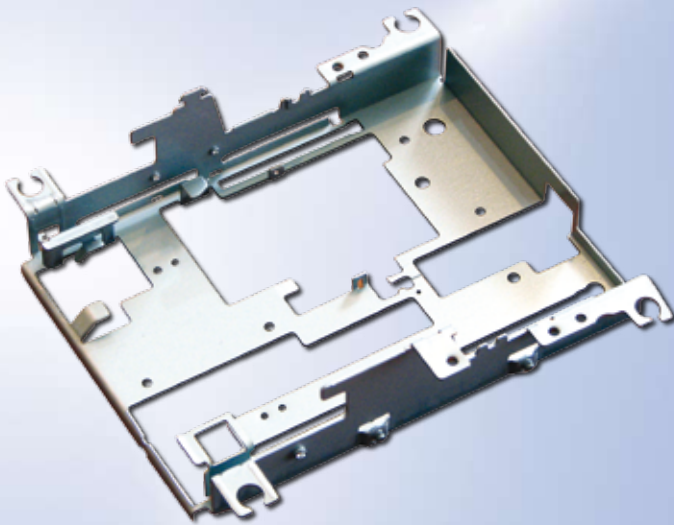


CONTINUOUS  **BREAKTHROUGH** *With You*TM

MIYOSHI PRECISION LIMITED
ANNUAL REPORT 2009

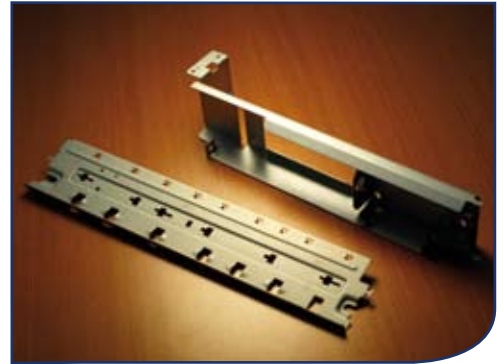


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CORPORATE PROFILE



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.



CEO'S STATEMENT



"The year in review has been a test of strength for Miyoshi as a Group. The widespread global financial and economic crisis presented a myriad of challenges as businesses reined in on spending and consumer demand started to fall. I am pleased, however, to note that as a Group, we persevered and were united in weathering the storm."

Dear Shareholders,

The year in review has been a test of strength for Miyoshi as a Group. The widespread global financial and economic crisis presented a myriad of challenges as businesses reined in on spending and consumer demand started to fall. I am pleased, however, to note that as a Group, we persevered and were united in weathering the storm.

Staff from across the organization did their part in managing costs. Headcount freeze was implemented, the work week was shortened and a no-overtime policy instituted. More effort and resources were channelled to improve our material cost management and increase productivity. We had to work both smarter and harder. And all these efforts have paid off.



At the full-year FY2009, Miyoshi turned in a credible set of results despite the difficult business environment. Net profit margin inched slightly higher at 9.7%, from last year's 8.0%, on the back of \$94.9 million sales and \$9.2 million net earnings. This was achieved despite a fall of 29.0% in Group revenue from \$133.7 million and 14.3% decline in net earnings from \$10.7 million in the previous year. Both top and bottom lines were impacted by weak industry demand. Net earnings per share stood at 2.18 cents, a slide of 14.2% from 2.54 cents previously; but net asset value increased by 13.5% from 15.64 cents to 17.75 cents.

The Group continued to generate relatively strong cash flow of \$10.6 million from its operations. \$7.4 million cash was used to invest in production machinery and factory space to expand and upgrade our production capabilities. Another \$2.9 million was used to reduce bank borrowings. Despite the significant amount of investments, at year-end, we maintained a healthy net cash balance of \$16.6 million.

To reward our loyal shareholders, the Board of Directors has proposed a full and final dividend of 0.3 cent per share.

The Group remains committed to enhancing shareholder value. Miyoshi is constantly looking at diversifying and enlarging its customer and revenue base. A case in point is its acquisition of a 27.64% equity stake in Catalyst-listed Giken Sakata (S) Limited during the year, which was subsequently increased to 53.16% after the year-end. The total amount of the investment was \$3 million.

With Miyoshi's proactive and close involvement, Giken has marked a turnaround in its performance. For its full-year ended 31 March 2009, Giken posted a \$2.5 million net profit as compared to a loss of \$2.7 million for the previous year. Mr Tan Kay Guan, Miyoshi's Executive Director has been appointed as the Chief Executive Officer of Giken with effect from 1 November 2009 and both companies expect to gain from operational synergies.

Additionally, Miyoshi is exploring new industry segments. Two potential industry sectors have been identified - Aerospace and Medical, and plans are being made to expand our presence in these areas. To strengthen its competitive advantage, Miyoshi continues to emphasize and invest in research & development as well as the upgrading of its manufacturing technology.

We are starting to see some early signs of recovery from the recession, but I must caution that the clouds of uncertainty have yet to fully dissipate. I am confident, however, that with the commitment and dedication we have displayed in countering the difficulties that have come our way, we are now in a stronger position to take on the challenges which lie ahead.

Let me take this opportunity to thank our Board of Directors, management and staff for all their hard work and sacrifices in these trying times. I would also like to express my sincere appreciation to our customers, suppliers and business associates for their continued support.

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. He has been proposed for re-election at the Company's forthcoming Annual General Meeting on 29 December 2009. Mr. Sin, with more than 18 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

Executive Director

Mr. Tan was first appointed to the Board of Directors on 1 September 1999 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 2009. Mr. Tan has more than 12 years of experience in the metal stamping industry. From 1 November 2009, Mr. Tan assumed the Chief Executive Officer role in Giken Sakata (S) Ltd, one of the Company's subsidiaries. Mr. Tan plays a pivotal role in collaborating and synergizing marketing effort between Miyoshi Group and Giken Group of companies. 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 29 December 2008. Ms. Gan, with more than 21 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.

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 19 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 15 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 29 December 2008. Mr. Tay currently chairs the Audit Committee and is a member of the Nominating and Remuneration Committees. With more than 22 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 the Chartered Institute of Management Accountants, United Kingdom and Institute of Certified Public Accountants of Singapore.





OPERATIONS REVIEW



Despite a pick-up in the second half of this financial year, all three key business segments, namely Data Storage, Consumer Electronics and Automotive, fell prey to the lacklustre industry sentiments due to the economic crisis. Revenue for Data Storage fell in the first two quarters while Consumer Electronics sales declined in the second and third quarters. Automotive endured consecutive decreases in sales in the first three quarters. Overall, Group revenue slid significantly in the second quarter before bottoming out in the third, followed by a mild recovery in the fourth quarter. Operations have since returned to normalcy with machine utilization now at a comfortable level.

These could be early signs of recovery but it is still too early to make a definitive call that the uptrend will be sustainable. Our key customers have indicated improved demand for the coming quarters but the outlook is uncertain beyond that. What is encouraging is that unit shipments for the hard-disk drive sector is expected to increase in 2010, driven by an anticipated demand for personal computers. Industry watchers are forecasting higher IT spending as a likely scenario next year.

For the full-year, revenue for Data Storage, Consumer Electronics and Automotive slid by 34.7%, 18.8% and 25.6% respectively. Data Storage recorded sales of \$53.1 million as compared to \$81.4 million a year ago, while Consumer Electronics' revenue decreased from \$41.3 million to \$33.6 million, partly due to lower allocation from a key customer. The lower sales, however, was partially offset by a new customer in China. Our third biggest revenue earner, Automotive & Others pulled in \$8.2 million sales, down from \$11.0 million.

Among the geographical regions, China showed its growing importance as a revenue contributor by being the only market that recorded revenue growth, lifting sales by 46.9% from \$20.9 million to \$30.7 million. It is now the largest revenue earner accounting for 32.3% of Group revenue as compared to only 15.6% last year. With a fall of \$34.7 million in sales from \$56.7 million to \$22.0 million, Thailand is second largest with 23.2% of Group revenue. This was followed by Singapore, Malaysia and the Philippines at 16.3%, 14.8% and 11.1% respectively. It should be noted however that while these



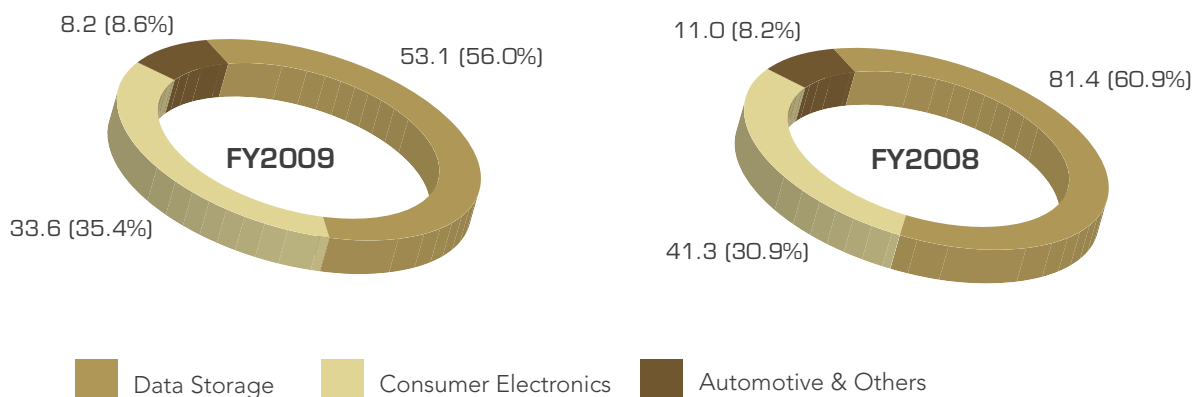
trends track revenue in terms of billing location (i.e. the country to which our invoices are addressed), actual production is done by whichever of our locations that gives us the greatest commercial advantage and which best serve our customers.

We expect our China operations to continue on its expansionary path as we grow our footprint on the mainland. Construction of our new 6,480 square metre Huizhou plant in Southern China is well advanced and is expected to become operational in early 2010; further extending our China presence that currently includes a manufacturing facility in Wuxi. The completion of the new plant is timely as it coincides with a surge in business activity in China. Miyoshi Precision Huizhou Co., Ltd will support Miyoshi's existing and potential customers on the mainland. It will be principally engaged in our core businesses of metal stamping and electronic components assembly for data storage, automotive and consumer electronics.

Another silver lining this year was the relative stability of average selling prices that have, in part, helped the Group to preserve margins. Measures were taken to alleviate cost pressures including aligning of staff headcount and payroll costs to the lower levels of business activity; tighter control over raw materials and production supplies; and minimizing inventory levels.

Turning adversity into opportunity, the Group used the downturn to upgrade its manufacturing capability and enhance its operating systems resulting in better efficiency. This mantra of making the best out of any situation has been Miyoshi's modus operandi as it strives for and charts higher levels of business excellence.

