,242	1,781	2,987	13,851	22,893
Interest expense							(447)	(533)
Interest income							288	281
Share of result of associate							23	7
Profit before tax and minority interest							13,715	22,648
Income tax expense							(1,834)	(4,664)
Profit after tax							11,881	17,984
Attributable to:								
Equity Holders of the Company							10,687	16,104
Minority Interests							1,194	1,880
							11,881	17,984

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

34 GROUP SEGMENTAL INFORMATION (cont'd)

a) Analysis by Business Segments (cont'd)

	Data Storage		Consumer Electronics		Automotive and Others		Group	
	2008	2007	2008	2007	2008	2007	2008	2007
		(Restated)		(Restated)		(Restated)		(Restated)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets, Liabilities, Capital Expenditure and Depreciation								
Segment assets	59,509	71,820	41,273	40,443	7,252	7,689	108,034	119,952
Unallocated corporate assets							585	60
Consolidated total assets							108,619	120,012
Segment liabilities	11,530	18,144	12,322	14,854	2,390	2,743	26,242	35,741
Borrowings							8,862	12,898
Unallocated segment liabilities							3,148	6,293
Consolidated total liabilities							38,252	54,932
Capital expenditure	4,418	4,086	2,243	1,874	597	512	7,258	6,472
Depreciation	2,668	2,717	1,485	1,417	628	588	4,781	4,722

b) Analysis by Geographical Segments

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

	Revenue		Assets		Capital Expenditure	
	2008	2007	2008	2007	2008	2007
		(Restated)		(Restated)		(Restated)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	19,150	28,960	38,318	47,146	1,298	1,761
Malaysia	22,662	28,289	14,221	13,540	1,765	2,311
Thailand	56,727	40,526	34,430	41,908	1,591	1,551
Philippines	11,563	12,527	10,666	10,696	481	776
China	20,913	48,884	10,984	6,722	2,123	73
Others	2,700	3,451	–	–	–	–
Total	133,715	162,637	108,619	120,012	7,258	6,472

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

35 CHANGE OF FUNCTIONAL CURRENCY

The company changed its functional currency from Singapore dollars to United States dollars during the current financial year.

The company sources steel, its primary raw material, mostly from Japan while its customers are predominantly multinational companies who sell to a worldwide market. The majority of the company's competitors are located in Asia. Hence, the selling price of the company's products as well as the purchase price of its raw materials are determined by competitive forces in locations distributed across wide geographic regions.

Revenue is mostly denominated in USD while purchases are made in USD, Japanese Yen, and SGD. Most of its general and administrative expenses are in SGD, and financing activities are almost exclusively in SGD.

While the factors used to determine its functional currency are mixed; and following a re-evaluation of its functional currency, management is of the opinion that USD is the currency which most accurately reflects the primary economic environment in which the entity operates. Accordingly, the company changed its functional currency from SGD to USD and this change has been applied retrospectively.

Comparative figures for the previous financial year in the financial statements and notes to the financial statements have been restated to reflect the change in functional currency.

The company and the group continues to present its financial statements in SGD consistent with prior years.

The effects of the change in functional currency of the company on the results of the current and last financial years are:

(a) Current Year's Balance Sheets

	Group		Company	
	As at 31 August		As at 31 August	
	2008 (after change)	2008 (before change)	2008 (after change)	2008 (before change)
	\$'000	\$'000	\$'000	\$'000
Inventories	11,816	11,696	3,044	2,925
Investment in associate	18	18	55	68
Investment in subsidiaries	–	–	23,155	25,591
Property, plant and equipment	33,384	34,743	7,774	9,134
Currency translation reserve	(6,197)	(670)	(7,977)	–
Retained earnings	33,862	29,563	21,310	17,013

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

35 CHANGE OF FUNCTIONAL CURRENCY (cont'd)

(b) Last Year's Balance Sheets

	Group		Company	
	As at 31 August		As at 31 August	
	2007 (after change)	2007 (before change)	2007 (after change)	2007 (before change)
	\$'000	\$'000	\$'000	\$'000
Inventories	13,882	13,862	4,191	4,171
Investment in associate	7	7	59	68
Investment in subsidiaries	–	–	26,925	28,425
Property, plant and equipment	33,117	34,089	8,723	9,698
Deferred tax liabilities	899	994	459	554
Currency translation reserve	(2,065)	559	(4,134)	–
Retained earnings	25,221	23,454	18,505	16,740

