



MIYOSHI PRECISION LIMITED

A TOMORROW-FOCUSED MANUFACTURER
SERVING THE WORLD

ANNUAL REPORT 2011



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CORPORATE PROFILE



Established in 1987 and subsequently listed on the SGX Mainboard 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, Medical & Automotive Industries, our Regional Business Ring revolves around our headquarters in Singapore and manufacturing plants in Singapore, Malaysia, Thailand, Philippines, Indonesia & 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

Dear shareholders,

This year's report comes at a time when the Group braces itself for challenges on several fronts. The continuing effects of the US banking crisis of 2007/08; followed by the European debt crisis this year, have severely dampened global economic growth and cast a pall on the general business outlook. The Thailand floods, which struck in late July, have only just receded; and factories over large areas of the kingdom are now counting the cost. Our Thai unit was unfortunately, not spared the impact. Apart from additional cost of repairing and replacing damaged assets, it will be several months before operations can commence.

Underlining the borderless nature of commerce today, the effects of these uncertainties are already being felt by businesses globally. The industries in which we operate too are beginning to take a conservative view of short-term prospects.



THE GROUP WILL CONTINUE TO BUILD ON OUR MARKETING EFFORTS AND FORTIFY THE STRENGTH OF OUR REGIONAL BUSINESS RING TO RENDER TO THE GROUP A DISTINCT COMPETITIVE ADVANTAGE IN A FLUID MARKET PLACE.

In these trying times, the Group will continue to build on our marketing efforts and fortify the strength of our Regional Business Ring to render to the Group a distinct competitive advantage in a fluid market place.

The Group sustained an operating loss for the year largely from lower revenue and higher material cost, generally in line with our expectations. In addition, we also made significant allowances for impairment in respect of certain of our overseas operations. These allowances were deemed necessary due to negative outlook on revenue and profit for these sites. The overall Group loss, including impairment, was \$10.20m.

Some of our changeover products had passed customer qualification during the year; and we are starting to see orders for new products and from new customers. While these will help to raise revenue next year, it will not likely be sufficient to offset the negative factors. The macro-economic environment will no doubt exercise a strong influence on the performance of our industry. Given the uncertainty, we expect the next 12 months to be challenging, especially so the first 2 quarters; and so, we continue to maintain a cautious outlook.

Our immediate priority is to consolidate our key competencies and leverage on our technological capabilities; while we drive marketing to expand our product and customer base. Despite the many challenges looming over the horizon, I am

quietly confident that the sound fundamentals of our organization and resilience of our staff will stand us in good stead.

Allow me to express my deepest appreciation to all management and staff for your invaluable contributions; and to our customers, suppliers and business partners for their unwavering loyal support.

SIN KWONG WAH, ANDREW
Chief Executive Officer

OPERATIONS REVIEW

Three Key Pillars

The Group's revenue structure continued to be powered by three key growth drivers, namely, Data Storage, Consumer Electronics and Automotive, Microshaft & Others. Data Storage continued to be the largest revenue contributor, accounting for 36.66% of total Group sales. Data Storage revenue was affected by lower average selling prices and shipment volumes. Lower selling prices were in line with market trends now leaning towards the smaller 2.5 inch drives that carried lower unit prices as compared to 3.5 inch drives.

Effects of Japan's Triple Disaster

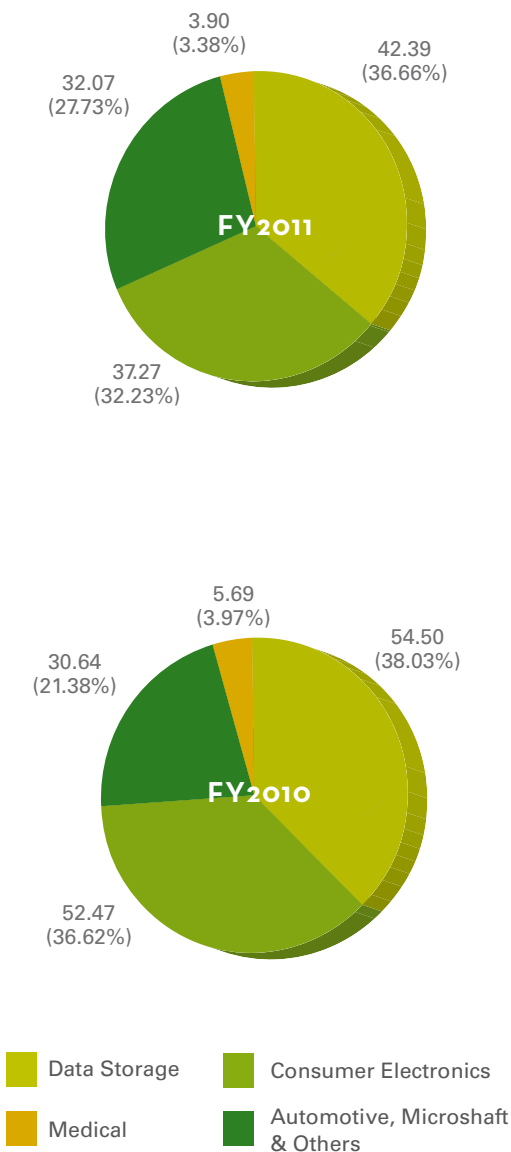
Shipment volume was constrained by the effects of product changeover as well as the Japanese natural disaster that saw a confluence of the earthquake, tsunami and the Fukushima nuclear power plant meltdown. The crisis affected the supply chain of critical parts, supplies and equipment that resulted in production bottlenecks. Consequently, Data Storage sales dipped \$0.74 million in the fourth quarter, ending the year at \$42.39 million. This was \$12.11 million or 22.22% lower than last year's sales of \$54.50 million.

Developing New Technological Capabilities

Consumer Electronics revenue continued to be impacted by the loss of a major customer, with sales falling by \$4.89 million or 38.51% in the last quarter. Revenue for the full-year fell by a smaller margin at 28.97%, from \$52.47 million to \$37.27 million this year. Consumer Electronics accounted for 32.23% of overall sales; together with Data Storage they both account for more than two thirds of total Group sales.

The Group continues to build on its effort to diversify and enlarge its customer base in these business segments by leveraging on Miyoshi's Regional Business Ring through cross marketing referrals as well as the development of new proprietary technological

REVENUE BY BUSINESS SEGMENT
(\$'million)





capabilities both on the research and product development fronts. These would give the company the necessary competitive edge as it positions itself as a one-stop solution provider in the precision engineering sphere. For the year in review, Miyoshi invested a total of \$6.6 million in capital expenditure.

Emerging Growth Drivers

Automotive, Microshaft & Others (AMO) came a close third behind Consumer Electronics accounting for 27.73% of total revenue. Microshaft and Medical sales were introduced into the Group's revenue stream upon Miyoshi's acquisition of 53.16% of the share capital of SGX-listed Giken Sakata (s) Limited; the controlling interest led to the revenue consolidation. An emerging business segment with encouraging prospects, AMO sales rose by \$1.43million or 4.67% from \$30.64million to \$32.07million, largely on higher revenue from Microshaft products.

Medical revenue, underpinned by the sales of clean-room related products, contributed \$3.90 million of sales, making up approximately 3.38% of Group revenue.

Geographical Push

Among the geographical markets, Singapore continued to account for the lion's share of Group revenue, at 37.64% or \$43.53 million; 12.14% lower than FY2010's \$49.54 million, partly due to lower volume of orders for hard-disk related products.

China, the second largest revenue contributor, recorded 32.50% lower revenue, from \$39.32 million to \$26.54 million due to weaker demand for server related parts.

The Group will intensify its marketing efforts in the coming year to boost sales as well as to improve the capacity utilization in our Huizhou and Wuxi plants. Thailand, the third biggest revenue earner in the Group, was recently submerged in debilitating flood waters, bringing businesses to a standstill. The effects of this crisis have yet to impact Miyoshi's results but is expected to constrain the Group's revenue and earnings over the coming months. For FY2011, revenue from Thailand dipped by 16.28% from \$20.94 million to \$17.53 million.

Moving Forward

The outlook for the data storage and electronics industries as a whole is fraught with risks of deteriorating business conditions. Any weaknesses in the business environment, if deep and sustained, would translate into reduced orders for the Group. While this remains a concern for us, we will continue to actively seek out new opportunities by tapping into established business network and create strategic partnerships with industry peers and key customers. We will also continue to focus on acquiring new products and customers while at the same time improving operational efficiency and managing costs.

FINANCIAL REVIEW

Revenue and Earnings

Group revenue for FY2011 was \$115.63m compared \$143.30m last year, a drop of \$27.67m or 19.31%. Our two largest business segments, Data Storage (“DS”) and Consumer Electronics (“CE”), which together account for 68.89% of total revenue, saw significant declines. DS fell by \$12.11m (22.22%) on-year; while CE fell \$15.20m (28.97%). Automotive, Microshaft and Others business segment (“AMO”), which accounts for 27.73% of revenue, grew by \$1.43m or 4.6%.

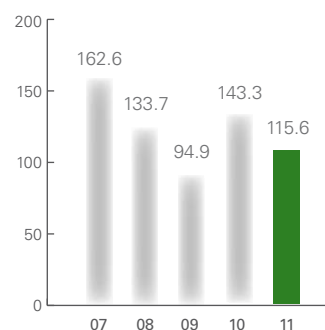
DS revenue was dampened by lower average selling prices and shipment volumes. Lower selling prices are in line with market trends towards the smaller 2.5” drives with lower unit prices, away from 3.5”; while shipment volume was constrained by the effects of product changeover, as well as the Japan triple (earthquake-tsunami-Fukushima nuclear power plant) disaster. CE revenue continued to be impacted from the loss of a major customer, while AMO grew on higher sales of microshaft products.