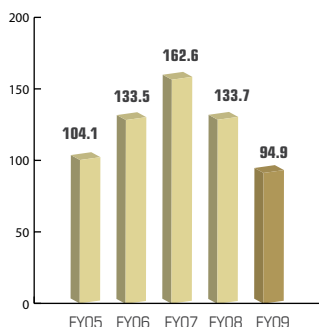
REVENUE BY BUSINESS SEGMENT (\$'million)



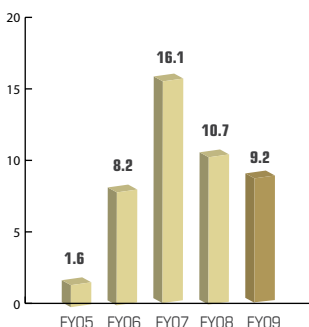


FINANCIAL REVIEW

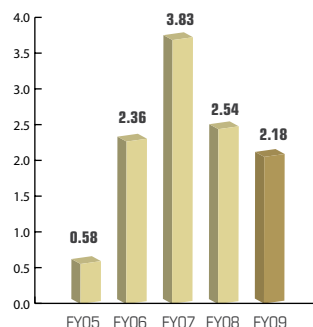
Revenue
(\$'million)



Earnings
(\$'million)



Earnings per Share
(cents)



Revenue and Earnings

The global financial crisis which began in the early part of the last financial year, and its consequent impact on the market demand, continued to restrict sales volumes and revenue during the current year. While sales volumes had declined, average selling prices however remained generally stable.

Group revenue for FY2009 declined by \$38.8m or 29.0% to \$94.9m as compared with \$133.7m in FY2008. Revenue for Data Storage ("DS"), our largest business segment, was worst affected, suffering a fall of 34.7%. Consumer Electronics ("CE"), our second largest segment, fell 18.8%, while Automotive & Others ("AO") shrank by 25.6%.

DS revenue fell in the first two quarters of the year; while CE revenue fell during the second and third quarters. AO revenue weakness was more prolonged, continuing for the first three quarters. By 4QFY2009 however, all three segments registered revenue growth as compared with the previous quarter. Overall, revenues fell significantly in the second quarter before bottoming out in the third, followed by a mild recovery in the fourth quarter.

Profit after tax attributable to the equity shareholders of the Company fell by \$1.53m or 14.3% to \$9.16m as compared with \$10.69m for last year; with lower revenue underlying the profit decline. In relative terms, on-year profit fell by a much smaller percentage of 14.3% as compared with the fall in revenue of 29.0% because of the mitigating effects of lower material cost; cost control measures undertaken by management; and foreign exchange gains from a stronger USD.

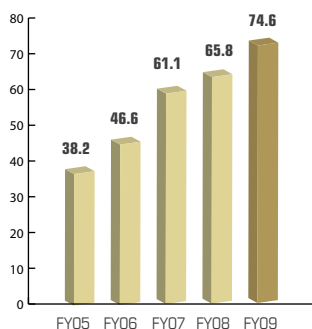
Profit for the year also included one-off gains totaling \$1.10m. These relate to negative goodwill on the acquisition of 27.64% of equity shares in Giken Sakata (S) Limited and a 60% stake in AWP Precision Engineering Pte Ltd; and from a gain on disposal of shares in Fastrack Pte Ltd.

Balance Sheet

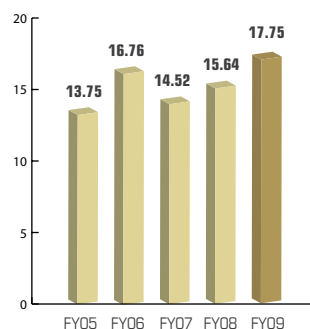
Net assets attributable to equity shareholders of the Company (represented by Total Capital and Reserves in the balance sheet) grew \$8.83m to \$74.60m as at 31 August 2009 as compared with \$65.77m as at 31 August 2008. Profit for the current year



**Net Assets Value
(\$'million)**



**Net Assets Value Per Share
(cents)**



contributed \$9.16m to net asset growth, while dividend paid reduced it by \$1.26m. \$0.69m of the increase in net assets is from exchange translation, due largely to a stronger USD against the SGD and THB as compared with last year.

Trade receivables, trade payables and inventory balances fell \$8.93m, \$6.95m and \$4.21m respectively as compared with 31 August 2008 in line with lower business activity.

As at the end of FY2009, cash (cash & bank and fixed deposits net of bank overdrafts) balance was \$26.57m compared with \$25.77m last year. Borrowings (bank loans, other loans and finance leases) stood at \$9.96m with the corresponding balance last year at \$8.42m. Net cash (cash net of borrowings) as at the end of the current and last years were \$16.61m and \$17.35m respectively.

Cash Flow

Cash and cash equivalents (cash & bank and fixed deposits net of bank overdrafts and restricted cash) increased by \$0.91m during the 12 months to 31 August 2009. \$10.63m of cash was generated from operating activities; \$7.39m of cash was used in investing activities, mainly for production machinery at our Thailand, Malaysia, Singapore and Philippines operations, and adding & upgrading of factory space at our Malaysia and China plants; and \$2.94m of cash was used in financing activities, mainly to repay borrowings. Cash and cash equivalents in SGD terms increased by \$0.61m as a result of currency translation gains.

Dividend

The directors of the Company are proposing a final dividend of 0.3 cent a share; which if approved, at the next annual general meeting, will result in a payment of \$1.26m.

Other Matters

During the year, the Company acquired 27.64% of the equity shares of Giken Sakata (S) Limited through the conversion of a loan under an investment agreement entered into during FY2008. Subsequent to year-end, the Company increased its stake to 53.16%, also through a loan conversion under the same investment agreement, making Giken a subsidiary of the Company. Giken is listed on SGX-Catalist.



REGIONAL PRESENCE



Thailand
(Chachoengsao)



Thailand
(Ayuthaya)



Singapore



Japan
(Aomori)



Japan
(Niigata)



Japan
(Yokohama)



China (Changzhou)



China (Wuxi)



China (Huizhou)



Philippines
(Laguna)



Indonesia
(Batam)



Malaysia
(Skudai)



CORPORATE INFORMATION

DIRECTORS

Executive:

Mr. Sin Kwong Wah, Andrew *Chief Executive Officer*
Mr. Tan Kay Guan *Executive Director*
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
Public Accountants and Certified Public Accountants
Partner-in-charge: Ms. Goh Chern Ni
(First appointed in respect of the financial year ended 31 August 2009)

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 2009.

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 financial year 2009 by the Board and the attendance thereat are as follows:

	Board Meetings	
	No. of meetings	Attendance
Mr Masayoshi Taira (Non-Executive Chairman)	3	2
Mr Sin Kwong Wah, Andrew (Chief Executive Officer)	3	3
Mr Tan Kay Guan (Executive Director)	3	3
Ms Gan Yoke Fong, Karen (Executive Director)	3	3
Mr U Kean Seng (Independent Director)	3	3
Mr Tay Peng Lim (Independent Director)	3	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.



CORPORATE GOVERNANCE

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 financial year 2009 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	0

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.



CORPORATE GOVERNANCE

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.

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.

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)



CORPORATE GOVERNANCE

The number of meeting held in the financial year 2009 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	0

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.



CORPORATE GOVERNANCE

DISCLOSURE ON REMUNERATION

- a) Details of the remuneration of the Company's Directors and five key executives for the financial year ended 31 August 2009 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	56.0	40.1	2.4	1.5	100.0
\$250,000 to \$499,999					
Ms Gan Yoke Fong, Karen	58.7	39.1	–	2.2	100.0
Mr Tan Kay Guan	60.8	35.9	–	3.3	100.0
Below \$250,000					
Mr Masayoshi Taira	–	–	100.0	–	100.0
Mr U Kean Seng	–	–	100.0	–	100.0
Mr Tay Peng Lim	–	–	100.0	–	100.0
Remuneration Band and Name of Key Executives					
Below \$250,000					
Brian Especkerman	91.1	6.6	–	2.3	100.0
Lee Ah Kow, David	91.8	3.5	–	4.7	100.0
Lim Swee Cheong	89.9	6.0	–	4.1	100.0
Loo Keng Huat, Walter	90.2	6.0	–	3.8	100.0
Wee Soon Ghee	89.7	5.0	–	5.3	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 2009
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.



CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

Accountability

In presenting the annual financial statements and announcement on quarterly 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 financial year 2009 and the attendance thereat are as follows:

	Audit Committee Meetings	
	No. of meetings	Attendance
Mr Tay Peng Lim – Chairman	3	2
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: \$14,000) 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 quarterly 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 two weeks before the announcement of the Company's financial statements for the first three quarters of its financial year or one month before the announcement of the Company's full year financial statements.



CORPORATE GOVERNANCE

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 year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate Value of all interested person transactions conducted during the financial year under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Miyoshi Industry Co., Ltd		
Type of transactions		
Purchases	–	277,051
Marketing services	–	110,209
Investment (Note 1)	775,000	–
Total	775,000	387,260

Note 1 – Investment

The investment relates to a business collaboration venture between Miyoshi Industry Co., Ltd, Mitsue Mold Engineering Co., Ltd and the Company. The objective of the venture is to jointly develop, manufacture and market glass moulded products used for various applications.

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 2009 or still subsisting as at 31 August 2009 which involved the interests of the CEO, 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 2009.

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, Cap. 50 (the "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⁾	78,439,000	61,244,000	61,674,000
Mr Tan Kay Guan	6,096,000	5,806,000	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



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>	
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⁾
<u>Subsidiary company</u>	<u>Ordinary shares of Thai Baht 100 each</u>	
Miyoshi Hi-Tech Co., Ltd	Held in the name of Directors	
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 Philippine Peso 1,000 each</u>	
Miyoshi Technologies Phils., Inc.	Held in the name of Directors	
Mr Sin Kwong Wah, Andrew	1 ⁽²⁾	1 ⁽²⁾
Mr Tan Kay Guan	1 ⁽²⁾	1 ⁽²⁾



REPORT OF THE DIRECTORS

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

Name of directors and company in which interests are held	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 2004</u>		
Mr Tan Kay Guan	381,000	381,000
Ms Gan Yoke Fong, Karen	381,000	381,000
<u>Options granted on 29 January 2005</u>		
Mr Tan Kay Guan	381,000	381,000
Mr U Kean Seng	127,000	127,000
<u>Options granted on 31 January 2007</u>		
Mr Tan Kay Guan	381,000	381,000
Ms Gan Yoke Fong, Karen	381,000	381,000
Mr U Kean Seng	254,000	254,000
Mr Tay Peng Lim	127,000	127,000

- (1) By virtue of Section 7 of the 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.

On 1 September 2009, Mr Tan Kay Guan disposed of 800,000 shares registered in his name. After the disposal, the balance of shares held as direct interest was 5,006,000 shares. Except for this, there was no change in any of the abovementioned interests between the end of the financial year and 21 September 2009.

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 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.



REPORT OF THE DIRECTORS

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.

b) Unissued Shares Under Option

At the end of the financial year, there were no unissued shares of the Company or its subsidiaries 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	1,654,000	–	–	(25,000)	1,629,000	0.239	0.188	31 Jan 2008 to 30 Jan 2017
31 Jan 2007	1,698,000	–	–	(26,000)	1,672,000	0.239	0.188	31 Jan 2009 to 30 Jan 2018
Total	6,064,000	–	–	(51,000)	6,013,000			



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

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 of Directors 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 also carried out annual review of non-audit services provided by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors prior to recommending their re-nomination.