(c) Current Year's Consolidated Income Statement

	Year Ended 31 August	
	2008 (after change)	2008 (before change)
	\$'000	\$'000
Revenue	133,715	134,195
Other operating income	4,996	5,024
Changes in inventories of finished goods and work-in-process	(1,365)	(1,622)
Raw materials and consumables used	(83,780)	(84,257)
Employee benefits expenses	(16,662)	(16,777)
Depreciation expense	(4,781)	(5,001)
Other operating expenses	(17,984)	(19,886)
Finance costs	(447)	(449)
Share of results of associate	23	23
Profit before income tax	13,715	11,250
Income tax expense	(1,834)	(1,844)
Profit for the period	11,881	9,406
Attributable to:		
Equity holders of the company	10,687	8,212
Minority interests	1,194	1,194
	11,881	9,406

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

35 CHANGE OF FUNCTIONAL CURRENCY (cont'd)

(d) Last Year's Consolidated Income Statement

	Year Ended 31 August	
	2007 (after change) \$'000	2007 (before change) \$'000
Revenue	162,637	163,069
Other operating income	5,519	5,509
Changes in inventories of finished goods and work-in-process	2,387	2,293
Raw materials and consumables used	(103,845)	(104,282)
Employee benefits expenses	(19,366)	(19,391)
Depreciation expense	(4,722)	(4,875)
Other operating expenses	(19,436)	(20,026)
Finance costs	(533)	(534)
Share of results of associate	7	7
Profit before income tax	22,648	21,770
Income tax expense	(4,664)	(4,648)
Profit for the period	17,984	17,122
Attributable to:		
Equity holders of the company	16,104	15,242
Minority interests	1,880	1,880
	17,984	17,122

(e) Current Year's Consolidated Cash Flow Statement

	Year Ended 31 August	
	2008 (after change) \$'000	2008 (before change) \$'000
Cash generated from operations	19,659	16,985
Net cash from operating activities	12,175	9,445
Net cash used in investing activities	(6,028)	(5,536)
Net cash from/(used in) financing activities	(4,145)	(4,145)
Net effect of exchange rate changes on consolidation	(1,848)	389
Cash and cash equivalents at end of year	25,525	25,525

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

35 CHANGE OF FUNCTIONAL CURRENCY (cont'd)

(f) Last Year's Consolidated Cash Flow Statement

	Year Ended 31 August	
	2007 (after change)	2007 (before change)
	\$'000	\$'000
Cash generated from operations	15,699	15,029
Net cash from operating activities	11,722	11,030
Net cash used in investing activities	(3,531)	(4,513)
Net cash from/(used in) financing activities	3,493	4,472
Net effect of exchange rate changes on consolidation	2	697
Cash and cash equivalents at end of year	25,371	25,371

(g) Current Year's Earnings Per Share

	Year Ended 31 August	
	2008 (after change)	2008 (before change)
	Cents	Cents
(i) Based on weighted average number of ordinary shares in issue	2.54	1.95
(ii) On a fully diluted basis	2.54	1.95

(h) Last Year's Earnings Per Share

	Year Ended 31 August	
	2007 (after change)	2007 (before change)
	Cents	Cents
(i) Based on weighted average number of ordinary shares in issue	3.83	3.62
(ii) On a fully diluted basis	3.82	3.62

(i) Current Year's Net Asset Value Per Share

	Group Cents	Company Cents
As at 31 August 2008 (after change)	15.64	12.23
As at 31 August 2008 (before change)	15.93	13.17

NOTES TO THE FINANCIAL STATEMENTS

31 August 2008

35 CHANGE OF FUNCTIONAL CURRENCY (cont'd)

(j) Last Year's Net Asset Value Per Share

	Group Cents	Company Cents
As at 31 August 2007 (after change)	14.52	12.43
As at 31 August 2007 (before change)	14.72	12.99

36 EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

On 15 September 2008, the company was allotted 23,529,411 new ordinary shares of Giken Sakata (S) Limited, representing approximately a 27.64% interest, through the conversion of an Initial Loan of \$1,500,000, pursuant to the terms of an investment agreement dated 4 February 2008.