Excluding the effects of one-off charges and gains, Group loss for the current year was \$2.74m, as compared with \$5.54m profit for last year. Losses were higher for the current period due mainly to lower capacity utilisation, lower average selling prices and rising material cost. With the Group’s revenue largely denominated in USD, foreign exchange loss net of hedging gains of \$0.77m (last year \$0.65m), and translation loss of \$8.16m (last year \$3.58m) were due to a weaker USD against the SGD, THB and MYR.

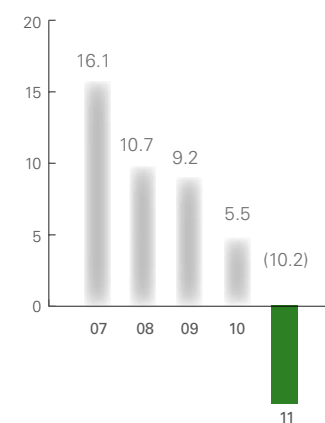
FY2011 full year loss came in at \$10.20m after taking into account one-off charges and gains of \$7.46m (net charge). One-off charges and gains include the following:

- allowance of \$2.46m for impairment charge in respect of property plant and equipment (“PPE”) at certain of our overseas operations; impairment being the deficit of forecast cash flows generated by these PPE as compared with their carrying values;
- allowance of \$3.75m for doubtful receivables in connection with an investment in the Philippines;
- provision of \$2.22m for potential costs relating to a legal claim against our Malaysian subsidiary;

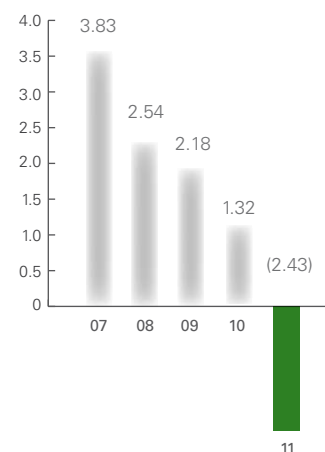
REVENUE
(\$'MILLION)



EARNINGS
(\$'MILLION)



EARNINGS PER SHARE
(CENTS)



- net realized gain of \$0.79m arising from the disposal of a factory building in Singapore; and
- net realized gain of \$0.18m arising from the disposal of a factory building in Malaysia.

Financial Position

Net asset value of the Group declined by \$18.26m to \$57.30m as at 31 August 2011 as compared with \$75.56m as at 31 August 2010. Loss for year of \$10.20m; dividends paid of \$1.26m; and an increase in the exchange translation reserve (debit) balance of \$6.77m were the main contributors to net asset decline.

Cash balance (cash & bank and fixed deposits, net of bank overdrafts) was \$27.58m as compared with \$30.27m as at 31 August 2010. Borrowings (bank loans, other loans and finance leases) stood at \$16.08m, with the corresponding balance last year at \$17.98m. Net cash balance (cash net of borrowings) as at the end of the current and last financial years were \$11.49m and \$12.29m respectively.

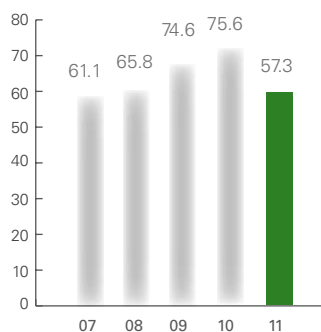
Cash Flows

Cash and cash equivalents (cash & bank and fixed deposits, net of bank overdrafts and restricted cash) decreased by \$2.69m during the 12 months to 31 August 2011. \$2.25m of cash was generated from operating activities. \$1.52m of cash was generated from investing activities; mainly inflows from the proceeds of disposal of property and net of outflows from the acquisition of production machinery at our Singapore, Philippines, China and Thailand operations. \$2.31m of cash was used in financing activities, mainly to reduce the level of borrowings. Cash and cash equivalents in SGD terms decreased by \$4.15m as a result of currency translation due to a weaker USD against the SGD, THB and MYR.

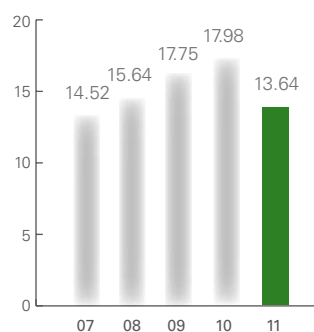
Other Significant Matters

On 9 May 2011, the Group acquired 42.86% of the ordinary shares of Galaxy Pte Ltd for US\$3.00m as announced on 10 May 2011.

NET ASSETS VALUE
(\$' MILLION)



NET ASSETS VALUE PER SHARE
(CENTS)



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 29 December 2009. Mr. Sin, with more than 20 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 29 December 2009. Mr. Tan has more than 14 years of experience in the metal stamping industry. From 1 November 2009, Mr. Tan assumed the Chief Executive Officer role in Giken Sakata (S) Limited, 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. She has been proposed for re-election at the Company's forthcoming Annual General Meeting on 29 December 2011. Ms. Gan, with more than 23 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.

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 29 December 2010. 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 17 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.

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 29 December 2010. 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 21 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.

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. He has been proposed for re-election at the Company's forthcoming Annual General Meeting on 29 December 2011. Mr. Tay currently chairs the Audit Committee and is a member of the Nominating and Remuneration Committees. With more than 24 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.

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)

Ms. Kim Yi Hwa (ACIS)

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

50 Raffles Place #32-01 Singapore Land Tower

Singapore 048623

AUDITORS

BDO LLP

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

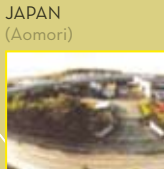
DBS Bank Limited

Malayan Banking Berhad

Oversea-Chinese Banking Corporation Limited

Standard Chartered Bank

OUR REGIONAL PRESENCE



CHINA (Changzhou)



CHINA (Wuxi)



CHINA (Huizhou)



PHILIPPINES (Laguna)



INDONESIA (Batam)



MALAYSIA (Skudai)



SINGAPORE

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 2011.

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 2011 by the Board and the attendance thereat are as follows:

	Board Meetings	
	No. of meetings	Attendance
Mr Masayoshi Taira (Non-Executive Chairman)	4	3
Mr Sin Kwong Wah, Andrew (Chief Executive Officer)	4	4
Mr Tan Kay Guan (Executive Director)	4	4
Ms Gan Yoke Fong, Karen (Executive Director)	4	4
Mr U Kean Seng (Independent Director)	4	4
Mr Tay Peng Lim (Independent Director)	4	4

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 appropriate, 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.

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.

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.

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 2011 by the Nominating Committee and the attendance thereat are as follows:

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

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

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

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

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

The Nominating Committee has reviewed the independence of the Board members and is of the opinion that Mr U Kean Seng and Mr Tay Peng Lim are independent.

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

Key information on Directors of the Company can be found on pages 8 and 9 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 effectiveness of the Board as a whole. 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 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.

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 specialised 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)

The number of meeting held in the financial year 2011 by the Remuneration Committee and the attendance thereat are as follows:

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

REMUNERATION MATTERS (cont'd)

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

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

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

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

The Remuneration Committee meets at least once every financial year.

DISCLOSURE ON REMUNERATION

- a) Details of the remuneration of the Company's Directors and five key executives for the financial year ended 31 August 2011 are as follows:

Directors' Remuneration Band and Name of Directors	Salary %	Bonuses %	Fees %	Others %	Total Compensation %
\$500,000 and above					
None	–	–	–	–	–
\$250,000 to \$499,999					
Mr Sin Kwong Wah, Andrew	90.8	–	7.0	2.2	100.0
Ms Gan Yoke Fong, Karen	87.8	9.1	–	3.1	100.0
Mr Tan Kay Guan	65.5	17.4	10.4	6.7	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					
Mr Tan Sin Ger	88.8	6.2	–	5.0	100.0
Mr Brian Especkerman	90.7	6.9	–	2.4	100.0
Mr Lee Ah Kow, David	91.5	–	–	8.5	100.0
Mr Lim Swee Cheong	84.9	11.3	–	3.8	100.0
Mr Wee Soon Ghee	90.5	5.5	–	4.0	100.0

Corporate Governance

DISCLOSURE ON REMUNERATION (cont'd)

b) Details of options granted are as follows:

Details of options granted to Directors are disclosed in paragraph 3 of the Report of the 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 2011
Pursuant to options granted on 29 January 2002		
Mr Tan Sin Ger	–	–
Mr Brian Especkerman	–	–
Mr Lee Ah Kow, David	180,000	–
Mr Lim Swee Cheong	–	–
Mr Wee Soon Ghee	80,000	–
Pursuant to options granted on 29 January 2004		
Mr Tan Sin Ger	–	–
Mr Brian Especkerman	–	–
Mr Lee Ah Kow, David	180,000	229,000*
Mr Lim Swee Cheong	40,000	51,000*
Mr Wee Soon Ghee	80,000	102,000*
Pursuant to options granted on 29 January 2005		
Mr Tan Sin Ger	–	–
Mr Brian Especkerman	–	–
Mr Lee Ah Kow, David	180,000	–
Mr Lim Swee Cheong	80,000	–
Mr Wee Soon Ghee	150,000	–
Pursuant to options granted on 31 January 2007		
Mr Tan Sin Ger	–	–
Mr Brian Especkerman	–	–
Mr Lee Ah Kow, David	180,000	229,000*
Mr Lim Swee Cheong	80,000	102,000*
Mr 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 the Directors.