The Audit Committee has recommended to the Board of Directors the nomination of BDO Raffles for re-appointment as external auditors of the Company 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
20 November 2009



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 32 to 95 which comprise the balance sheets of the Group and of the Company as at 31 August 2009, 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 2009 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

Public Accountants and
Certified Public Accountants

Singapore
20 November 2009



BALANCE SHEETS

as at 31 August 2009

	Notes	Group		Company	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
ASSETS					
Current assets:					
Cash and bank balances	6	19,156	19,516	11,324	8,948
Fixed deposits	6	8,437	6,699	2,000	–
Trade receivables	7	21,120	30,049	13,288	22,914
Other receivables and prepayments	8	6,385	4,026	3,988	3,721
Inventories	9	7,607	11,816	2,057	3,044
Total current assets		62,705	72,106	32,657	38,627
Non-current assets:					
Investment in associates	10	2,786	18	1,584	55
Subsidiaries	11	–	–	22,746	23,155
Available-for-sale financial assets	12	438	446	5	9
Other receivables and prepayments	8	50	158	–	158
Property, plant and equipment	13	42,195	33,384	7,952	7,774
Deferred tax assets	14	319	120	–	–
Loans receivable	15	2,477	2,387	2,477	2,387
Total non-current assets		48,265	36,513	34,764	33,538
Total assets		110,970	108,619	67,421	72,165
LIABILITIES AND EQUITY					
Current liabilities:					
Bank overdrafts	16	1,026	443	–	–
Trade payables	17	12,047	18,994	5,593	9,237
Other payables and accruals	18	5,934	7,255	2,009	3,351
Current income tax payable		1,324	2,140	1,433	1,827
Finance leases	19	1,191	797	291	365
Bank loans	20	3,699	5,274	3,000	5,100
Total current liabilities		25,221	34,903	12,326	19,880
Non-current liabilities:					
Finance leases	19	895	630	32	322
Bank loans	20	3,916	1,719	–	–
Other loan	21	254	–	–	–
Deferred tax liabilities	22	882	1,000	499	514
Total non-current liabilities		5,947	3,349	531	836
Total liabilities		31,168	38,252	12,857	20,716
Capital and reserves:					
Share capital	23	37,389	37,389	37,389	37,389
Treasury share reserve	23	(55)	(29)	(55)	(29)
Fair value reserve	23	(12)	(7)	–	–
Share options reserve	23	798	756	798	756
Currency translation reserve	23	(5,512)	(6,197)	(6,963)	(7,977)
Retained earnings	23	41,990	33,862	23,395	21,310
Total capital and reserves		74,598	65,774	54,564	51,449
Minority interests		5,204	4,593	–	–
Total equity		79,802	70,367	54,564	51,449
Total liabilities and equity		110,970	108,619	67,421	72,165

See accompanying notes to the financial statements.



CONSOLIDATED INCOME STATEMENT

year ended 31 August 2009

	Notes	2009 \$'000	2008 \$'000
Revenue	25	94,883	133,715
Other operating income	26	4,014	4,996
Changes in inventories of finished goods and work-in-process		(1,377)	(1,365)
Raw materials and consumables used		(54,780)	(83,780)
Employee benefit expenses	27	(13,813)	(16,662)
Depreciation expense		(4,999)	(4,781)
Other operating expenses	28	(13,463)	(17,767)
Finance costs		(315)	(447)
Share of results of associates		390	23
Profit before income tax		10,540	13,932
Income tax expense	29	(1,053)	(2,051)
Profit for the financial year	30	9,487	11,881
Attributable to:			
Equity holders of the Company		9,163	10,687
Minority interests		324	1,194
		9,487	11,881
Earnings per share	31		
Basic (cents)		2.18	2.54
Diluted (cents)		2.18	2.54

See accompanying notes to the financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

year ended 31 August 2009

	Share Capital \$'000	Treasury Share Reserve \$'000	Fair Value Reserve \$'000	Share Options Reserve \$'000	Currency Translation Reserve \$'000	Retained Earnings \$'000	Total Attributable to Equity Holders of the Company \$'000	Minority Interests \$'000	Total Equity \$'000
Balance at 31 August 2007	37,389	–	(7)	536	(2,065)	25,221	61,074	4,006	65,080
Foreign exchange translation gain/(loss) 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)
Dividend paid to minority shareholders	–	–	–	–	–	–	–	(184)	(184)
Dividend	–	–	–	–	–	(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)	(7)	756	(6,197)	33,862	65,774	4,593	70,367
Foreign exchange translation gain arising in the year	–	–	–	–	685	–	685	92	777
Fair value adjustments	–	–	(5)	–	–	–	(5)	–	(5)
Net (loss)/income recognised directly in equity	–	–	(5)	–	685	–	680	92	772
Net profit for the year	–	–	–	–	–	9,163	9,163	324	9,487
Total recognised income and expense for the year	–	–	(5)	–	685	9,163	9,843	416	10,259
Acquisition of subsidiary	–	–	–	–	–	–	–	220	220
Disposal of subsidiary	–	–	–	–	–	–	–	(25)	(25)
Dividend	–	–	–	–	–	(1,262)	(1,262)	–	(1,262)
Statutory reserve of a subsidiary	–	–	–	–	–	227	227	–	227
Share-based payments expense for the year	–	–	–	48	–	–	48	–	48
Share options lapsed	–	–	–	(6)	–	–	(6)	–	(6)
Repurchase of share and held as treasury share	–	(26)	–	–	–	–	(26)	–	(26)
Balance at 31 August 2009	37,389	(55)	(12)	798	(5,512)	41,990	74,598	5,204	79,802

See accompanying notes to the financial statements.



CONSOLIDATED CASH FLOW STATEMENT

year ended 31 August 2009

	2009 \$'000	2008 \$'000
Operating activities:		
Profit before income tax and share of results of associates	10,150	13,909
Adjustments for:		
Allowance for impairment of machinery	43	–
Allowance for inventory obsolescence	489	129
Allowance for/(reversal of) doubtful trade receivables	163	(15)
Bad debts written off (trade)	1	1
Depreciation expense	4,999	4,781
Gain on disposal of interest in subsidiary	(202)	–
Gain on disposal of property, plant and equipment	(70)	(23)
Interest expense	315	447
Interest income	(255)	(288)
Loss on disposal of interest in subsidiary	–	75
Negative goodwill on acquisition of additional interest in subsidiary	–	(650)
Negative goodwill on acquisition of associate	(894)	–
Negative goodwill on acquisition of subsidiary	(6)	–
Property, plant and equipment written off	332	257
Share-based payments expense	42	201
Operating cash flows before movements in working capital	15,107	18,824
Trade receivables	9,288	9,640
Other receivables and prepayments	(3,683)	204
Inventories	3,596	1,937
Trade payables	(7,280)	(7,163)
Other payables and accruals	(3,080)	(3,585)
Cash generated from operations	13,948	19,857
Interest paid	(315)	(447)
Interest received	255	288
Income tax paid	(1,998)	(5,311)
Dividend paid	(1,262)	(2,046)
Dividend paid to minority shareholders	–	(184)
Net cash from operating activities	10,628	12,157
Investing activities:		
Loans receivable	(29)	104
Disposal of interest in subsidiary (Note 11)	461	–
Acquisition of subsidiary, net of cash acquired (Note 11)	(717)	–
Acquisition of additional shares in subsidiary	–	(69)
Acquisition of available-for-sale financial assets	–	(417)
Proceeds from disposal of property, plant and equipment	194	97
Purchase of property, plant and equipment	(7,300)	(5,743)
Net cash used in investing activities	(7,391)	(6,028)

See accompanying notes to the financial statements.



CONSOLIDATED CASH FLOW STATEMENT

year ended 31 August 2009

	2009 \$'000	2008 \$'000
Financing activities:		
Proceeds from bank loans	3,000	–
Proceeds from other loan	254	–
Repayment of bank loans	(5,226)	(3,680)
Repayment of finance leases	(1,050)	(560)
Repurchase of shares and held as treasury shares	(26)	(29)
Restricted cash	113	124
Net cash used in financing activities	(2,935)	(4,145)
Currency translation adjustment	605	(1,830)
Increase in cash and cash equivalents	907	154
Cash and cash equivalents at beginning of financial year	25,525	25,371
Cash and cash equivalents at end of financial year (Note 6)	26,432	25,525

See accompanying notes to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

1 GENERAL

The balance sheet of Miyoshi Precision Limited (the "Company") and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 August 2009 were authorised for issue by the Board of Directors on 20 November 2009.

The Company (Registration No. 198703979K) is a public limited company 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 dollar (\$) and all values are rounded to the nearest thousand (\$'000) except where 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 associates and subsidiaries are disclosed in Notes 10 and 11 to the financial statements respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS") and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The Company's functional currency is United States dollar. The consolidated financial statements of the Group and the balance sheet of the Company are presented in Singapore dollar as the Company is listed on the Stock Exchange of Singapore, and management is of the opinion that the Singapore dollar is the currency which would best facilitate trading in its shares.

In the current financial year, the Group and the Company have adopted all the new and revised FRS and INT FRS that are relevant to their operations and effective for the current financial year. The adoption of these new/revised FRS and INT FRS does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior financial years.



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of preparation (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 1 and FRS 32 : Amendments to FRS 32 Financial Instruments: Presentation and FRS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 23 : Borrowing Costs (Revised)	1 January 2009
FRS 27 : Consolidated and Separate Financial Statements (Revised)	1 July 2009
FRS 27 and FRS 101 : Amendments to FRS 101 First-time Adoption of Financial Reporting Standards and FRS 27 Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
FRS 32 : Classification of Rights Issues (Amendments to FRS 32)	1 February 2010
FRS 39 : Amendments to FRS 39 Financial Instruments: Recognition and Measurement - Eligible Hedge Items	1 July 2009
FRS 39 and INT FRS 109 : Amendments to INT FRS 109 and FRS 39 Financial Instruments: Embedded Derivatives	30 June 2009
FRS 101 : First-time Adoption of Financial Reporting Standards	1 July 2009
: Additional Exemptions for First-time Adoptors (Amendments to FRS 101)	1 January 2010
FRS 102 : Share-based Payment - Vesting Conditions and Cancellations	1 January 2009
: Group Cash-Settled Share-based Payment Transactions (Amendments to FRS 102)	1 January 2010
FRS 103 : Business Combinations (Revised)	1 July 2009
FRS 107 : Amendments to FRS 107 Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments	1 January 2009
FRS 108 : Operating Segments	1 January 2009
INT FRS 112 : Service Concession Arrangements (Revised)	1 January 2009
INT FRS 116 : Hedges of a Net Investment in a Foreign Operation	1 October 2008
INT FRS 117 : Distributions of Non-cash Assets to Owners	1 July 2009
INT FRS 118 : Transfer of Assets from Customers	1 July 2009



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of preparation (cont'd)

The Group and the Company expect that the adoption of the above pronouncements, where applicable, will have no material impact on the financial statements in the period of initial application, except for FRS 1 (Revised), FRS 23 (Revised), FRS 27 (Revised), FRS 107 (Revised), FRS 103 (Revised) and FRS 108 as indicated below.

FRS 1 - Presentation of Financial Statements - Revised Presentation

FRS 1 (Revised 2008) requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. FRS 1 (Revised 2008) does not have any impact on the Group's and the Company's financial position.

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 is still assessing the impact of adoption of FRS 23 on the financial statements in the period of initial application.

FRS 27 - Consolidated and Separate Financial Statements (Revised)

The amendments in FRS 27 (Revised 2009) are principally in respect of the accounting treatment for transactions that result from changes in a parent's interest in a subsidiary. These amendments will significantly affect the accounting for such transactions in future accounting periods, but the extent of the impact on the financial statements will depend on the nature and type of the transactions, which cannot be anticipated. The changes will be adopted prospectively for transactions after the date of adoption of the revised Standard and, therefore, no restatements will be required in respect of transactions prior to the date of adoption.