On 19 November 2008, the company disbursed a second convertible loan tranche of \$1,500,000 (under the same investment agreement) which is convertible to 46,382,189 shares. Should the second tranche be fully converted, the company would, in aggregate, own approximately 53.16% of Giken's ordinary share capital.

The Company has not exercised its option to convert the Additional Loan as at the date of this financial report.

Disclosure of the carrying amounts and the fair values of the identifiable assets and liabilities acquired is not practicable due to the following:

- (a) The financial statements of Giken immediately before the acquisition have not been completed as of the date of approval of these financial statements; and
- (b) There is no readily available fair value considering the short time frame between the date of acquisition and the date of approval of these financial statements.

STATEMENT OF DIRECTORS

In our opinion,

- (a) the accompanying financial statements comprising the balance sheets of the group and of the company, the income statement, statement of changes in equity and cash flow statement of the group together with the notes thereon are drawn up in accordance with the provisions of Singapore Companies Act, Cap 50 and Singapore Financial reporting Standards so as to give a true and fair view of the state of affairs of the group and of the company as at 31 August 2008 and of the results, changes in equity and cash flows of the group for the financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE DIRECTORS

Sin Kwong Wah, Andrew

Gan Yoke Fong, Karen

Singapore
1 December 2008

STATISTICS OF SHAREHOLDINGS

13 November 2008

Class of equity securities	:	Ordinary Shares
No. of equity securities	:	420,536,490
Voting Rights	:	One vote per share

As at 13 November 2008, the total number of treasury shares held is 133,000 (0.03%).

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS		NO. OF SHARES	
		%		%
1 - 999	130	3.93	22,757	0.01
1,000 - 10,000	1,426	43.08	7,502,647	1.78
10,001 - 1,000,000	1,733	52.36	105,193,863	25.01
1,000,001 and above	21	0.63	307,817,223	73.20
TOTAL	3,310	100.00	420,536,490	100.00

LIST OF SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Substantial shareholders				
Miyoshi Industry Co., Ltd	104,509,290	24.85	–	–
Masayoshi Taira	–	–	104,509,290	24.85
Sin Kwong Wah Andrew	78,439,000	18.65	61,674,000	14.66
Pek Yee Chew	46,499,000	11.05	93,614,000	22.25

Notes:

1. Mr Masayoshi Taira is deemed to have an interest in the 104,509,290 shares by Miyoshi Industry Co., Ltd.
2. Mr Sin Kwong Wah, Andrew is deemed to have an interest in the 15,000,000 shares held by United Overseas Bank Limited, the 175,000 shares held by DBS Nominees Pte Ltd and the 46,499,000 shares by his spouse, Mdm Pek Yee Chew.
3. 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.

STATISTICS OF SHAREHOLDINGS

13 November 2008

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	MIYOSHI INDUSTRY CO LTD	104,509,290	24.85
2	SIN KWONG WAH ANDREW	78,439,000	18.65
3	PEK YEE CHEW	46,499,000	11.06
4	GAN YOKE FONG KAREN	18,252,960	4.34
5	UNITED OVERSEAS BANK NOMINEES (PTE) LTD	17,833,700	4.24
6	UOB KAY HIAN PTE LTD	6,729,000	1.60
7	TAN KAY GUAN	6,096,000	1.45
8	MAH WAI PHENG	3,876,000	0.92
9	DBS NOMINEES PTE LTD	3,594,829	0.85
10	CIMB BANK NOMINEES (SINGAPORE) SDN BHD	3,217,000	0.76
11	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,696,000	0.64
12	PHILLIP SECURITIES PTE LTD	2,544,144	0.60
13	WONG SIN TIN	2,190,000	0.52
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,927,200	0.46
15	OCBC SECURITIES PRIVATE LTD	1,909,000	0.45
16	WONG BARK CHUAN DAVID	1,500,000	0.36
17	TEO GEOK ENG	1,290,000	0.31
18	MAYBAN NOMINEES (SINGAPORE) PTE LTD	1,216,100	0.29
19	KOH BEOW KO	1,200,000	0.29
20	OH SWAN NEO @ AW SUAN NEO	1,158,000	0.28
TOTAL		306,677,223	72.92

As at 13 November 2008, 35.12% 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 SGX-ST which require that at least 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hands of the public.