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

ACCOUNTABILITY AND AUDIT

Accountability

In presenting the annual financial statements and announcement on 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 2011 and the attendance thereat are as follows:

	Audit Committee Meeting	
	No. of meetings	Attendance
Mr Tay Peng Lim - Chairman	4	4
Mr U Kean Seng	4	4
Mr Masayoshi Taira	4	3

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

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

- (1) Reviews the audit 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 and is satisfied that such services would not, in the Audit Committee's opinion, affect the independence of the external auditors.

The aggregate amount of fees paid to the external auditors amounted to approximately \$180,000 for audit services and \$24,000 for non audit services.

Corporate Governance

ACCOUNTABILITY AND AUDIT (cont'd)

Audit Committee (cont'd)

The Company has complied with Rules 712 and 715 of the SGX-ST listing manual.

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.

Internal Controls

The Board acknowledges its responsibilities for the Group's system of internal controls to safeguard the Group's assets. As at the date of these financial statements, certain changes were made to the Group's System of internal controls to improve its effectiveness. The Board and the Audit Committee believe that the system of internal controls after such improvements, is adequate to meet the needs of the Group in its current 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.

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 normal commercial terms. Details of interested person transactions during the financial year which fall under rule 920 of the Listing Manual are as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Miyoshi Industry Co., Ltd		
Type of transactions		
Sales	-	-
Purchases	-	-
Marketing Services	-	-
Total	-	-

Note: In compliance with the SGX-ST listing requirements, the Group confirms that there were interested person transactions occurring during the financial period under the shareholders' mandate but the individual transactions were less than \$100,000.

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 2011 or still subsisting as at 31 August 2011 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 statement of financial position of the Company for the financial year ended 31 August 2011.

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 shares and debentures of the Company and its 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	93,439,000	76,439,000	46,444,000	63,444,000
Mr Tan Kay Guan	4,006,000	4,006,000	–	–
Ms Gan Yoke Fong, Karen	18,252,960	18,252,960	–	–
Mr Masayoshi Taira	–	–	99,509,290	99,509,290

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>Subsidiaries</u>		
	Ordinary shares of Thai Baht 100 each	
	Held in the name of Directors	
- Miyoshi Precision (Thailand) Co., Ltd		
Ms Gan Yoke Fong, Karen	2 ⁽²⁾	2 ⁽²⁾
	Ordinary shares of Thai Baht 100 each	
	Held in the name of Directors	
- Miyoshi Hi-Tech Co., Ltd		
Ms Gan Yoke Fong, Karen	1 ⁽²⁾	1 ⁽²⁾
	Ordinary shares of Philippine Peso 1,000 each	
	Held in the name of Directors	
- Miyoshi Technologies Phils., Inc.		
Mr Sin Kwong Wah, Andrew	1 ⁽²⁾	1 ⁽²⁾
Mr Tan Kay Guan	1 ⁽²⁾	1 ⁽²⁾
	Number of share options to subscribe for the Company's ordinary shares	
Name of Directors and company in which interests are held	At beginning of year	At end of year
Options granted on 29 January 2004		
Mr Tan Kay Guan	381,000	381,000
Ms Gan Yoke Fong, Karen	381,000	381,000
Options granted on 29 January 2005		
Mr Tan Kay Guan	381,000	381,000
Options granted on 31 January 2007		
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.

There was no change in any of the abovementioned interests between the end of the financial year and 21 September 2011.

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.

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.

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

Report of the Directors

5 SHARE OPTIONS (cont'd)

a) Options granted (cont'd)

(iv) Options granted on 31 January 2007 (cont'd)

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 its subsidiaries were granted during the financial 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 option except as follows:

Date of grant	At beginning of year or date of grant, if later	Options adjustments	Exercised	Forfeited /expired/ cancelled	At end of year	Original exercise price (\$)	Adjusted exercise price (\$)	Exercise period
29 Jan 02	51,000	-	-	-	51,000	0.144	0.114	29 Jan 03 to 28 Jan 12
29 Jan 02	51,000	-	-	-	51,000	0.144	0.114	29 Jan 04 to 28 Jan 13
29 Jan 04	752,000	-	-	-	752,000	0.252	0.199	29 Jan 05 to 28 Jan 14
29 Jan 04	752,000	-	-	-	752,000	0.252	0.199	29 Jan 06 to 28 Jan 15
29 Jan 05	197,000	-	-	-	197,000	0.180	0.142	29 Jan 06 to 28 Jan 15
29 Jan 05	197,000	-	-	-	197,000	0.180	0.142	29 Jan 07 to 28 Jan 16
31 Jan 07	1,357,000	-	-	-	1,357,000	0.239	0.188	31 Jan 08 to 30 Jan 17
31 Jan 07	1,358,000	-	-	-	1,358,000	0.239	0.188	31 Jan 09 to 30 Jan 18
31 Jan 07	190,000	-	-	-	190,000	0.239	0.188	31 Jan 08 to 30 Jan 12
31 Jan 07	191,000	-	-	-	191,000	0.239	0.188	31 Jan 09 to 30 Jan 13
Total	5,096,000	-	-	-	5,096,000			

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 is 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.

Report of the Directors

5 SHARE OPTIONS (cont'd)

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 year	Aggregate options granted since commencement of Scheme to end of the year	Aggregate options exercised/ cancelled since commencement of Scheme to end of the year	Aggregate options outstanding at end of the 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	127,000	254,000
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.

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:

- i) Reviews the audit plans and scope of audit examination of external auditors and approves the audit plans of the internal auditors;
- ii) Reviews the nature and extent of non-audit services performed by the external auditors;
- iii) Evaluates the overall effectiveness of both the internal and external audits through meetings with each group of auditors;
- iv) 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;
- v) Reviews the annual and interim financial statements and announcements to shareholders before submission to the Board of Directors for approval;

Report of the Directors

6 AUDIT COMMITTEE (cont'd)

- vi) Reviews interested person transactions; and
- vii) Nominates the internal and external auditors for re-appointment.

The Audit Committee has full access to and has the co-operation from 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 LLP for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

7 AUDITORS

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

8 ADDITIONAL DISCLOSURE REQUIREMENTS OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

The auditors of the subsidiaries of the Company are disclosed in Note 13 to the financial statements. In the opinion of the Board of Directors and Audit Committee, Rule 716 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

ON BEHALF OF THE DIRECTORS

Sin Kwong Wah, Andrew

Gan Yoke Fong, Karen

Singapore
30 November 2011

Independent Auditor's Report

To the members of Miyoshi Precision Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Miyoshi Precision Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 29 to 103 which comprise the statements of financial position of the Group and of the Company as at 31 August 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation 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, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's 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 about 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 auditor's 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 auditor considers the internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position 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 2011 and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Independent Auditor's Report

To the members of Miyoshi Precision Limited

Report on Other Legal and Regulatory Requirements

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

BDO LLP

Public Accountants and
Certified Public Accountants

Singapore
30 November 2011

Statements of Financial Position

As at 31st August 2011

	Note	Group		Company	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
ASSETS					
Current assets:					
Cash and bank balances	6	19,521	22,593	4,871	6,844
Fixed deposits	6	8,864	9,670	3,000	–
Trade receivables	7	22,986	27,061	10,329	11,262
Other receivables and prepayments	8	1,743	8,162	1,997	5,449
Inventories	9	9,627	11,429	2,218	2,261
Asset held for sale	10	1,859	4,091	–	–
Total current assets		64,600	83,006	22,415	25,816
Non-current assets:					
Investments in associates	11	3,026	37	47	53
Investment in joint venture	12	–	–	–	–
Subsidiaries	13	–	–	27,614	28,016
Available-for-sale financial assets	14	59	66	4	4
Other receivables	8	9	37	–	–
Property, plant and equipment	15	36,688	45,992	7,363	8,615
Intangible assets	16	429	858	–	–
Deferred tax assets	17	30	95	–	–
Loans receivable	18	2,463	4,939	2,161	2,370
Total non-current assets		42,704	52,024	37,189	39,058
Total assets		107,304	135,030	59,604	64,874
LIABILITIES AND EQUITY					
Current liabilities:					
Bank overdrafts	19	809	1,991	–	–
Trade payables	20	15,057	18,129	3,382	3,792
Other payables and accruals	21	6,076	8,361	1,699	2,034
Provisions	22	2,117	50	–	–
Current income tax payable		438	1,312	531	1,097
Finance leases	23	863	1,364	285	217
Bank loans	24	9,359	5,811	7,375	2,500
Other loan	25	160	–	–	–
Total current liabilities		34,879	37,018	13,272	9,640
Non-current liabilities:					
Finance leases	23	1,425	2,197	379	338
Bank loans	24	4,196	8,348	–	375
Other loan	25	81	260	–	–
Provisions	22	480	473	–	–
Deferred tax liabilities	26	324	657	324	657
Total non-current liabilities		6,506	11,935	703	1,370
Total liabilities		41,385	48,953	13,975	11,010
Equity:					
Share capital	27	37,389	37,389	37,389	37,389
Treasury share reserve	27	(55)	(55)	(55)	(55)
Fair value reserve	27	(10)	(10)	–	–
Other reserve	27	918	767	–	–
Share options reserve	27	549	707	549	707
Currency translation reserve	27	(15,507)	(8,733)	(16,066)	(10,294)
Retained earnings	27	34,018	45,493	23,812	26,117
Equity attributable to owners of the parent		57,302	75,558	45,629	53,864
Non-controlling interests		8,617	10,519	–	–
Total equity		65,919	86,077	45,629	53,864
Total liabilities and equity		107,304	135,030	59,604	64,874

See accompanying notes to the financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 August 2011