FRS 103 - Business Combination (Revised)

The amendments in FRS 103 (Revised 2009) on accounting for business combination transactions are significant and the main changes relate to measurement of all items of consideration transferred by acquirer at fair value at the acquisition date, the election of measuring non-controlling interest at fair value or at its proportionate interest in fair value of identifiable assets and liabilities at acquisition date and the transaction costs incurred in connection with the business combination is expensed as and when they are incurred and cannot be capitalised. The impact of FRS 103 (Revised) can only be determined once the detail of future business combination transactions is known. The amendments to this revised Standard will be adopted prospectively for transactions after the date of adoption of the revised Standard and, therefore, no restatements will be required in respect of transactions prior to the date of adoption.



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of preparation (cont'd)

FRS 107 - Financial Instruments: Disclosures (Amendments relating to Improving Disclosures about Financial Instruments)

Amendments to FRS 107 will result in enhancement in disclosures about fair value measurement and liquidity risks. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other FRSs.

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 1 (Revised), FRS 23 (Revised), FRS 27 (Revised), FRS 103 (Revised), FRS 107 (Revised) and FRS 108 from the financial year beginning 1 September 2009.

(b) 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 financial year are included in the 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 their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

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 (Note 2(c)) 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 Group 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.

Investments in subsidiaries and associates on the Company's balance sheet are carried at cost less any impairment in net recoverable value that has been recognised in the income statement.



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) 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 Business Combinations, 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 income statement.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(d) 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

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through the income statement which are initially measured at fair value.

Other financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss", "held-to-maturity investments", "available-for-sale financial assets" and "loans and receivables". The classification depends on the nature and purpose of these financial assets and is determined at the time of initial recognition.



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Financial instruments (cont'd)

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 are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Available-for-sale financial assets

Certain shares held by the Group are classified as being available-for-sale if they are not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised directly in the fair value reserve with the exception of impairment losses, interests calculated using the effective interest method and foreign exchange gains and losses. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the fair value reserve is included in the income statement for the period.

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

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost, where applicable, using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment losses directly with the exception of trade receivables where the carrying amounts are reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Financial instruments (cont'd)

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through the income statement to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

Financial liabilities and equity instruments

Classification as debt or 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.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as other financial liabilities.

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

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 accordance with the Group's accounting policy for borrowing costs (Note 2(m)).



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Financial instruments (cont'd)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

(e) 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.

The Group as lessee

(i) Finance 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 the income statement in accordance with the Group's general policy on borrowing costs (Note 2(m)).

(ii) Operating leases

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

The Group as lessor

(i) Operating leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the line pattern in which use benefit derived from the leased asset is diminished. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(f) 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.



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Property, plant and equipment

(i) Land and buildings

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

(ii) Other property, plant and equipment

All other items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to the property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditures was made, will flow to the Group and the Company and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Property, plant and equipment (cont'd)

(iii) Depreciation

Depreciation is provided using the straight-line method so as to write off the cost of the property, plant and equipment over their estimated useful lives as follows:

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

The residual values and useful lives of property, plant and equipment are reviewed and adjusted as appropriate, at each balance sheet date. Gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the item disposed is recognised in the income statement.

(h) Impairment of tangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased only to the extent that the asset's increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment losses had been recognised. A reversal of an impairment loss is recognised immediately in the income statement.

(i) 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.



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Associates (cont'd)

The results and assets and liabilities of associates are incorporated in these 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 loss 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.

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 income statement.

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

(j) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(k) 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-transferability, exercise restrictions and behavioural considerations.



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

(i) Sale of goods

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.

(ii) Interest income

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

(iii) Rental income

Rental income is recognised on a straight-line basis over the term of relevant lease.

(m) Borrowing costs

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

(n) Employee benefits

(i) 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 Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

(ii) 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.



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) 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 financial 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 subsidiaries operate by the balance sheet date.

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 are accounted for using the balance sheet liability method.

Deferred tax liabilities are generally 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 arising on investments in subsidiaries and associates, 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 the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when 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 tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the income statement, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Foreign currencies transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate 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 the income statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the 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.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar 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 the income statement in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings are taken to the currency translation reserve.

(q) 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.



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Government Grant – Job Credit Scheme

The Singapore government introduced a cash grant known as the Jobs Credit Scheme in its Budget for 2009 in a bid to help businesses preserve jobs in the economic downturn. The amounts received for jobs credit are to be paid to eligible employers in 2009 in four payments and the amount an employer can receive would depend on the fulfillment of the conditions as stated in the Scheme.

The Group recognises the amounts received for jobs credit at their fair value as other income in the month of receipt of these grants from the government.

(s) 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 amounts of the Group's and the Company's inventories were \$7,607,000 (2008: \$11,816,000) and \$2,057,000 (2008: \$3,044,000) respectively.

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



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

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

Allowances for doubtful receivables

The Group makes allowances for doubtful receivables 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 receivables requires the use of management's 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 amounts of the Group's and the Company's trade and other receivables and prepayments as at 31 August 2009 were \$27,555,000 (2008: \$34,233,000) and \$17,276,000 (2008: \$26,793,000) respectively.

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

Impairment of investments in subsidiaries and associates

In 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 a period of five to ten years beginning with FY2010 and using a discount rate of between 5% to 7.95%. Estimates of future cash flows is based on a forecast annual growth in revenue of between 2% to 28%. The carrying amounts of the Company's investments in subsidiaries and associates as at 31 August 2009 were \$22,746,000 (2008: \$23,155,000) and \$1,584,000 (2008: \$55,000) respectively.

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 2009 were \$42,195,000 (2008: \$33,384,000) and \$7,952,000 (2008: \$7,774,000) 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 deferred tax assets, current income tax payable and deferred tax liabilities were \$319,000 (2008: \$120,000), \$1,324,000 (2008: \$2,140,000) and \$882,000 (2008: \$1,000,000) respectively. As at the same date, the Company's current income tax payable and deferred tax liabilities amounted to \$1,433,000 (2008: \$1,827,000) and \$499,000 (2008: \$514,000) respectively.



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

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. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures them. The Group's policies for managing specific risks and its risks exposures 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 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 the Company's trade receivables which are past due as indicated in the table below are not considered to be impaired.

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Past due 0 to 3 months	4,239	6,080	1,149	4,779
Past due 3 to 6 months	191	69	78	560
Past due over 6 months	294	24	3,902	2,914
	4,724	6,173	5,129	8,253

The Group's and Company's trade receivables which are past due and impaired are as follows;

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Past due 0 to 3 months	9	–	9	–
Past due 3 to 6 months	11	–	11	–
Past due over 6 months	264	–	101	–
	284	–	121	–

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.



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

4 FINANCIAL RISKS AND MANAGEMENT (cont'd)

(b) Market Risk

Foreign exchange risk

The Group transacts in various foreign currencies, including United States Dollar (USD), Singapore Dollar (SGD), Japanese Yen (JPY), Philippine Peso (PHP), Malaysia Ringgit (MYR) and Thailand Baht (THB), 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.

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:

Net Monetary Assets/(Liabilities)

	Group		Company	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
United States Dollar	8,912	3,987	–	–
Singapore Dollar	1,897	(1,793)	2,533	(1,151)
Japanese Yen	1,577	958	2,333	1,279
Philippine Peso	84	(450)	–	–
Malaysia Ringgit	(1,065)	–	–	–
Thailand Baht	590	2,154	590	2,152
Total	11,995	4,856	5,456	2,280

The following table details the Group's sensitivity to a 10% change in USD against the SGD, JPY, PHP, MYR 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, MYR and THB are included in the analysis.



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

4 FINANCIAL RISKS AND MANAGEMENT (cont'd)

(b) Market Risk (cont'd)

Foreign exchange risk (cont'd)

Foreign Currency Sensitivity Analysis

	Group		Company	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
SGD				
Strengthens against USD	(190)	179	(253)	115
Weakens against USD	190	(179)	253	(115)
JPY				
Strengthens against USD	(158)	(96)	(233)	(128)
Weakens against USD	158	96	233	128
PHP				
Strengthens against USD	(8)	45	–	–
Weakens against USD	8	(45)	–	–
MYR				
Strengthens against USD	107	–	–	–
Weakens against USD	(107)	–	–	–
THB				
Strengthens against USD	(59)	(215)	(59)	(215)
Weakens against USD	59	215	59	215

Interest rate risk

The Group's exposure to interest rate risk mainly arises from bank overdrafts, finance leases, bank loans and other loan. Their interest rates and terms of repayment are disclosed in Notes 16, 19, 20 and 21 respectively.

The Group's and Company's borrowings as at the balance sheet date are as follows:

Borrowings

	Group		Company	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Bank overdraft	1,026	443	–	–
Finance leases	2,086	1,427	323	687
Bank loans	7,615	6,993	3,000	5,100
Other loan	254	–	–	–
Total	10,981	8,863	3,323	5,787



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

4 FINANCIAL RISKS AND MANAGEMENT (cont'd)

(b) Market Risk (cont'd)

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 \$32,000 (2008: \$45,000), while the interest expense of the Company would increase/decrease by \$11,000 (2008: \$23,000).

(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 on contractual undiscounted cash flows.

Financial Liabilities

	1 Year or Less \$'000	2009 1 Year to 5 Years \$'000	Total \$'000	1 Year or Less \$'000	2008 1 Year to 5 Years \$'000	Total \$'000
Group						
Bank overdraft	1,026	–	1,026	443	–	443
Trade payables	12,047	–	12,047	18,994	–	18,994
Other payables and accruals	5,934	–	5,934	7,255	–	7,255
Finance leases	1,191	895	2,086	797	630	1,427
Bank loans	3,699	3,916	7,615	5,274	1,719	6,993
Other loan	–	254	254	–	–	–
	23,897	5,065	28,962	32,763	2,349	35,112
Company						
Trade payables	5,593	–	5,593	9,237	–	9,237
Other payables and accruals	2,009	–	2,009	3,351	–	3,351
Bank loan	3,000	–	3,000	5,100	–	5,100
Finance leases	291	32	323	365	322	687
	10,893	32	10,925	18,053	322	18,375



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

4 FINANCIAL RISKS AND MANAGEMENT (cont'd)

(d) Capital 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.

The Group's and Company's gearing ratio as at the balance sheet date are as follows:

Gearing Ratio

	Group		Company	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Trade payables	12,047	18,994	5,593	9,237
Other payables and accruals	5,934	7,255	2,009	3,351
Bank overdraft	1,026	443	–	–
Bank loans	7,615	6,993	3,000	5,100
Other loan	254	–	–	–
Finance leases	2,086	1,427	323	687
Less: Cash and cash equivalents	(26,432)	(25,525)	(13,324)	(8,948)
Net debt / (Cash)	2,530	9,587	(2,399)	9,427
Equity attributable to equity holders of the Company	74,598	65,774	54,564	51,449
Total Capital	77,128	75,361	52,165	60,876
Gearing ratio	3.3%	12.7%	NM	15.5%

NM: Not meaningful

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 August 2008 and 2009.

The Group's overall strategy remains unchanged from 2008.



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

4 FINANCIAL RISKS AND MANAGEMENT (cont'd)

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 value of financial assets with standard terms and conditions and trade in an active liquid markets are determined with reference to quoted market prices. The fair values of other 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.