NOTICE OF ANNUAL GENERAL MEETING

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 Monday, 29 December 2008 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 2008 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a first and final tax-exempt (one-tier) dividend of 0.3 Singapore cent per share for the year ended 31 August 2008 (2007: Final tax-exempt (one-tier) dividend of 0.4 Singapore cent per share and a final special tax-exempt (one-tier) dividend of 0.1 Singapore cent per share). **(Resolution 2)**
3. To re-elect the following Directors of the Company retiring pursuant to Article 89 of the Articles of Association of the Company:

Ms Gan Yoke Fong, Karen **(Resolution 3)**
Mr Tay Peng Lim **(Resolution 4)**

Mr Tay Peng Lim will, upon re-election as Director of the Company, remain as Chairman of the Audit Committee and member of the Nominating Committee and Remuneration Committee and will be considered independent.
4. To approve the payment of Directors' fees of \$82,500 for the year ended 31 August 2008 (2007: \$97,500). **(Resolution 5)**
5. To re-appoint BDO Raffles as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**
6. 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:

7. **Authority to issue shares up to 50 per centum (50%) of the issued shares in the capital of the Company**

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 of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

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

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

NOTICE OF ANNUAL GENERAL MEETING

provided that:

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

(Resolution 7)

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

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

[See Explanatory Note (ii)]

(Resolution 8)

NOTICE OF ANNUAL GENERAL MEETING

9. **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 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 page 9 of the Company's Circular dated 26 April 2004 (the "Circular") with any party who is of the class of Interested Persons described in the Circular, provided that such transactions are carried out on normal commercial terms and in accordance with the review procedures of the Company for such Interested Person Transactions as set out in the Circular (the "Shareholders' Mandate");
- (b) the Shareholders' Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier; and
- (c) authority be given to the Directors of the Company 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 (iii)]

(Resolution 9)

10. **Renewal of Share Purchase Mandate**

That for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire issued shares in the capital of the Company 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 total number of issued shares (excluding treasury shares) in the 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 the Maximum Price as defined in the Appendix to AGM Notice to Shareholders dated 11 December 2008 ("Appendix"), in accordance with the "Authority and Limits of the Shares Purchase Mandate" set out in the Appendix, and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier
[See Explanatory Note (iv)]

(Resolution 10)

By Order of the Board

Tan Cher Liang / Tan San-Ju
Secretaries
Singapore, 11 December 2008

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

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

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

- (ii) The Ordinary Resolution 8 in item 8 above, if passed, will empower the Directors of the Company, from the date of this Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in total (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.
- (iii) The Ordinary Resolution 9 proposed in item 9 above, if passed, will authorise the Interested Person Transactions as described in the Circular and recurring in the year and will empower the Directors of the Company to do all acts necessary to give effect to the Shareholders' Mandate. This authority will, unless previously revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held whichever is the earlier.
- (iv) The Ordinary Resolution 10 proposed in item 10 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price as defined in the Appendix to AGM Notice to Shareholders dated 11 December 2008. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial accounts of the Group for the financial year ended 31 August 2008 are set out in greater detail in the Appendix.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. 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

Company Registration No. 198703979K
(Incorporated In The Republic of Singapore)

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 Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, _____

of _____

being a member/members of Miyoshi Precision Limited (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on 29 December 2008 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 2008		
2	Payment of proposed first & final dividend		
3	Re-election of Ms Gan Yoke Fong, Karen as a Director		
4	Re-election of Mr Tay Peng Lim as a Director		
5	Approval of Directors' fees amounting to \$82,500		
6	Re-appointment of BDO Raffles as Auditors		
7	Authority to issue new shares		
8	Authority to issue shares under the Miyoshi Employees' Share Option Scheme		
9	Renewal of Shareholders' Mandate for Interested Person Transactions		
10	Renewal of Share Purchase Mandate		

Dated this _____ day of _____ 2008

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. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
5. 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.
6. 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.
7. 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.

a STAMP of
QUALITY



Miyoshi Precision Limited

Company Registration No.: 198703979K

5 Second Chin Bee Road Singapore 618772
Tel: (65) 6265 5221 Fax: (65) 6265 2058

www.miyoshi.biz