	Note	2011 \$'000	2010 \$'000
Revenue	29	115,629	143,300
Other operating income	30	4,371	5,990
Changes in inventories of finished goods and work-in-progress		513	(827)
Raw materials and consumables used		(63,365)	(76,369)
Employee benefit expenses	31	(26,667)	(28,155)
Depreciation expense		(7,557)	(8,173)
Other operating expenses	32	(31,866)	(26,537)
Finance costs		(744)	(1,003)
Share of results of associates		(660)	37
(Loss)/Profit before income tax		(10,346)	8,263
Income tax expense	33	(340)	(1,570)
(Loss)/Profit for the financial year	34	(10,686)	6,693
Other comprehensive income:			
Exchange differences on translating foreign operations		(8,164)	(3,584)
Available-for-sale financial assets			
- Fair value loss		-	2
Reclassification of currency translation reserves on de-consolidation of subsidiaries		-	(235)
Other comprehensive income for the financial year, net of tax		(8,164)	(3,817)
Total comprehensive income for the financial year		(18,850)	2,876
(Loss)/Profit attributable to:			
Owners of the parent		(10,204)	5,540
Non-controlling interests		(482)	1,153
		(10,686)	6,693
Total comprehensive income attributable to:			
Owners of the parent		(16,995)	2,312
Non-controlling interests		(1,855)	564
		(18,850)	2,876
(Loss)/Earnings per share			
Basic (cents)	35	(2.43)	1.32
Diluted (cents)	35	(2.43)	1.32

See accompanying notes to the financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 August 2011

	Share Capital \$'000	Treasury Share Reserve \$'000	Fair Value Reserve \$'000	Other Reserve \$'000	Share Options Reserve \$'000	Currency Translation Reserve \$'000	Retained Earnings \$'000	Equity Attributable to Owners of the Parent \$'000	Non- controlling Interests \$'000	Total Equity \$'000
Balance at 1 September 2009	37,389	(55)	(12)	-	798	(5,512)	41,990	74,598	5,204	79,802
Profit for the financial year	-	-	-	-	-	-	5,540	5,540	1,153	6,693
Other comprehensive income for the financial year:										
Exchange differences on translating foreign operations	-	-	-	-	-	(2,995)	-	(2,995)	(589)	(3,584)
Available-for-sale financial assets – Fair value loss	-	-	2	-	-	-	-	2	-	2
Reclassification on currency translation reserve on de- consolidation of subsidiaries	-	-	-	-	-	(235)	-	(235)	-	(235)
Total other comprehensive income for the financial year	-	-	2	-	-	(3,230)	-	(3,228)	(589)	(3,817)
Total comprehensive income for the financial year	-	-	2	-	-	(3,230)	5,540	2,312	564	2,876
Transactions with owners of the parent recognised directly in equity										
Dividends	-	-	-	-	-	-	(1,261)	(1,261)	-	(1,261)
Statutory reserve by a subsidiary	-	-	-	767	-	9	(776)	-	-	-
Share options lapsed	-	-	-	-	(91)	-	-	(91)	-	(91)
Total transactions with owners of the parent recognised directly in equity	-	-	-	767	(91)	9	(2,037)	(1,352)	-	(1,352)
Change in ownership interest in a subsidiary										
Acquisition of interest in subsidiary	-	-	-	-	-	-	-	-	4,751	4,751
Balance at 31 August 2010	37,389	(55)	(10)	767	707	(8,733)	45,493	75,558	10,519	86,077

See accompanying notes to the financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 August 2011

	Share Capital	Treasury Share Reserve	Fair Value Reserve	Other Reserve	Share Options Reserve	Currency Translation Reserve	Retained Earnings	Attributable to Owners of the Parent	Non- controlling Interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 September 2010	37,389	(55)	(10)	767	707	(8,733)	45,493	75,558	10,519	86,077
Loss for the financial year	-	-	-	-	-	-	(10,204)	(10,204)	(482)	(10,686)
Other comprehensive income for the financial year:										
Exchange differences on translating foreign operations	-	-	-	-	(10)	(6,774)	(7)	(6,791)	(1,373)	(8,164)
Total other comprehensive income for the financial year	-	-	-	-	(10)	(6,774)	(7)	(6,791)	(1,373)	(8,164)
Total comprehensive income for the financial year	-	-	-	-	(10)	(6,774)	(10,211)	(16,995)	(1,855)	(18,850)
Transactions with owners of the parent recognised directly in equity										
Dividends	-	-	-	-	-	-	(1,261)	(1,261)	-	(1,261)
Statutory reserve by a subsidiary	-	-	-	151	-	-	(151)	-	-	-
Share options lapsed	-	-	-	-	(148)	-	148	-	-	-
Total transactions with owners of the parent recognised directly in equity	-	-	-	151	(148)	-	(1,264)	(1,261)	-	(1,261)
Transaction with non- controlling interest										
Dividends to non-controlling interest of the financial year	-	-	-	-	-	-	-	-	(47)	(47)
Balance at 31 August 2011	37,389	(55)	(10)	918	549	(15,507)	34,018	57,302	8,617	65,919

See accompanying notes to the financial statements.

Consolidated Statement of Cash Flows

Year ended 31 August 2011

	2011 \$'000	2010 \$'000
Operating activities:		
(Loss)/Profit before income tax and share of results of associates	(9,686)	8,226
Adjustments for:		
Allowance for impairment of plant and equipment	2,618	–
Allowance for/(Reversal of) doubtful trade receivables	84	(115)
Allowance for doubtful other receivables	916	1,248
Allowance for doubtful loan receivables	2,679	–
Allowance for impairment of available-for-sale financial assets	–	365
Amortisation of intangible assets	429	429
Bad trade receivables written off	20	2
Depreciation expense	7,557	8,173
Gain from bargain purchase of a subsidiary	–	(1,106)
Gain on de-consolidation of subsidiary	(5)	(433)
Gain on disposal of property, plant and equipment	(1,497)	(388)
Interest expense	744	1,003
Interest income	(212)	(129)
Provision for legal claim	2,217	–
Allowance for inventory obsolescence	71	24
Property, plant and equipment written off	20	198
Share-based payments expense	–	(91)
Operating cash flows before changes in working capital	5,955	17,406
Trade receivables	4,114	573
Other receivables and prepayments	1,171	(2,479)
Inventories	1,732	2,472
Trade payables	(3,071)	1,853
Other payables and accruals	(4,894)	(1,671)
Cash generated from operations	5,007	18,154
Interest paid	(744)	(1,003)
Interest received	212	129
Income tax paid	(916)	(1,440)
Dividend paid to equity holders	(1,261)	(1,261)
Dividend paid to non-controlling shareholders	(47)	–
Net cash from operating activities	2,251	14,579

See accompanying notes to the financial statements.

Consolidated Statement of Cash Flows

Year ended 31 August 2011

	2011 \$'000	2010 \$'000
Investing activities:		
Acquisition of subsidiary, net of cash acquired (Note 13)	–	7,685
Loans receivable	(301)	(2,594)
Proceeds from disposal of other investment	–	108
Proceeds from disposal of property, plant and equipment	7,039	684
Purchase of property, plant and equipment (Note 15)	(5,223)	(9,401)
Net cash from/(used in) investing activities	1,515	(3,518)
Financing activities:		
Proceeds from bank loans	6,934	2,304
Repayment of bank loans	(7,539)	(5,026)
Repayment of finance leases	(1,709)	(1,847)
Restricted cash	6	(12)
Net cash used in financing activities	(2,308)	(4,581)
Currency translation adjustment	(4,148)	(2,787)
Increase in cash and cash equivalents	(2,690)	3,693
Cash and cash equivalents at beginning of financial year	30,125	26,432
Cash and cash equivalents at end of financial year (Note 6)	27,435	30,125

See accompanying notes to the financial statements.

Notes to the Financial Statements

Year ended 31 August 2011

1 GENERAL CORPORATE INFORMATION

Miyoshi Precision Limited (“the Company”) is a public limited company incorporated and domiciled in Singapore. The Company is listed on the Singapore Exchange Securities Trading Limited. The Company’s registration number is 19870397K. Its principal place of business and registered office is at No. 5 Second Chin Bee Road, Singapore 618772. 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, joint venture and subsidiaries are disclosed in Notes 11, 12 and 13 to the financial statements respectively.

The statement of financial position of the Company and the consolidated financial statements of the Company and its subsidiaries (the “Group”) for the financial year ended 31 August 2011 were authorised for issue by the Board of Directors on 30 November 2011.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

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 financial statements of the Group and the statement of financial position 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 or revised FRS and Interpretation of FRS (“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 did not result in changes to the Group’s and the 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 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.1 Basis of preparation of financial statements (cont'd)

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS and INT FRS were issued but not yet effective:

		Effective date (Annual periods beginning on or after)
FRS 1	: Amendments to FRS 1 - Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 12	: Amendments to FRS 12 - Deferred Tax: Recovery of Underlying Assets	1 January 2012
FRS 19	: Employee Benefits (Revised)	1 January 2013
FRS 24	: Related Party Disclosures (Revised)	1 January 2011
FRS 27	: Separate Financial Statements	1 January 2013
FRS 28	: Investments in Associates and Joint Ventures	1 January 2013
FRS 101	: Amendments to FRS 101 - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 July 2011
FRS 107	: Amendments to FRS 107 - Transfers of Financial Assets	1 July 2011
FRS 110	: Consolidated Financial Statements	1 January 2013
FRS 111	: Joint Arrangements	1 January 2013
FRS 112	: Disclosure of Interests in Other Entities	1 January 2013
FRS 113	: Fair Value Measurements	1 January 2013
INT FRS 114	: Amendments to INT FRS 114 - Prepayments of a Minimum Funding Requirement	1 January 2011
INT FRS 115	: Agreements for the Construction of Real Estate	1 January 2011
	Singapore Financial Reporting Standards for Small Entities	1 January 2011

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Group and the Company expect that the adoption of the above FRS and INT FRS, if applicable, will have no material impact on the financial statements of the Group in the period of initial adoption, except as discussed below.