During the financial year, the Group entities entered into the following transactions with related parties:

	Associates		Related Party (A Shareholder)	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Sales	–	–	(25)	(98)
Purchases	8	–	277	1,922
Sales commission expense	–	–	68	212
Interest income	(35)	(34)	–	–
Interest expense	1	–	–	–
Marketing fees expense	–	–	110	71
Other income	(212)	–	–	–
Other expense	56	43	18	24
Investment	–	–	775	–



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

5 RELATED PARTY TRANSACTIONS (cont'd)

Compensation of directors and key management personnel

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

	Group	
	2009 \$'000	2008 \$'000
Short-term benefits	1,868	2,238
Post-employment benefits	86	104
Share-based payments	25	109
	1,979	2,451

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

The above amounts are included under employee benefit expenses (Note 27).

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash and bank balances	19,156	19,516	11,324	8,948
Fixed deposits	8,437	6,699	2,000	–
Bank overdrafts (Note 16)	(1,026)	(443)	–	–
	26,567	25,772	13,324	8,948
Restricted cash	(135)	(247)	–	–
	26,432	25,525	13,324	8,948

The carrying amounts of cash and cash equivalents approximate their fair values.

Fixed deposits of the Group bear interest ranging from 0.05% to 3.70% (2008 : 2.25% to 3.78%) per annum and are for a tenor of approximately 365 days (2008 : 365 days).



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

6 CASH AND CASH EQUIVALENTS (cont'd)

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	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
United States Dollar	2,930	3,710	–	–
Singapore Dollar	4,921	4,474	4,921	4,474
Japanese Yen	1,722	1,343	1,722	1,343
Malaysia Ringgit	208	–	–	–
Philippine Peso	219	124	–	–
Thailand Baht	589	2,154	590	2,154

7 TRADE RECEIVABLES

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Outside parties	21,404	29,654	6,432	11,789
Allowance for doubtful debts	(284)	–	(121)	–
	21,120	29,654	6,311	11,789
Subsidiaries	–	–	6,977	10,730
Related Parties	–	395	–	395
	21,120	30,049	13,288	22,914

Trade receivables are non-interest bearing and are generally on a 30 to 60 days (2008: 30 to 60 days) credit terms. The amounts owing from subsidiaries and related parties are unsecured, interest free and repayable on demand.

Movement in the allowance for doubtful debts is as follows:

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
At beginning of financial year	–	18	–	–
Acquisition of subsidiary	126	–	–	–
(Credit)/Charge to income statement	163	(15)	124	–
Currency realignment	(5)	(3)	(3)	–
At end of financial year	284	–	121	–



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

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	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
United States Dollar	6,741	7,879	-	-
Singapore Dollar	794	431	790	432
Malaysia Ringgit	68	-	-	-
Philippine Peso	-	35	-	-

8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current				
Outside parties	3,915	4,026	721	2,830
Subsidiaries	-	-	797	891
Associates	1,695	-	1,695	-
Related party	775	-	775	-
	6,385	4,026	3,988	3,721
Non-Current				
Outside parties	50	158	-	158

Current amounts receivable from outside parties at the end of the previous 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. During the current financial year, the Company had exercised its option to convert the loan into new ordinary shares (Note 10).

Current amounts receivable from associates at the end of the current financial year includes a loan to Giken of \$1,500,000 which is convertible into new ordinary shares of Giken subject to fulfilment of the conversion conditions. The terms of the investment agreement are disclosed in Note 10.

Current amounts receivable from related parties at the end of the current financial year represents an investment relating to a business collaboration venture between Miyoshi Industry Co., Ltd, Mitsue Mold Engineering Co., Ltd and the Company. No interest is charged on the amount receivable which is repayable over 4 years. The investment has been aborted, and the amount receivable has since been repaid in full.



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

8 OTHER RECEIVABLES AND PREPAYMENTS (cont'd)

Non-current receivable represents the proceeds from the disposal of an associate, PT. SM Engineering in the financial year ended 31 August 2007. 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 companies.

None of the above balances are past due nor impaired.

The amounts due from subsidiaries and associates are unsecured, interest-free and repayable on demand.

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	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Singapore Dollar	2,402	3,146	3,080	3,833
Japanese Yen	775	–	775	–
Malaysia Ringgit	1,791	–	–	–
Philippine Peso	390	128	–	–

9 INVENTORIES

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Finished goods	4,198	6,207	736	886
Work-in-process	446	661	611	762
Raw materials	2,963	4,948	710	1,396
Total inventories at lower of cost and net realisable value	7,607	11,816	2,057	3,044

The Group's cost of inventories recognised as expense during the financial year amounted to \$56,157,000 (2008: \$85,145,000).



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

10 INVESTMENT IN ASSOCIATES

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Quoted equity shares at cost	1,500	–	1,500	–
Unquoted equity shares at cost	68	68	68	68
	1,568	68	1,568	68
Currency realignment on translation of foreign associate	–	–	16	(13)
Share of post-acquisition accumulated profits/(losses)	351	(38)	–	–
Share of post-acquisition other reserves	(27)	(12)	–	–
Negative goodwill	894	–	–	–
	1,218	(50)	16	(13)
	2,786	18	1,584	55

Details of the Group's associates are as follows:

Associate	Principal activities	Country of incorporation and operations	Proportion of ownership interest and voting power held	
			2009 %	2008 %
Miyoshi International Philippines, Inc. ⁽¹⁾	Property holding	Philippines	40	40
Giken Sakata (S) Limited ⁽²⁾	Manufacture of parts and assembly of mechanisms for electronic products	Singapore	27.64	–

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

(2) Audited by Ernst & Young LLP, Singapore.

On 15 September 2008, pursuant to the terms of an Investment Agreement with Giken Sakata (S) Limited ("Giken") dated 4 February 2008, the Company converted a loan to Giken of \$1,500,000 into new ordinary Giken shares at a price of \$0.06375 a share, resulting in an allotment of 23,529,411 shares to the Company. The shares allotted to the Company represents 27.64% of the enlarged share capital of Giken; and with the allotment, Giken became an associate of the Company (Note 8).

The net tangible assets and market price for each Giken share as at the date of allotment were \$0.10173 per share and \$0.0350 per share respectively.

The financial statements of Giken are made up to 31 March of each year. For the purpose of applying the equity method of accounting, the financial statements of Giken for the financial year ended 31 August 2009 have been used.

The market price for Giken as at 31 August 2009 was \$0.0750 per share.



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

10 INVESTMENT IN ASSOCIATES (cont'd)

Summarised financial information in respect of the Group's associates is set out below:

	2009 \$'000	2008 \$'000
Total assets	32,832	2,444
Total liabilities	(22,835)	(2,400)
Net assets	9,997	44
Group's share of associates' net assets	2,786	18
Profit for the financial year	1,388	30
Group's share of associate's profit for the financial year	390	12

The Group has not recognised losses relating to Miyoshi International Philippines, Inc. where its share of losses exceeded the Group's carrying amount of its investment in the associate. The Group's cumulative share of unrecognised losses were \$32,000 (2008: \$Nil) which was the share of the current year's losses. The Group has no obligation in respect of those losses.

11 SUBSIDIARIES

	Company	
	2009 \$'000	2008 \$'000
Unquoted equity shares, at cost	9,946	9,579
Advances	13,083	13,576
	23,029	23,155
Impairment loss of investment	(283)	–
	22,746	23,155

As at the balance sheet date, the balance of advances made by the Company to its subsidiaries are as follows:

- advances of \$8,307,000 (2008: \$8,955,000) which are interest-free and with no fixed repayment terms;
- advances of \$3,109,000 (2008: \$2,811,000) 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;
- advances of \$555,000 (2008: Nil) which bear interest of 0.50% per annum with monthly repayment of principal over 36 months starting September 2010, amounts varying between \$16,000 and \$18,000;
- advances of \$712,000 (2008: Nil) which bear interest of 2.37% per annum with monthly repayment of principal over 12 months starting November 2009 amounts varying between \$59,000 and \$71,000;
- advances of \$100,000 (2008: Nil) which bear interest of 2.28% per annum with monthly repayment of principal over 12 equal monthly installment of \$8,000 starting June 2010;
- advances of \$200,000 (2008: Nil) which bear interest of 2.28% per annum with monthly repayment of principal over 12 equal monthly installment of \$17,000 starting July 2010;



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

11 SUBSIDIARIES (cont'd)

- (g) advances of \$100,000 (2008: Nil) which bear interest of 2.28% per annum with monthly repayment of principal over 12 equal monthly installment of \$8,000 starting August 2010;
- (h) advances of Nil (2008: \$1,710,000) which bear interest of Nil (2008: 1%) per annum with monthly repayment of principal over 48 months starting September 2006, amounts varying between \$61,000 and \$95,000; and
- (i) advances of Nil (2008: \$100,000) which are interest free with repayment of principal over 5 equal installments starting May 2008.

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) to (i) approximates the carrying amount.

During the current financial year, the Company made a provision for impairment of \$283,000 (2008: Nil) against the cost of its investment in Miyoshi Precision (Thailand) Co. Ltd. The provision was made in view of the operating loss sustained by the subsidiary during the current financial year; and forecasted losses in the foreseeable future. The amount provided for is recognised in the Company income statement and reported under the subsidiary's business segments as follows:

	2009 \$000	2008 \$000
Data storage	1	–
Consumer Electronics	104	–
Automotive and others	178	–
	283	–

Apart from the above, management is of the view that no further impairment for investments in subsidiaries is required.

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

	Company	
	2009 \$'000	2008 \$'000
Singapore Dollar	4,628	4,751
Japanese Yen	300	180
Thailand Baht	–	1,710



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

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	
		2009 %	2008 %
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	70
Miyoshi Hi-Tech Co., Ltd ⁽⁴⁾	Metal stamping Thailand	80	80
iNovuus Technologies Pte Ltd ⁽¹⁾	System integration service provider, application and development solutions and e-commerce web development services Singapore	92.99	92.99
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 ⁽²⁾ (A subsidiary of Miyoshi Precision (Malaysia) Sdn. Bhd.)	Processing of bio energy activities Malaysia	100	100



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

11 SUBSIDIARIES (cont'd)

Name of subsidiary	Principal activities/Country of incorporation and operations	Proportion of ownership interest and voting power held	
		2009 %	2008 %
AWP Precision Engineering Pte Ltd ^{(1) (7)}	Fabrication of parts and components of industrial equipment and machine tools	60	–

(1) Audited by BDO Raffles, Singapore.

(2) Audited by BDO Binder, Malaysia.

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

(4) Audited by BDO Richfield, Thailand.

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

(6) Audited by another firm of auditors namely, Huizhou East Certified Public Accountants, People's Republic of China.

(7) The financial statements of AWP Precision Engineering Pte Ltd ("AWP") are made up to 31 December of each year. For consolidation purposes, the financial statements of AWP for the financial year ended 31 August 2009 have been used.

(8) As required by Rule 716 of the Listing Manual of the Singapore Securities Trading Limited, the Audit Committee and the Board of Directors of the Company have satisfied themselves that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

Acquisition of subsidiaries / additional interest in subsidiaries

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 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), acquired the remaining 50% equity interest in Miyoshi Bio Energy (Malaysia) Sdn. Bhd. for a cash consideration of RM 1.00.



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

11 SUBSIDIARIES (cont'd)

On 8 July 2009, the Company acquired 60% equity interest in AWP Precision Engineering Pte Ltd ("AWP") for a cash consideration of \$324,000. The fair value and carrying amounts of the identifiable assets and liabilities of AWP as at the date of acquisition were:

	Fair value recognised on date of acquisition \$'000	Carrying amount before combination \$'000
Property, plant and equipment	6,218	5,994
Trade and other receivables	876	876
Cash and cash equivalents	(393)	(393)
	6,701	6,477
Less:		
Trade and other payables	2,068	2,068
Bank loans and finance leases	4,120	4,120
Income tax payable	(37)	(37)
	6,151	6,151
Net identifiable assets	550	326

From the date of acquisition, AWP incurred a net loss after tax of \$18,000, which has been included in the Group's profit for the financial year. If the combination had taken place at the beginning of the financial year, the Group's net profit would have been \$9,559,000 and revenue would have been \$98,261,000.