Notes to the Financial Statements

Year ended 31 August 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.1 Basis of preparation of financial statements (cont'd)

FRS 24 (2010) Related Party Disclosures

FRS 24 (2010) changes certain requirements for related party disclosures for entities under control, joint control or significant influence of a government (“government-related entities”). FRS 24 (2010) also made related party relations symmetrical between each of the related parties and new relationships were included and clarified in the definition of a related party. The Group and the Company will apply the amendments to FRS 24 retrospectively for annual periods beginning on or after 1 September 2011 and are currently determining the impact of the changes to the definition of a related party on the related disclosures. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group and the Company when implemented.

On 20 September 2011, the Accounting Standards Council has issued new and revised FRS namely: FRS 1 Presentation of Items of Other Comprehensive Income, FRS 19 Employee Benefits, FRS 27 Separate Financial Statements, FRS 28 Investments in Associates and Joint Ventures, FRS 110 Consolidated Financial Statements, FRS 111 Joint Arrangements, FRS 112 Disclosure of Interests in Other Entities and FRS 113 Fair Value Measurements. The Group and the Company are currently determining the impact of these new and revised FRS on the financial statements upon initial adoption.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Company has the power to govern the financial operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, as to obtain benefits from their activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intragroup transactions are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Notes to the Financial Statements

Year ended 31 August 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Basis of consolidation (cont'd)

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries in the Company's statement of financial position are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition 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. Acquisition-related costs are recognised in profit or loss as incurred.

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, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at the lower of cost and fair value less costs to sell.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Notes to the Financial Statements

Year ended 31 August 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Business combinations (cont'd)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the financial year in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date - and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

2.4 Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Notes to the Financial Statements

Year ended 31 August 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Financial instruments (cont'd)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating 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, to the net carrying amount of the financial instrument. 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 which are initially measured at fair value.

Financial assets

All financial assets are recognised on a trade date where the purchase of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe 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 profit or loss, which are initially measured at fair value.

The Group classifies its financial assets as loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of these financial assets and is determined at the time of initial recognition.

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 profit or loss 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 and other receivables and cash and cash equivalents that have fixed or determinable payments that are not quoted in an 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.

Notes to the Financial Statements

Year ended 31 August 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Financial instruments (cont'd)

Financial assets (cont'd)

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each financial year. 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 asset 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 profit or loss.

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 profit or loss to the extent the carrying amount of the asset 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.

Notes to the Financial Statements

Year ended 31 August 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Financial instruments (cont'd)

Financial liabilities and equity instruments (cont'd)

Equity instruments (cont'd)

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale issue or cancellation of treasury shares.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

Financial liabilities

Financial liabilities are classified as other financial liabilities.

Other financial liabilities

Trade and other payables

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.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Notes to the Financial Statements

Year ended 31 August 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 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 statement of financial position 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 profit or loss in accordance with the Group's general policy on borrowing costs.

(ii) Operating leases

Rentals payable under operating leases are charged to profit or loss 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 time pattern in which user 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.

2.6 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 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, cash at banks and fixed deposits net of fixed deposits pledged with bank.

2.9 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 statement of financial position 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 losses. 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 expenditure 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.

Notes to the Financial Statements

Year ended 31 August 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.9 Property, plant and equipment (cont'd)

(ii) Other property, plant and equipment (cont'd)

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.

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	- 1 ½ to 10 years
Office furniture and equipment	- 3 to 8 years
Motor vehicles	- 4 to 8 years

The residual values and useful lives of property, plant and equipment are reviewed and adjusted as appropriate, at the end of each financial year. 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 and is recognised in profit or loss.

2.10 Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, if any, on the same basis as intangible assets acquired separately.

Amortisation is provided using the straight-line method so as to write off the cost of the intangible assets over their estimated useful lives as follows:

Customer list	- 3 years
Trademark and Know-how	- 3 years

Notes to the Financial Statements

Year ended 31 August 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Associates

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

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the Group's statement of financial position 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, unless the Group has incurred legal or constructive obligations or made payment on behalf of the associate.

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 profit or loss.

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. This applies to unrealised losses which are also eliminated but only to the extent that there is no impairment.

2.12 Joint venture

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, which is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Where a Group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Notes to the Financial Statements

Year ended 31 August 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 Joint venture (cont'd)

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary.

Where the Group transacts with its jointly controlled entities, unrealised profits are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

2.13 Impairment of tangible and intangible assets excluding goodwill

At the end of each financial year, the Group reviews the carrying amounts of its tangible and intangible 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 profit or loss.

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 profit or loss.

2.14 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 end of the financial year, 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.

Changes in the estimation timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

Notes to the Financial Statements

Year ended 31 August 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.15 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.

2.16 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 the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(ii) Rendering of services

Revenue from rendering of services is recognised when the services are rendered.

(iii) Interest income

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

(iv) Rental income

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

2.17 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognised as an expense in profit or loss in the financial year in which they are incurred. Borrowing costs are recognised on a time-proportion basis in profit or loss using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.18 Employee benefits

(i) Retirement benefit costs

Defined contribution plans

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.

Defined benefit plans

Certain subsidiaries operate a defined benefit pension plan, which is unfunded. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous financial year exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognised, reduced by past service cost not yet recognised and the fair value of plan assets out of which the obligations are to be settled directly. If such aggregate is negative, the asset is measured at the lower of such aggregate or the aggregate of cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Retirement gratuity

Retirement benefits payable to certain categories of employees upon their retirement are provided for in the financial statements based on their entitlement under the staff benefit plan.

The Group's net obligation in respect of retirement benefits is the amount of future benefits that employees have earned in return for their service in current and prior periods. The obligation is calculated using projected salary increases and is discounted to its present value, and the fair value of any related assets is deducted.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the financial year.

Notes to the Financial Statements

Year ended 31 August 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.19 Government Grant - Jobs Credit Scheme

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

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 instalments and the amount an employer can receive would depend on the fulfilment of the conditions as stated in the Scheme.

In October 2009, the Government announced that the Jobs Credit Scheme would be extended for half a year with another 2 payments at stepped-down rates in March and June 2010 based on 6% of wages to be paid in March 2010 and 3% of wages to be paid in June 2010.

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

2.20 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 profit or loss 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 end of the financial year. 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, and interests in joint venture, 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 the end of each financial year 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.

Notes to the Financial Statements

Year ended 31 August 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.20 Income tax (cont'd)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same 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 profit or loss, 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.

2.21 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders.

2.22 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 the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the financial year. 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 profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss 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 at the end of the financial year. 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 other comprehensive income in the period in which the foreign operation is disposed of.

Notes to the Financial Statements

Year ended 31 August 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.22 Foreign currencies transactions and translation (cont'd)

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.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors who make strategic decisions.

2.24 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 fulfil 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 profit or loss 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

3.1 Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, the 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 except as discussed below.

(i) Impairment of investments in subsidiaries, associate, joint venture and financial assets

The Group and the Company follow the guidance of FRS 36 and FRS 39 in determining whether an investment or a financial asset is impaired. This determination requires significant judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the fair value of an investment or a financial asset is less than its cost and the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

3.2 Key sources of estimation uncertainty

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

Notes to the Financial Statements

Year ended 31 August 2011

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

3.2 Key sources of estimation uncertainty (cont'd)

Allowances for inventories

In determining the net realisable value of the Group's and the Company'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 the 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 financial year. As at 31 August 2011, the carrying amounts of the Group's and the Company's inventories were \$9,627,000 (2010: \$11,429,000) and \$2,218,000 (2010: \$2,261,000) respectively.

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 and advances to subsidiaries and associates 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 receivables, other receivables and prepayments, loans receivables and advances to subsidiaries as at 31 August 2011 were \$27,201,000 (2010: \$40,199,000) and \$36,016,000 (2010: \$35,485,000) respectively.

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 end of the financial year. 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 six years using a discount rate ranging from 7.19% to 18%. Estimates of future cash flows is based on a forecast annual growth in revenue of between 0.5% to 825%. The carrying amounts of the Company's investments in subsidiaries and associates as at 31 August 2011 were \$6,085,000 (2010: \$11,612,000) and \$47,000 (2010: \$53,000) 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 2011 were \$36,688,000 (2010: \$45,992,000) and \$7,363,000 (2010: \$8,615,000) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets.

Notes to the Financial Statements

Year ended 31 August 2011

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

3.2 Key sources of estimation uncertainty (cont'd)

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. As at 31 August 2011, the Group's deferred tax assets, current income tax payable and deferred tax liabilities were \$30,000 (2010: \$95,000), \$438,000 (2010: \$1,312,000) and \$324,000 (2010: \$657,000) respectively and the Company's current income tax payable and deferred tax liabilities were \$531,000 (2010: \$1,097,000) and \$324,000 (2010: \$657,000) respectively.

Provision for legal claim

The calculation of provisions requires management to estimate the expected future cash outflows as a result of the claims which are subject to significant uncertainty. The provision for legal claim is based on the management's best estimate of the losses or damages, if awarded to the other party. The carrying amount of the Group's provision for legal claim as at 31 August 2011 was \$2,117,000 (2010: \$Nil).

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL 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 risk exposures are summarised below.

4.1 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. 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.

Notes to the Financial Statements

Year ended 31 August 2011

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

4.1 Credit Risk (cont'd)

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	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Past due < 3 months	5,091	7,900	186	2,108
Past due 3 to 6 months	108	1,126	169	45
Past due over 6 months	896	3,767	3,588	3,732
	6,095	12,793	3,943	5,885

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

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Past due 3 to 6 months	–	478	–	–
Past due over 6 months	254	103	25	10
	254	581	25	10

Credit risk on loans 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.

4.2 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), Thailand baht (THB) and Chinese renminbi (RMB) and therefore is exposed to foreign exchange risk.

The Group uses a combination of natural hedges of matching assets and liabilities and foreign currency forward exchange 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. The Group has no contracts outstanding as at the end of the financial year.

Notes to the Financial Statements

Year ended 31 August 2011

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

4.2 Market Risk (cont'd)

Foreign exchange risk (cont'd)

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the financial year are as follows:

Net Monetary Assets/(Liabilities)

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
United States dollar	10,488	12,837	–	–
Singapore dollar	(3,833)	(65)	667	25
Japanese yen	1,246	(87)	1,271	384
Philippine peso	(348)	282	–	–
Malaysia ringgit	(1,968)	(2,400)	–	–
Thailand baht	558	601	1,117	601
Chinese renminbi	151	740	–	–
Others	60	(17)	–	(37)
Total	6,354	11,891	3,055	973

The following table details the Group's sensitivity to a 10% change in USD against the SGD, JPY, PHP, MYR, THB and RMB. The sensitivity analysis assumes an instantaneous 10% change in the foreign currency exchange rates from the end of the financial year, 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, THB and RMB are included in the analysis.

Notes to the Financial Statements

Year ended 31 August 2011

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

4.2 Market Risk (cont'd)

Foreign currency sensitivity analysis

	← Gain / (Loss) →			
	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
SGD				
Strengthens against USD	383	7	(67)	(3)
Weakens against USD	(383)	(7)	67	3
JPY				
Strengthens against USD	(125)	9	(127)	(38)
Weakens against USD	125	(9)	127	38
PHP				
Strengthens against USD	35	(28)	-	-
Weakens against USD	(35)	28	-	-
MYR				
Strengthens against USD	197	240	-	-
Weakens against USD	(197)	(240)	-	-
THB				
Strengthens against USD	(56)	(60)	(112)	(60)
Weakens against USD	56	60	112	60
RMB				
Strengthens against USD	(15)	(74)	-	-
Weakens against USD	15	74	-	-

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 19, 23, 24 and 25 respectively.

The Group's and the Company's borrowings as at the end of the financial year are as follows:

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Bank overdrafts	809	1,991	-	-
Finance leases	2,288	3,561	664	555
Bank loans	13,555	14,159	7,375	2,875
Other loan	241	260	-	-
	16,893	19,971	8,039	3,430

Notes to the Financial Statements

Year ended 31 August 2011

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

4.2 Market Risk (cont'd)

Interest rate risk (cont'd)

Assuming that the amount of borrowings outstanding at the end of the financial year was outstanding for the whole year and interest rates increase/decrease instantaneously by 10% from the end of the financial year, with all other variables held constant, the interest expense of the Group would increase/decrease by \$75,000 (2010: \$100,000), while the interest expense of the Company would increase/decrease by \$16,000 (2010: \$8,000).

4.3 Liquidity Risk

Liquidity risks refer to the risks in which the Group encounters difficulties in meeting its short-term obligations. The Group's and the 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 the Company's financial liabilities based on contractual undiscounted cash flows.

Financial Liabilities

	2011				2010			
	1 year or less \$'000	1 year to 5 years \$'000	After 5 years \$'000	Total \$'000	1 year or less \$'000	1 year to 5 years \$'000	After 5 years \$'000	Total \$'000
Group								
Bank overdrafts	809	–	–	809	1,991	–	–	1,991
Trade payables	15,057	–	–	15,057	18,129	–	–	18,129
Other payables and accruals	6,076	–	–	6,076	8,361	–	–	8,361
Finance leases	899	1,429	30	2,358	1,499	2,190	61	3,750
Bank loans	9,361	3,373	829	13,563	6,093	8,750	–	14,843
Other loan	164	80	–	244	–	263	–	263
	32,366	4,882	859	38,107	36,073	11,203	61	47,337
Company								
Trade payables	3,382	–	–	3,382	3,792	–	–	3,792
Other payables and accruals	1,699	–	–	1,699	2,034	–	–	2,034
Finance leases	309	396	–	705	238	334	24	596
Bank loans	7,375	–	–	7,375	2,554	384	–	2,938
	12,765	396	–	13,161	8,618	718	24	9,360

Notes to the Financial Statements

Year ended 31 August 2011

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

4.4 Capital Management Policies and Objectives

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 the Company's gearing ratio as at the end of the financial year were as follows:

Gearing ratio

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Trade payables	15,057	18,129	3,382	3,792
Other payables and accruals	6,076	8,361	1,699	2,034
Bank loans	13,555	14,159	7,375	2,875
Other loan	241	260	–	–
Finance leases	2,288	3,561	664	555
Less: Cash and cash equivalents	(27,435)	(30,125)	(7,871)	(6,844)
Net debt	9,782	14,345	5,249	2,412
Equity attributable to equity holders of the parent	57,302	75,558	45,629	53,864
Total Capital	67,084	89,903	50,878	56,276
Gearing Ratio	14.6%	16.0%	10.3%	4.3%

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 August 2010 and 2011.

The Group's overall strategy remains unchanged from 2010.

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 the financial statements. The fair value of financial assets with standard terms and conditions and trade in an active liquid market is 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.

Notes to the Financial Statements

Year ended 31 August 2011

5 RELATED PARTY TRANSACTIONS (cont'd)

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)		Joint Venture		Director	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Sales	-	-	(98)	(161)	(110)	(39)	-	-
Purchases	-	-	47	137	-	-	-	-
Sales commission expense	-	-	26	51	-	-	-	-
Interest income	(27)	(31)	-	-	-	-	-	-
Interest expense	-	-	1	1	-	-	-	-
Marketing fees expense	-	-	93	118	-	-	-	-
Other expense	4	37	-	-	-	-	-	-
Allowance for doubtful receivables	-	-	-	-	975	-	-	-
Loan waived ⁽¹⁾	-	-	-	-	-	-	-	543

⁽¹⁾ In the previous financial year, funds were misappropriated from Miyoshi Precision (Malaysia) Sdn. Bhd. ("MPM") a wholly-owned subsidiary of the Company, by a director of MPM. The misappropriation involved an aggregate amount of MYR1,296,104 (SGD542,679 equivalent). The full amount of the funds misappropriated was returned to MPM by a Director of the Company and the Director had waived his rights of recovery against MPM in respect of the funds returned; and therefore, neither MPM nor the Group had suffered a shortfall of funds as a result of the misappropriation. Details of this matter were disclosed in a SGX announcement made by the Company on 29 October 2010.

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	
	2011 \$'000	2010 \$'000
Short-term benefits	2,490	2,433
Post-employment benefits	135	166
Share-based payments	-	-
	2,625	2,599

Notes to the Financial Statements

Year ended 31 August 2011

5 RELATED PARTY TRANSACTIONS (cont'd)

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 31).

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Cash and bank balances	19,521	22,593	4,871	6,844
Fixed deposits	8,864	9,670	3,000	–
Bank overdrafts (Note 19)	(809)	(1,991)	–	–
	27,576	30,272	7,871	6,844
Restricted cash	(141)	(147)	–	–
	27,435	30,125	7,871	6,844

Fixed deposits of the Group bear interest ranging from 0.06% to 4.50% (2010: 0.06% to 8.25%) per annum and are for a tenor of approximately 365 days (2010: 365 days).

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

The Group's cash and cash equivalents of \$2,409,000 (2010: \$5,251,000) have been pledged as a collateral for bank loans of certain subsidiaries (Note 24). Pursuant to the debt restructuring agreement, the subsidiaries shall not dispose of the asset pledged except in the ordinary course of business.

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

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
United States dollar	6,993	7,815	–	–
Singapore dollar	5,184	4,394	5,184	4,394
Japanese yen	1,011	497	1,009	425
Malaysia ringgit	391	378	–	–
Philippine peso	103	114	–	–
Thailand baht	558	602	558	602
Indonesia rupiah	83	155	–	–
Chinese renminbi	1,872	3,197	–	–

Notes to the Financial Statements

Year ended 31 August 2011

7 TRADE RECEIVABLES

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Third parties	22,959	27,542	5,812	6,995
Allowance for doubtful receivables	(254)	(581)	(25)	(10)
	22,705	26,961	5,787	6,985
Subsidiaries	–	–	4,334	4,273
Associate	208	–	208	–
Joint venture	41	36	–	–
Related parties	32	64	–	4
	22,986	27,061	10,329	11,262

Trade receivables from third parties are non-interest bearing and are generally on a 30 to 60 (2010: 30 to 60) days credit terms. The amounts owing from subsidiaries, associate, joint venture and related parties are unsecured, interest-free and repayable on demand.

Movements in the allowance for doubtful third party trade receivables are as follows:

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
At beginning of financial year	581	284	10	121
Bad receivables written off	(391)	–	(9)	–
Acquisition of subsidiary	–	325	–	–
Charge/(Credit) to profit or loss	84	(115)	27	(106)
Currency realignment	(20)	87	(3)	(5)
At end of financial year	254	581	25	10

Allowance for doubtful trade receivables are recognised in profit or loss in “other operating income” subsequent to the assessment on the recoverable amount performed by the management.

Write back of allowance for doubtful trade receivables no longer required was recognised in profit or loss in “other operating income” upon collection of those amounts.

The Group's trade receivables of \$4,653,000 (2010: \$5,298,000) have been pledged as a collateral for bank loans of certain subsidiaries (Note 24).