The effects of the acquisition of AWP on the cash flows are as follows:

	2009 \$'000
Trade receivables	760
Other receivables	116
Cash and bank balances / (bank overdraft)	(393)
Property, plant and equipment	6,218
Trade payables	(589)
Other payables	(1,479)
Bank loans and finance leases	(4,120)
Income tax payable	37
Minority interest	(220)
Negative goodwill	(6)
Purchase consideration	324
Less: cash and bank balances / (bank overdraft)	(393)
Cash flow on acquisition, net of cash acquired	717



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

11 SUBSIDIARIES (cont'd)

Disposal of a subsidiary/interest in a subsidiary

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 21 August 2009, the Company disposed of its entire 51% equity interest in Fastrack Pte Ltd ("Fastrack") for a cash consideration of \$228,000. The carrying amounts of the identifiable assets and liabilities of Fastrack as at the date of disposal were:

	Carrying amount before disposal \$'000
Property, plant and equipment	1,050
Trade and other receivables	284
Inventories	123
Cash and cash equivalents	(233)
	<hr/> 1,224
Less:	
Trade and other payables	1,005
Bank loans and finance leases	82
Income tax payable	86
	<hr/> 1,173
Net identifiable assets	<hr/> 51 <hr/>

The effects of the disposal of Fastrack on the cash flows are as follows:

	2009 \$'000
Trade receivables	236
Other receivables	48
Inventories	123
Cash and bank balances / (bank overdraft)	(233)
Property, plant and equipment	1,050
Trade payables	(256)
Other payables	(749)
Bank loans and finance leases	(82)
Income tax payable	(86)
Minority interest	(25)
Gain on disposal	202
Disposal price	228
Less: cash and bank balances / (bank overdraft)	(233)
Cash flow on disposal, net of cash disposed	<hr/> 461 <hr/>



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

12 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
At beginning of financial year	446	30	9	9
Additions	–	417	–	–
Currency realignment	(3)	(1)	(4)	–
Fair value adjustment	(5)	–	–	–
At end of financial year	438	446	5	9

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

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Unquoted equity shares				
– At cost less impairment loss	21	29	5	9
Quoted equity shares				
– At market value	417	417	–	–
	438	446	5	9



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

13 PROPERTY, PLANT AND EQUIPMENT

Group	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
Cost:								
At 31 August 2007	2,032	6,096	14,585	44,646	2,938	1,416	62	71,775
Currency realignment	(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
Reclassification	-	-	(598)	(186)	175	-	598	(11)
Currency realignment	(21)	21	146	456	11	5	12	630
Additions	-	-	2,317	1,529	262	166	4,786	9,060
Acquisition of subsidiary	-	-	4,779	4,235	145	139	-	9,298
Transfer from construction-in-progress	-	-	121	2,693	-	71	(2,885)	-
Disposal/Write-offs	-	-	-	(1,327)	(31)	(132)	-	(1,490)
Disposal of subsidiary	-	-	-	(2,395)	(178)	(34)	-	(2,607)
At 31 August 2009	1,903	6,282	22,536	49,569	3,379	1,573	2,538	87,780
Accumulated depreciation:								
At 31 August 2007	-	444	4,771	30,762	2,042	639	-	38,658
Currency realignment	-	(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
Reclassifications	-	-	-	(182)	171	-	-	(11)
Currency realignment	-	61	20	250	8	-	-	339
Depreciation for the year	-	-	981	3,846	(12)	184	-	4,999
Acquisition of subsidiary	-	-	502	2,601	120	81	-	3,304
Disposal/Write-offs	-	-	-	(915)	(37)	(96)	-	(1,048)
Disposal of subsidiary	-	-	-	(1,373)	(117)	(24)	-	(1,514)
At 31 August 2009	-	476	6,720	35,314	2,110	965	-	45,585
Accumulated impairment :								
At 31 August 2007 and 2008	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	43	-	-	43
Disposal of subsidiary	-	-	-	-	(43)	-	-	(43)
At 31 August 2009	-	-	-	-	-	-	-	-
Net carrying value:								
At 31 August 2008	1,924	5,846	10,554	13,477	1,018	538	27	33,384
At 31 August 2009	1,903	5,806	15,816	14,255	1,269	608	2,538	42,195



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Leasehold land and buildings \$'000	Plant and equipment \$'000	Office furniture and equipment \$'000	Motor vehicles \$'000	Construction- in-progress \$'000	Total \$'000
Cost :						
At 31 August 2007	8,462	16,646	1,294	749	–	27,151
Currency realignment	(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
Reclassifications	–	(186)	186	–	–	–
Currency realignment	155	265	26	14	–	460
Additions	218	600	73	31	135	1,057
Disposal	–	(620)	(29)	(62)	–	(711)
At 31 August 2009	8,552	14,232	1,502	679	135	25,100
Accumulated depreciation :						
At 31 August 2007	3,140	13,693	1,228	367	–	18,428
Currency realignment	(224)	(964)	(88)	(26)	–	(1,302)
Additions	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
Reclassifications	–	(182)	182	–	–	–
Currency realignment	53	203	27	7	–	290
Depreciation for the year	325	561	39	90	–	1,015
Disposal	–	(593)	(22)	(62)	–	(677)
At 31 August 2009	3,584	11,653	1,408	503	–	17,148
Net carrying value:						
At 31 August 2008	4,973	2,509	64	228	–	7,774
At 31 August 2009	4,968	2,579	94	176	135	7,952

During the financial year, the Group acquired plant and equipment amounting to \$9,060,000 (2008: \$7,258,000) of which cash payments of \$7,300,000 (2008: \$5,743,000) were made to purchase the plant and equipment and the remaining were purchased by means of financial leases and loans.

Included in the Group's and Company's plant and equipment and motor vehicle are items with net carrying value of \$3,189,000 (2008 : \$2,967,000) and \$846,000 (2008 : \$1,382,000) respectively under finance lease agreements.



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

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
8 Enterprise Road Singapore 629820	Leasehold (30 years from 16 July 1978, expired on 16 July 2008. Lease period has been extended for another 22 years from 16 July 2008)	A factory cum office building
PLO 122, Jalan Cyber 5, Senai III Industrial Estate 81400 Senai Johor Malaysia	Leasehold (30 years expiring in August 2025)	A factory cum office building



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

14 DEFERRED TAX ASSETS

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Deferred tax assets	319	120	–	–

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

	Group	
	2009 \$'000	2008 \$'000
<u>Unutilised tax losses</u>		
At beginning of financial year	100	23
Credit to income statement for the current year	191	77
At end of financial year	291	100
<u>Other temporary differences</u>		
At beginning of financial year	20	–
Credit to income statement for the current year	8	20
At end of financial year	28	20
Total at beginning of financial year	120	23
Total at end of financial year	319	120



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

15 LOANS RECEIVABLE

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current				
Outside parties	299	299	299	299
Allowance for doubtful loans receivable	(299)	(299)	(299)	(299)
	-	-	-	-
Non-Current				
Outside parties	101	101	101	101
Associate	2,477	2,387	2,477	2,387
Allowance for doubtful loans receivable	(101)	(101)	(101)	(101)
	2,477	2,387	2,477	2,387

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 include an amount of \$2,214,000 (2008 : \$2,145,000) given 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 payable on demand but are not expected to be repaid within next 12 months. The loans are subject to interest at 2% (2008 : 2%) per annum.

Also included in the loan receivable from associate is an amount of \$263,000 (2008 : \$242,000) which is unsecured, interest-free and repayable on demand but not expected to be repaid within next 12 months.

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	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Singapore Dollar	263	263	263	263



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

16 BANK OVERDRAFTS

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Secured	1,026	443	–	–

The secured bank overdrafts are covered by a corporate guarantee issued by the Company and bear interest at 5% (2008 : 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	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Malaysia Ringgit	683	–	–	–

17 TRADE PAYABLES

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Outside parties	11,629	18,034	3,777	4,807
Subsidiaries	–	–	1,807	4,327
Associate	2	–	2	–
Related party	416	960	7	103
	12,047	18,994	5,593	9,237

Trade payables are non-interest bearing and are normally settled on 30-60 days (2008: 30-60 days) terms.

The amounts due to subsidiaries, associate and a related party are unsecured, interest-free and repayable on demand.



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

17 TRADE PAYABLES (cont'd)

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	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
United States Dollar	652	7,528	–	–
Singapore Dollar	1,407	1,247	1,432	1,280
Japanese Yen	151	61	151	60
Malaysia Ringgit	201	–	–	–
Philippine Peso	19	40	–	–

18 OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Accrued wages and salaries	1,221	1,329	511	573
Other accrued expenses	2,491	3,831	1,076	2,206
Payables arising from purchase of assets	–	706	–	30
Outside parties	1,808	1,228	159	248
Subsidiaries	–	–	244	212
Associates	47	5	–	–
Related parties	367	156	19	82
	5,934	7,255	2,009	3,351

Other payables to outside parties, subsidiaries, associate and related parties are unsecured, interest-free and repayable on demand.

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

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
United States Dollar	108	74	–	–
Singapore Dollar	1,752	3,072	1,779	3,086
Japanese Yen	290	324	–	4
Malaysia Ringgit	526	–	–	–
Philippine Peso	505	697	–	–



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

19 FINANCE LEASES

	Group				Company			
	Minimum Lease Payments		Present Value of Minimum Lease Payments		Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<u>Amounts payable under finance leases</u>								
Within one year	1,379	850	1,191	797	300	394	291	365
In the second to fifth year inclusive	934	662	889	630	32	331	32	322
After five years	8	–	6	–	–	–	–	–
Less: Future finance charges	(235)	(85)	–	–	(9)	(38)	–	–
Present value of lease obligations	<u>2,086</u>	<u>1,427</u>	<u>2,086</u>	<u>1,427</u>	<u>323</u>	<u>687</u>	<u>323</u>	<u>687</u>
Less: Amounts due for settlement within 12 months (shown under current liabilities)			(1,191)	(797)			(291)	(365)
Amount due for settlement after 12 months			<u>895</u>	<u>630</u>			<u>32</u>	<u>322</u>

The finance lease terms range from 3 to 10 years.

The rate of interest for the Group and Company ranges from 2.42% to 6.25% (2008 : 4.33% to 8.29%) per annum. The finance leases are secured on the plant and equipment purchased under finance lease arrangements (Note 13).

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The carrying amounts of finance leases approximate their fair values.

The Group's and Company's finance leases that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Singapore Dollar	323	687	323	687
Japanese Yen	478	–	–	–
Malaysia Ringgit	53	–	–	–



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

20 BANK LOANS

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Secured				
Bank loan I	374	427	-	-
Bank loan II	495	562	-	-
Bank loan III	800	904	-	-
Bank loan IV	2,610	-	-	-
Bank loan V	287	-	-	-
Bank loan VI	49	-	-	-
	4,615	1,893	-	-
Unsecured				
Bank loan VII	-	2,100	-	2,100
Bank loan VIII	3,000	3,000	3,000	3,000
	7,615	6,993	3,000	5,100
Within one year	(3,699)	(5,274)	(3,000)	(5,100)
After one year	3,916	1,719	-	-

Bank loan I bears interest at 7.4% (2008 : 8%) per annum and is repayable in 180 equal monthly installments 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 bears interest at 6.45% (2008 : 3.48%) per annum and is repayable in 180 monthly installments 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 bears interest at 6.45% (2008 : 3.48%) per annum and is repayable in 120 monthly installments 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 bears interest at 4.5% per annum and is repayable in 180 monthly installments commencing June 2007. It is secured by legal charges over the leasehold land and building of a subsidiary at 8 Enterprise Road, Singapore 629820.



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

20 BANK LOANS (cont'd)

Bank loan V bears interest at 4.5% per annum and is repayable in 60 monthly installments commencing February 2008. It is secured by legal charges over the leasehold land and building of a subsidiary at 8 Enterprise Road, Singapore 629820.

Bank loan VI bears interest at 7.25% per annum and is repayable in 6 monthly installments commencing July 2009. It is secured by legal charges over the leasehold land and building of a subsidiary at 8 Enterprise Road, Singapore 629820.

Bank loan VII bears interest at 3.50% per annum and is fully repayable in December 2008. The loan has been fully repaid as at 31 August 2009.

Bank loan VIII bears interest at 1.53% per annum and is repayable 3 years after the date of drawdown on 19 December 2008.

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

21 OTHER LOAN

Group

Other loan represents a loan given by Yajima Works Co., Ltd. ("Yajima") to Miyoshi Precision (Thailand) Co., Ltd., a subsidiary of the Company, during the current financial year. Yajima is a minority shareholder of Miyoshi Precision (Thailand) Co., Ltd., holding 30% of its ordinary shares. The loan bears interest of 0.5% per annum and is repayable over 3 years.

The carrying amount of the loan approximates its fair value.

22 DEFERRED TAX LIABILITIES

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Deferred tax liabilities	882	1,000	499	514



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

22 DEFERRED TAX LIABILITIES (cont'd)

The following are the major deferred tax liabilities recognised by the Group and the Company and movements thereon during the financial year:

Group	Accelerated tax depreciation \$'000	Others \$'000	Total \$'000
2009			
At beginning of financial year	1,100	(100)	1,000
Currency realignment	(95)	–	(95)
Disposal of subsidiary	(81)	–	(81)
Charge/(Credit) to income statement for the current year	70	(12)	58
At end of financial year	994	(112)	882
2008			
At beginning of financial year	989	(90)	899
Currency realignment	95	–	95
Charge/(Credit) to income statement for the current year	16	(10)	6
At end of financial year	1,100	(100)	1,000
Company			
	Accelerated tax depreciation \$'000	Others \$'000	Total \$'000
2009			
At beginning of financial year	598	(84)	514
Currency realignment	(95)	–	(95)
Charge/(Credit) to income statement for the current year	90	(10)	80
At end of financial year	593	(94)	499
2008			
At beginning of financial year	590	(131)	459
Currency realignment	95	–	95
Charge/(Credit) to income statement for the current year	(87)	47	(40)
At end of financial year	598	(84)	514



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

23 SHARE CAPITAL AND RESERVES

- (a) Share capital and treasury share reserve

	Group and Company			
	2009		2008	
	Number of shares '000	\$'000	Number of shares '000	\$'000
Issued and fully paid:				
At beginning of financial year	420,670	37,389	420,670	37,389
Treasury shares	(499)	(55)	(133)	(29)
At end of financial year	420,171	37,334	420,537	37,360

- (i) During the current financial year, there were no shares issued upon exercise of share options granted pursuant to the Company's share option scheme.
- The Company has one class of ordinary shares which have no par value and carry no right to fixed income.
- (ii) During the current financial year, the Company purchased 366,000 (2008: 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 2009.
- (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 24). 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 consolidated statement of changes in equity.



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

23 SHARE CAPITAL AND RESERVES (cont'd)

(e) Retained earnings

	Group	
	2009	2008
	\$'000	\$'000
Distributable	41,243	33,732
Non-Distributable	747	130
At end of financial year	41,990	33,862

Movements in the retained earnings of the Company are as follows:

	Company	
	2009	2,008
	\$'000	\$'000
At beginning of financial year	21,310	18,505
Net profit for the financial year	3,347	4,851
Dividend (Note 32)	(1,262)	(2,046)
At end of financial year	23,395	21,310

24 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.



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

24 SHARE-BASED PAYMENTS (cont'd)

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 ended 31 August 2007 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 financial year.

	Group and Company			
	2009	Weighted average exercise price	2008	Weighted average exercise price
	Number of share options		Number of share options	
		\$		\$
Outstanding at beginning of the financial year	6,064,000	0.228	6,090,000	0.228
Forfeited during the financial year	(51,000)	0.239	(26,000)	0.239
Outstanding at end of the financial year	6,013,000	0.228	6,064,000	0.228
Exercisable at end of the financial year	6,013,000		4,197,500	

There were no share options exercised during the current financial year. The share options outstanding at the end of the financial year have a weighted average remaining contractual life of 6.47 years (2008 : 7.48 years).

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



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

24 SHARE-BASED PAYMENTS (cont'd)

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.

25 REVENUE

This represents sale of goods to customers at invoice value net of returns, and goods and services and value added taxes.

26 OTHER OPERATING INCOME

	Group	
	2009 \$'000	2008 \$'000
Gain on disposal of subsidiary	202	–
Gain on disposal of property, plant and equipment	70	23
Gain on foreign exchange	286	–
Government grant on job credit	133	–
Income from sales of scrap	1,687	3,695
Interest income from associate	35	29
Interest income from non-related companies	220	259
Miscellaneous income	216	315
Negative goodwill on acquisition of additional interest in subsidiary	–	650
Negative goodwill on acquisition of interest in subsidiary	6	–
Negative goodwill on acquisition of interest in associate	894	–
Other income	124	–
Rental income	141	25
	4,014	4,996



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

27 EMPLOYEE BENEFIT EXPENSES

	Group	
	2009 \$'000	2008 \$'000
Short-term benefits	12,909	15,594
Post-employments benefits	862	867
Share-based payments	42	201
	13,813	16,662

28 OTHER OPERATING EXPENSES

	Group	
	2009 \$'000	2008 \$'000
Allowance for inventory obsolescence	489	129
Bad debt written off (trade)	1	1
Loss on disposal of interest in subsidiary	-	75
Loss on foreign exchange	-	1,360
Maintenance	755	719
Professional fees	768	995
Property, plant and equipment written off	332	257
Supplies and services	5,735	8,273
Transportation and travelling	1,210	1,377
Utilities	2,645	3,044
Others	1,528	1,537
	13,463	17,767



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

29 INCOME TAX EXPENSE

	Group	
	2009	2008
	\$'000	\$'000
Current tax		
Current year	1,359	2,321
Over provision in prior years	(165)	(179)
	1,194	2,142
Deferred tax		
Current year	(120)	(91)
Over provision in prior years	(21)	–
	(141)	(91)
	1,053	2,051

Domestic income tax is calculated at 17% (2008: 18%) of the estimated assessable profit for the financial year. Taxation of other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

	Group	
	2009	2008
	\$'000	\$'000
Profit before income tax	10,540	13,932
Income tax calculated at statutory tax rate of 17% (2008 : 18%)	1,809	2,508
Effect of change in tax rates	–	(17)
Effect of different tax rates of overseas operations	284	779
Expenses not deductible for income tax purposes	700	400
Income not subject to tax	(344)	(485)
Income tax exemptions	(1,376)	(1,061)
Deferred tax assets not recognised in income statement	81	20
Utilisation of deferred tax assets previously not recognised	(128)	(105)
Overprovision of current income tax in prior years	(165)	(179)
Overprovision of deferred income tax in prior years	(21)	–
Effect of change of functional currency	17	41
Other items	196	150
	1,053	2,051



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

29 INCOME TAX EXPENSE (cont'd)

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

	Group	
	2009 \$'000	2008 \$'000
Unutilised tax losses	1,137	1,334
Deferred tax benefits not recognised	193	240

Deferred tax benefits for certain subsidiaries have not been recognised due to the unpredictability of future profit stream.

The realisation of the future income tax benefits from tax loss carry-forwards 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.

30 PROFIT FOR THE FINANCIAL YEAR

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

	Group	
	2009 \$'000	2008 \$'000
Non-audit fees:		
Auditors of the Company	14	31
Other auditors	55	–
Directors' remuneration:		
Directors of the Company	1,062	1,255
Other directors of the subsidiaries	326	528
Directors' fees:		
Directors of the Company	83	83
Other directors of the subsidiaries	50	8
Fees paid to a firm in which a director has an interest	6	160



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

30 PROFIT FOR THE FINANCIAL YEAR (cont'd)

Number of directors in remuneration bands are as follows:

	Group	
	2009	2008
\$500,000 and above	1	1
\$250,000 to \$499,999	2	2
Below \$250,000	3	3
Total	6	6

31 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	
	2009	2008
Profit attributable to equity holders of the Company (\$'000)	9,163	10,687
Weighted average number of ordinary share in issue ('000)	420,333	420,584
Basic earnings per share (cents per share)	2.18	2.54

(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).



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

31 EARNINGS PER SHARE (cont'd)

(b) Diluted earnings per share (cont'd)

	Group	
	2009	2008
Profit attributable to equity holders of the Company (\$'000)	9,163	10,687
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)
Adjustment for treasury shares ('000)	(337)	(86)
Adjusted weighted average number of ordinary shares ('000)	420,333	420,125
Diluted earnings per share (cents per share)	2.18	2.54

32 DIVIDENDS

In the previous financial year ended 31 August 2008, the Company declared and paid a final dividend of \$0.003 per ordinary share (tax exempt-one tier) on the ordinary shares of the Company totalling \$1,262,000 for the financial year ended 31 August 2008.

Subsequent to 31 August 2009, 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 \$1,261,000 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.

33 CONTINGENT LIABILITIES

Corporate Guarantees

The Company has given corporate guarantees of \$1,994,000 (2008: \$2,369,000) 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.



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

34 COMMITMENTS

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	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Authorised and contracted for	238	–	–	–

35 OPERATING LEASE ARRANGEMENTS

The Group and the Company as a lessee

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Minimum lease payments under operating leases included in the income statement	523	672	128	197

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

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Within one year	534	417	127	165
In the second to fifth year inclusive	1,649	904	479	527
After five years	6,499	5,229	3,114	3,481
	8,682	6,550	3,720	4,173

Leases for the rental of leasehold land and building are negotiated for a term of 30 years. For rental of office premises, the leases are negotiated for an average term of 3 years, with an option to renew the lease after that date. Lease payments are usually increased upon renewals to reflect market rates.



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

35 OPERATING LEASE ARRANGEMENTS (cont'd)

The Group as a lessor

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Minimum lease income under operating leases included in the income statement	141	25	-	-

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

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Within one year	644	95	-	-
In the second to fifth year inclusive	416	79	-	-
	1,060	174	-	-

Leases for the rental of office premises are negotiated for an average of 2 years, with an option to renew the lease after that date. Lease payments are usually increased upon renewals to reflect market rates.



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

36 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.

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 associates: Income from associates is not allocated as they are not specifically attributable to any of the major business segments, and correspondingly the investment in associates is included as unallocated assets of the Group.