Notes to the Financial Statements

Year ended 31 August 2011

7 TRADE RECEIVABLES (cont'd)

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

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
United States dollar	4,480	6,983	–	–
Singapore dollar	681	1,373	684	847
Malaysia ringgit	257	271	–	–
Philippine peso	46	779	–	–
Chinese renminbi	1,023	1,886	–	–
Japanese yen	376	80	–	–
Euro	534	169	–	–

8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Current				
Third parties	3,601	9,310	203	4,349
Allowance for doubtful receivables	(1,955)	(1,213)	–	–
	1,646	8,097	203	4,349
Subsidiaries	–	–	1,793	1,095
Associates	3	–	–	–
Joint venture	93	60	–	–
Related party	1	5	1	5
	1,743	8,162	1,997	5,449
Non-current				
Third party	9	37	–	–

Current amounts include deposits, prepayments, advances and expenses paid on behalf of related companies.

The amounts due from subsidiaries, associates, joint venture and a related party are unsecured, interest-free and repayable on demand.

The management has determined the carrying amount of non-current other receivable approximates its fair value as the amount is not significant.

Notes to the Financial Statements

Year ended 31 August 2011

8 OTHER RECEIVABLES AND PREPAYMENTS (cont'd)

Movements in the allowance for doubtful third party other receivables are as follows:

	Group	
	2011 \$'000	2010 \$'000
At beginning of financial year	1,213	–
Charge to profit or loss	916	1,248
Currency realignment	(174)	(35)
At end of financial year	1,955	1,213

The Group's other receivables and deposits of \$209,000 (2010: \$235,000) have been pledged as a collateral for bank loans of certain subsidiaries (Note 24).

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

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Singapore dollar	96	121	1,094	1,005
Japanese yen	99	–	99	–
Malaysia ringgit	214	342	–	–
Philippine peso	129	383	–	–
Chinese renminbi	94	90	–	–

9 INVENTORIES

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Finished goods	4,544	4,513	1,206	999
Work-in-process	1,131	1,153	477	629
Raw materials	3,952	5,763	535	633
Total inventories at lower of cost and net realisable value	9,627	11,429	2,218	2,261

The Group's cost of inventories recognised as expense during the financial year amounted to \$62,852,000 (2010: \$77,196,000).

The Group's inventories of \$2,527,000 (2010: \$3,319,000) have been pledged as a collateral for bank loans of certain subsidiaries (Note 24).

Allowance for inventory obsolescence of \$71,000 (2010: \$24,000) was recognised in profit or loss and included in "other operating expenses" after a review of the realisability of the inventories conducted at the end of the financial year.

Notes to the Financial Statements

Year ended 31 August 2011

10 ASSET HELD FOR SALE

Group

In the current financial year, a leasehold building with gross floor area of approximately 6,454.8 sqm owned by a subsidiary located at PLO122 Jalan Cyber 5, Senai III Industrial Estate 81400 Senai, Johor Malaysia is now in the process of being sold. A sale and purchase agreement has been entered into as at the date of these financial statements.

In the previous financial year, a leasehold building with gross floor area of approximately 6,659.2 sqm owned by a subsidiary located at 8 Enterprise Road Singapore 629820 was held for sale. The sale was completed during the current financial year.

11 INVESTMENTS IN ASSOCIATES

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Unquoted equity shares at cost	3,751	68	68	68
Currency realignment	(35)	–	(21)	(15)
Share of post-acquisition accumulated losses	(675)	(19)	–	–
Share of post-acquisition other reserves	(15)	(12)	–	–
	3,026	37	47	53

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	
			2011 %	2010 %
Miyoshi International Philippines, Inc. ⁽¹⁾	Property holding	Philippines	40	40
<i>Held through Cerise Group Limited</i>				
Galaxy Pte Ltd ⁽²⁾	Developing, manufacturing and selling coating materials	British Virgin Islands	42.86	–
<i>Held through Galaxy Pte Ltd</i>				
SPN International Pte Ltd ⁽³⁾	Electroplating and plating of metals and formed products	Singapore	42.86	–

Notes to the Financial Statements

Year ended 31 August 2011

11 INVESTMENTS IN ASSOCIATES (cont'd)

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

⁽²⁾ Not required to be audited under the laws of its country of incorporation. The associate is not considered a significant associate as defined under Rule 718 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

⁽³⁾ Reviewed by BDO LLP, Singapore, for consolidation purpose.

Acquisition of Galaxy Pte Ltd

On 9 May 2011, the Group completed the acquisition of 42.86% of the issued capital of Galaxy Pte Ltd at a purchase consideration of \$3,833,000. The cost of investment in associate includes goodwill amounting to \$3,142,000. The goodwill was calculated based on consolidated net book value of Galaxy Pte Ltd and its subsidiary as at 30 April 2011. An independent valuation on purchase price allocation and valuation of associates was performed using the standard of fair market value.

Summarised financial information of associates is set out below:

	2011	2010
	\$'000	\$'000
Assets	11,956	2,412
Liabilities	(4,885)	(2,319)
Revenue	–	–
Net (loss)/profit for the financial year	(1,527)	176

12 INVESTMENT IN JOINT VENTURE

Details of the Company's joint venture is as follows:

Joint venture	Principal activities	Country of incorporation and operations	Proportion of ownership interest and voting power held	
			2011	2010
			%	%
<i>Held through Miyoshi Technologies Phils. Inc.</i>				
Miyoshi FL Systems, Inc. ⁽¹⁾	Manufacture and assembly of automated cash counting and dispensing machine components	Philippines	51%	51%

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

Notes to the Financial Statements

Year ended 31 August 2011

12 INVESTMENT IN JOINT VENTURE (cont'd)

The following amounts represented the Group's share of the assets and liabilities and income and expenses of the joint venture that were included in the Group's financial statements using the line-by-line format of proportionate consolidation:

	Group	
	2011 \$'000	2010 \$'000
Assets		
Current assets	14	1,009
Non-current assets	2	2
Total assets	16	1,011
Liabilities		
Current liabilities	1,172	1,088
Net liabilities	(1,156)	(77)
Revenue	110	36
Expenses	(1,249)	(132)
Loss before income tax	(1,139)	(96)
Income tax expense	-	-
Loss for the financial year	(1,139)	(96)

13 SUBSIDIARIES

	Company	
	2011 \$'000	2010 \$'000
Quoted equity shares, at cost	3,000	3,000
Unquoted equity shares, at cost	7,900	9,176
Advances	21,529	16,404
	32,429	28,580
Allowance for impairment losses	(4,815)	(564)
	27,614	28,016

The management has performed a review on the recoverable amount of its investment in subsidiaries as at the end of financial year. The review led to the recognition of an impairment loss of \$4,251,000 (2010: \$281,000) recognised in the Company's profit or loss.

Notes to the Financial Statements

Year ended 31 August 2011

13 SUBSIDIARIES (cont'd)

At the end of the financial year, the balance of advances made by the Company to its subsidiaries were as follows:

- (a) advances of \$11,724,000 (2010: \$8,240,000) which are interest-free and with no fixed repayment terms;
- (b) advances of \$3,211,000 (2010: \$3,175,000) which bear interest between 4.05% and 5.00% per annum with no fixed repayment terms, and not expected to be repaid within the next 12 months from the end of the financial year;
- (c) advances of \$600,000 (2010: \$634,000) which bear interest at 0.50% per annum with monthly repayment of principal over 36 months starting September 2010, amounts varying between \$16,000 and \$18,000;
- (d) advances of \$2,237,000 (2010: \$709,000) which bear interest at 2.37% per annum with monthly repayment of principal over 12 months starting November 2010, amounts varying between \$59,000 and \$71,000;
- (e) advances of \$3,610,000 (2010: \$3,003,000) which bear interest at 2.29% per annum with monthly repayment of principal over 36 equal monthly instalment of \$82,000 starting September 2013;
- (f) advances of \$147,000 (2010: \$135,000) which bear interest at 1.79% per annum with monthly repayment of principal over 36 equal monthly instalment of \$4,000 starting September 2013;
- (g) advances of \$Nil (2010: S\$204,000) which bear interest at 2.28% per annum with monthly repayment of principal over 12 equal monthly installment of \$17,000 starting July 2010;
- (h) advances of \$Nil (2010: S\$1,000) which bear interest at 2.28% per annum with monthly repayment of principal over 12 equal monthly installment of \$8,000 starting August 2010;
- (i) advances of \$Nil (2010: S\$101,000) which bear interest at 2.28% per annum with monthly repayment of principal over 12 equal monthly installment of \$8,000 starting January 2011;
- (j) advances of \$Nil (2010: S\$101,000) which bear interest at 2.28% per annum with monthly repayment of principal over 12 equal monthly installment of \$8,000 starting February 2011; and
- (k) advances of \$Nil (2010: S\$101,000) which bear interest at 2.28% per annum with monthly repayment of principal over 12 equal monthly installment of \$8,000 starting March 2011.

The advances to subsidiaries are unsecured.