	Data Storage		Consumer Electronics		Automotive and others		Group	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Revenue								
External sales	53,147	81,390	33,542	41,318	8,194	11,007	94,883	133,715
Results								
Profit from operations	6,981	8,810	2,723	3,515	506	1,743	10,210	14,068
Interest expense							(315)	(447)
Interest income							255	288
Share of results of associates							390	23
Profit before tax and minority interest							10,540	13,932
Income tax expense							(1,053)	(2,051)
Profit after tax							9,487	11,881
Attributable to:								
Equity holders of the Company							9,163	10,687
Minority Interests							324	1,194
							9,487	11,881



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

36 GROUP SEGMENTAL INFORMATION (cont'd)

a) Analysis by Business Segments (cont'd)

	Data Storage		Consumer Electronics		Automotive and Others		Group	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets, Liabilities, Capital Expenditure and Depreciation								
Segment assets	50,473	59,509	36,917	41,273	20,037	7,253	107,427	108,035
Unallocated corporate assets							3,543	584
Consolidated total assets							110,970	108,619
Segment liabilities	6,326	11,530	4,621	12,322	7,034	2,397	17,981	26,249
Borrowings							10,981	8,863
Unallocated segment liabilities							2,206	3,140
Consolidated total liabilities							31,168	38,252
Capital expenditure	5,075	4,418	3,203	2,243	782	597	9,060	7,258
Depreciation	2,633	2,668	1,613	1,485	753	628	4,999	4,781

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	
	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	15,505	19,150	43,623	38,318	1,263	1,298
Malaysia	14,086	22,662	13,165	14,221	2,395	1,765
Thailand	22,031	56,727	31,105	34,430	2,602	1,591
Philippines	10,547	11,563	10,362	10,666	945	481
China	30,670	20,913	12,715	10,984	1,855	2,123
Others	2,044	2,700	–	–	–	–
	94,883	133,715	110,970	108,619	9,060	7,258



NOTES TO THE FINANCIAL STATEMENTS

year ended 31 August 2009

37 COMPARATIVE FIGURES

Certain comparative figures have been reclassified as follows to present withholding taxes of \$217,000 in income tax expense to be consistent with the current year's presentation.

	2008 As previously reported \$'000	2008 After reclassification \$'000
Consolidated Income Statement		
Other operating expenses	(17,984)	(17,767)
Profit before income tax	13,715	13,932
Income tax expense	(1,834)	(2,051)

38 EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

On 3 September 2009, pursuant to the terms of the same Investment Agreement discussed in Note 10, the Company converted an additional loan to Giken of \$1,500,000 into new ordinary Giken shares at a price of \$0.03234 a share, resulting in an allotment of 46,382,189 shares to the Company. With the allotment the Company increased its share in Giken to 53.16%, making Giken a subsidiary of the Company.

The carrying amounts of the identifiable assets and liabilities of Giken as at the date of allotment were:

	Carrying Amount Before Combination \$'000
Property, plant and equipment	6,703
Trade and other receivables	6,933
Inventories	6,319
Cash and cash equivalents	7,685
	27,640
Less:	
Trade and other payables	8,713
Bank loans and finance leases	11,645
Income tax payable	34
	20,392
Net identifiable assets	7,248

Disclosure of the fair values of the identifiable assets and liabilities acquired is not practicable as 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 properly 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 2009 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
20 November 2009



STATISTICS OF SHAREHOLDINGS

18 November 2009

Class of equity securities	:	Ordinary Shares
No. of equity securities	:	420,170,490
Voting Rights	:	One vote per share

As at 18 November 2009, the total number of treasury shares held is 499,000 (0.12%).

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	124	3.79	22,007	0.01
1,000 - 10,000	1,378	42.08	7,217,197	1.72
10,001 - 1,000,000	1,752	53.49	109,897,263	26.15
1,000,001 and above	21	0.64	303,034,023	72.12
TOTAL	3,275	100.00	420,170,490	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	24.87	–	–
Masayoshi Taira	–	–	104,509,290	24.87
Sin Kwong Wah Andrew	78,439,000	18.67	61,474,000	14.63
Pek Yee Chew	46,299,000	11.02	93,614,000	22.28

Notes:

1. Mr Masayoshi Taira is deemed to have an interest in the 104,509,290 shares held by Miyoshi Industry Co., Ltd.
2. Mr Sin Kwong Wah, Andrew is deemed to have an interest in 15,000,000 shares held by United Overseas Bank Limited, 175,000 shares held by DBS Nominees Pte Ltd and the 46,299,000 shares held 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

18 November 2009

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	MIYOSHI INDUSTRY CO LTD	104,509,290	24.87
2	SIN KWONG WAH ANDREW	78,439,000	18.67
3	PEK YEE CHEW	46,299,000	11.02
4	GAN YOKE FONG KAREN	18,252,960	4.34
5	UNITED OVERSEAS BANK NOMINEES (PTE) LTD	17,999,700	4.28
6	PHILLIP SECURITIES PTE LTD	5,064,844	1.21
7	TAN KAY GUAN	5,006,000	1.19
8	UOB KAY HIAN PTE LTD	4,705,000	1.12
9	DBS NOMINEES PTE LTD	2,767,829	0.66
10	OCBC SECURITIES PRIVATE LTD	2,479,000	0.59
11	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,206,000	0.53
12	WONG SIN TIN	2,190,000	0.52
13	MAH WAI PHENG	1,876,000	0.45
14	KIM ENG SECURITIES PTE. LTD.	1,872,200	0.45
15	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,827,200	0.43
16	WONG BARK CHUAN DAVID	1,500,000	0.36
17	CIMB-GK SECURITIES PTE. LTD.	1,490,000	0.35
18	KOH BEOW KO	1,200,000	0.29
19	WONG HONG ENG	1,200,000	0.29
20	LIM PING LEONG	1,140,000	0.27
TOTAL		302,024,023	71.89

As at 18 November 2009, 35.85% 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 Tuesday, 29 December 2009 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 2009 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 2009 (2008: Final tax-exempt (one-tier) dividend of 0.3 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:

Mr Sin Kwong Wah, Andrew **(Resolution 3)**
Mr Tan Kay Guan **(Resolution 4)**
4. To approve the payment of Directors' fees of \$75,000 for the year ended 31 August 2009 (2008: \$82,500). **(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**

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 ("SGX-ST"), 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



NOTICE OF ANNUAL GENERAL MEETING

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

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
- (a) new shares arising from the conversion or exercise of any convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) the 50% limit in sub-paragraph (1) above may be increased to 100% for the Company to undertake pro-rata renounceable rights issues;
- (4) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and
- (5) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (i)]

(Resolution 7)



NOTICE OF ANNUAL GENERAL MEETING

8. **Authority to issue shares other than on a pro-rata basis pursuant to the aforesaid share issue mandate at discounts not exceeding twenty per centum (20%) of the weighted average price for trades done on the SGX-ST**

That subject to and pursuant to the aforesaid share issue mandate being obtained, the Directors of the Company be hereby authorised and empowered to issue shares other than on a pro-rata basis at a discount not exceeding twenty per centum (20%) to the weighted average price for trades done on the SGX-ST for the full market day on which the placement or subscription agreement in relation to such shares is executed (or if not available for a full market day, the weighted average price must be based on the trades done on the preceding market day up to the time the placement or subscription agreement is executed), provided that :-

- (a) in exercising the authority conferred by this Resolution, the Company complies with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST); and
- (b) unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (ii)]

(Resolution 8)

9. **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 (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 ("AGM") of the Company) at the price of up to but not exceeding the Maximum Price as defined in Appendix A to the AGM Notice to Shareholders dated 11 December 2009 ("Appendix A"), in accordance with the "Authority and Limits of the Shares Purchase Mandate" set out in Appendix A, 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)



NOTICE OF ANNUAL GENERAL MEETING

11. 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 categories of Interested Person Transactions as set out on page 26 of the Appendix B to the AGM Notice to Shareholders dated 11 December 2009 ("Appendix B") with any party who is of the class of Interested Persons described in Appendix B, 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 Appendix B (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 (v)]

(Resolution 11)

By Order of the Board

Tan Cher Liang
Tan San-Ju
Secretaries
Singapore, 11 December 2009

Explanatory Notes:

- (i) The Ordinary Resolution 7 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders. The 50% limit referred to in the preceding sentence may be increased to 100% for the Company to undertake pro-rata renounceable rights issues.

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



NOTICE OF ANNUAL GENERAL MEETING

The 100% renounceable pro-rata rights issue limit is one of the new measures implemented by the SGX-ST as stated in a press release entitled "SGX introduces further measures to facilitate fund raising" dated 19 February 2009 and which became effective on 20 February 2009. It will provide the Directors with an opportunity to raise funds and avoid prolonged market exposure by reducing the time taken for shareholders' approval, in the event the need arises. Minority shareholders' interests are mitigated as all shareholders have equal opportunities to participate and can dispose their entitlements through trading of nil-paid rights if they do not wish to subscribe for their rights shares. It is subject to the condition that the Company makes periodic announcements on the use of the proceeds as and when the funds are materially disbursed and provides a status report on the use of proceeds in the annual report.

- (ii) The Ordinary Resolution 8 in item 8 above is pursuant to measures implemented by the SGX-ST as stated in a press release entitled "SGX introduces further measures to facilitate fund raising" dated 19 February 2009 and which became effective on 20 February 2009. Under the measures implemented by the SGX-ST, issuers will be allowed to undertake non pro-rata placements of new shares priced at discounts of up to 20% to the weighted average price for trades done on the SGX-ST for a full market day on which the placement or subscription agreement in relation to such shares is executed, subject to the conditions that (a) shareholders' approval be obtained in a separate resolution (the "Resolution") at a general meeting to issue new shares on a non pro-rata basis at discount exceeding 10% but not more than 20%; and (b) that the resolution seeking a general mandate from shareholders for issuance of new shares on a non pro-rata basis is not conditional upon the Resolution.

It should be noted that under the Listing Manual of the SGX-ST, shareholders' approval is not required for placements of new shares, on a non pro-rata basis pursuant to a general mandate, at a discount of up to 10% to the weighted average price for trades done on the SGX-ST for a full market day on which the placement or subscription agreement in relation to such shares is executed.

- (iii) The Ordinary Resolution 9 in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in aggregate (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.
- (iv) The Ordinary Resolution 10 proposed in item 10 above, if passed, will empower the Directors of the Company effective until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price as defined in Appendix A to the AGM Notice to Shareholders dated 11 December 2009. 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 2009 are set out in greater detail in Appendix A to the AGM Notice to Shareholders dated 11 December 2009.
- (v) The Ordinary Resolution 11 proposed in item 11 above, if passed, will authorise the Interested Person Transactions as described in Appendix B to the AGM Notice to Shareholders dated 11 December 2009 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.

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.

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MIYOSHI PRECISION LIMITED

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

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 Tuesday, 29 December 2009 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 2009		
2	Payment of proposed first and final tax-exempt (one-tier) dividend		
3	Re-election of Mr. Sin Kwong Wah, Andrew as a Director		
4	Re-election of Mr. Tan Kay Guan as a Director		
5	Approval of Directors' fees amounting to \$75,000		
6	Re-appointment of BDO Raffles as Auditors		
7	Authority to issue new shares		
8	Authority to issue new shares up to discount of 20%		
9	Authority to issue shares under the Miyoshi Employees' Share Option Scheme		
10	Renewal of Share Purchase Mandate		
11	Renewal of Shareholders' Mandate for Interested Person Transactions		

Dated this _____ day of _____ 2009

Signature of Shareholder(s)

or, Common Seal of Corporate Shareholder

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

* 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.

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MIYOSHI PRECISION LIMITED

Company Registration No.: 198703979K

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Fax: (65) 6265 2058

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