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

Notes to the Financial Statements

Year ended 31 August 2011

13 SUBSIDIARIES (cont'd)

During the current financial year, the Company made an allowance for impairment of \$1,120,000 (2010: \$281,000) against the cost of its investment in Miyoshi Precision (Thailand) Co. Ltd and \$3,131,000 (2010: \$Nil) against the cost of investment in Miyoshi Technologies Philis., Inc. The allowance was made in view of the operating loss sustained by these subsidiaries during the current financial year; and losses forecast in the foreseeable future. The amount provided for is recognised in the Company's profit or loss and reported under the subsidiaries' business segments as follows:

	Company	
	2011	2010
	\$'000	\$'000
At beginning of financial year	564	283
Data storage	2,404	–
Consumer electronics	1,069	90
Automotive and others	992	199
Charge to profit or loss for the financial year	4,465	289
Currency alignment	(214)	(8)
At end of financial year	4,815	564

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

	Company	
	2011	2010
	\$'000	\$'000
Singapore dollar	3,556	3,873
Japanese yen	217	221
Thailand baht	559	611

Notes to the Financial Statements

Year ended 31 August 2011

13 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	
		2011 %	2010 %
<i>Held by Miyoshi Precision Limited</i>			
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
AWP Precision Engineering Pte Ltd ⁽¹⁾	Fabrication of parts and components of industrial equipment and machine tools Singapore	60	60
Giken Sakata (S) Limited ⁽¹⁾	Manufacture of parts and assembly of mechanisms for electronic products Singapore	53.16	53.16
Cerise Group Limited ⁽⁵⁾	Investment holding British Virgin Islands	100	100

Notes to the Financial Statements

Year ended 31 August 2011

13 SUBSIDIARIES (cont'd)

Name of subsidiary	Principal activities/Country of incorporation and operations	Proportion of ownership interest and voting power held	
		2011 %	2010 %
<i>Held through Miyoshi Saitoh Pte Ltd</i>			
Wuxi Miyoshi Precision Co., Ltd ⁽⁶⁾	Metal stamping and plastic injection moulding People's Republic of China	100	100
Miyoshi Precision Huizhou Co., Ltd ⁽⁷⁾	Metal stamping and assembly of electronic components People's Republic of China	51	51
<i>Held through Wuxi Miyoshi Precision Co., Ltd</i>			
Miyoshi Precision Huizhou Co., Ltd ⁽⁷⁾	Metal stamping and assembly of electronic components People's Republic of China	49	49
<i>Held through Giken Sakata (S) Limited</i>			
Changzhou Giken Precision Co, Ltd. ⁽⁸⁾	Manufacturing and sale of microshafts and other precision parts People's Republic of China	50.50	50.50
PT Giken Precision Indonesia ⁽⁹⁾	Assembly of mechanisms and manufacture of precision parts used in computers and a range of electronic products Indonesia	53.16	53.16
Giken Precision Vietnam (HCMC) Co, Ltd. ⁽¹⁰⁾	Manufacturing of microshafts and other precision parts Vietnam	50.50	50.50

⁽¹⁾ Audited by BDO LLP, Singapore.

⁽²⁾ Audited by BDO, Malaysia.

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

⁽⁴⁾ Audited by BDO Limited, Thailand.

⁽⁵⁾ Not considered as significant subsidiary as defined under Rule 718 of Listing Manual of the Singapore Exchange Securities Trading Limited

⁽⁶⁾ Audited by another firm of auditors namely, Jiangsu Gongzheng Tianye Certified Public Accountants Co., Ltd, People's Republic of China.

⁽⁷⁾ Audited by another firm of auditors namely, Huizhou East Certified Public Accountants, People's Republic of China.

⁽⁸⁾ Audited by BDO China Shu Lun Pan Certified Public Accountants, People's Republic of China.

⁽⁹⁾ Audited by Tanubrata Sutanto Fahmi & Rekan, Indonesia, a member firm of BDO International.

⁽¹⁰⁾ Has not commenced operations since date of incorporation, not required to be audited under the laws of country of incorporation.

Notes to the Financial Statements

Year ended 31 August 2011

13 SUBSIDIARIES (cont'd)

In the previous financial year, the Company converted the remaining 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 additional allotment, the Company increased its equity interests in Giken to 53.16%, resulting in Giken becoming a subsidiary of the Company, and recognising a gain from bargain purchase of \$1,106,000. The price paid by the Group for the shares in Giken was agreed upon after taking into consideration Giken's financial performance, in particular its cash position; and the potential for Giken group.

The fair value and carrying amounts of the identifiable assets and liabilities of the subsidiary as at the date of acquisition were:

	2010	
	At date of acquisition	
	Fair value	Carrying amount
	\$'000	\$'000
Property, plant and equipment (Note 15)	6,702	6,702
Investment in associates	109	109
Intangible assets (Note 16)	1,287	112
Trade and other receivables	7,042	6,933
Inventories	6,320	6,320
Cash and cash equivalents	7,685	7,685
	29,145	27,861
Less:		
Trade and other payables	7,610	7,610
Provisions (Note 22)	1,103	1,103
Bank loans and finance leases	11,645	11,645
Current income tax payable	34	34
	20,392	20,392
Net identifiable assets	8,753	7,469

From the date of acquisition, Giken incurred a net profit after tax of \$1,805,000, which has been included in the Group's profit or loss for the previous financial year.

Notes to the Financial Statements

Year ended 31 August 2011

13 SUBSIDIARIES (cont'd)

The effects of the acquisitions on the cash flows are as follows:

	2010 \$'000
Trade and other receivables	7,042
Inventories	6,319
Cash and bank balances	7,685
Property, plant and equipment	6,703
Investment in associates	109
Intangible assets	1,287
Trade payables	(4,229)
Other payables	(4,484)
Bank loans and finance leases	(11,645)
Current income tax payable	(34)
Non-controlling interests	(6,147)
Gain from bargain purchase	(1,106)
Purchase consideration	1,500
Less: purchase consideration paid through conversion of loan	(1,500)
Cash and bank balances	(7,685)
Cash flow on acquisition, net of cash acquired	(7,685)

14 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
At beginning of financial year	66	438	4	5
Currency realignment	(7)	(6)	-	(1)
Impairment loss for the financial year	-	(365)	-	-
Fair value adjustment	-	(1)	-	-
At end of financial year	59	66	4	4

The impairment loss was recognised in profit or loss in "other operating expenses" subsequent to the assessment on the recoverable amount performed by the management.

Notes to the Financial Statements

Year ended 31 August 2011

14 AVAILABLE-FOR-SALE FINANCIAL ASSETS (cont'd)

At the end of the financial year, available-for-sale financial assets included the following:

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Unquoted equity shares				
- At cost less impairment loss	19	21	4	4
Quoted equity shares				
- At market value less impairment loss	40	45	-	-
	59	66	4	4

15 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 2009	1,903	6,282	22,034	46,968	3,259	1,492	2,538	84,476
Reclassification	-	-	(585)	-	-	-	585	-
Currency realignment	20	20	(443)	(1,735)	(119)	(64)	(119)	(2,440)
Additions	-	-	1,170	4,592	613	987	3,120	10,482
Acquisition of subsidiary	-	-	2,214	4,283	188	15	2	6,702
Transfer from construction-in- progress	-	-	4	2,950	1	-	(2,955)	-
Reclassified as held for sale	-	-	(4,806)	-	-	-	-	(4,806)
Disposal/Write-offs	-	-	(2)	(4,089)	(177)	(654)	(63)	(4,985)
At 31 August 2010	1,923	6,302	19,586	52,969	3,765	1,776	3,108	89,429
Reclassification	-	-	790	(139)	-	-	(651)	-
Currency Realignment	(178)	(411)	(2,106)	(4,699)	(356)	(166)	(204)	(8,120)
Additions	-	16	1,097	4,077	294	-	1,111	6,595
Transfer from construction-in- progress	-	170	19	970	71	-	(99)	1,131
Reclassified as held for sale	-	-	(2,069)	-	-	-	-	(2,069)
Disposal/Write-offs	-	-	(1,121)	(5,371)	(648)	(145)	(62)	(7,347)
At 31 August 2011	1,745	6,077	16,196	47,807	3,126	1,465	3,203	79,619

Notes to the Financial Statements

Year ended 31 August 2011

15 PROPERTY, PLANT AND EQUIPMENT (cont'd)

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
Accumulated depreciation and impairment:								
At 31 August 2009	-	476	6,218	32,713	1,990	884	-	42,281
Currency realignment	-	62	(427)	(1,296)	(99)	(51)	-	(1,811)
Depreciation for the year	-	-	1,631	6,198	35	309	-	8,173
Reclassified as held for sale	-	-	(715)	-	-	-	-	(715)
Disposal/Write-offs	-	-	-	(3,817)	(170)	(504)	-	(4,491)
At 31 August 2010	-	538	6,707	33,798	1,756	638	-	43,437
Reclassification	-	1,112	(1,112)	-	-	-	-	-
Currency realignment	-	(146)	(728)	(3,324)	(275)	(76)	-	(4,549)
Depreciation for the year	-	350	950	5,971	3	283	-	7,557
Disposal/Write-offs	-	(152)	-	(5,078)	(589)	(103)	-	(5,922)
Impairment loss	-	-	421	2,190	7	-	-	2,618
Reclassified as held for sale	-	-	(210)	-	-	-	-	(210)
At 31 August 2011	-	1,702	6,028	33,557	902	742	-	42,931
Net carrying value:								
At 31 August 2010	1,923	5,764	12,879	19,171	2,009	1,138	3,108	45,992
At 31 August 2011	1,745	4,375	10,168	14,250	2,224	723	3,203	36,688

Notes to the Financial Statements

Year ended 31 August 2011

15 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Leasehold land and buildings \$'000	Plant and equipment \$'000	Furniture and equipment \$'000	Motor vehicles \$'000	Construction- in-progress \$'000	Total \$'000
Cost:						
At 31 August 2009	8,552	14,232	1,502	679	135	25,100
Currency realignment	(512)	(851)	(90)	(41)	(8)	(1,502)
Additions	113	1,354	290	682	-	2,439
Transfer from construction-in- progress	-	127	-	-	(127)	-
Disposal/Write-offs	(1)	(171)	(114)	(546)	-	(832)
At 31 August 2010	8,152	14,691	1,588	774	-	25,205
Currency realignment	(896)	(1,614)	(174)	(85)	-	(2,769)
Additions	111	921	71	-	9	1,112
Disposal/Write-offs	-	(1,008)	(8)	-	-	(1,016)
At 31 August 2011	7,367	12,990	1,477	689	9	22,532
Accumulated depreciation:						
At 31 August 2009	3,584	11,653	1,408	503	-	17,148
Currency realignment	(224)	(716)	(86)	(33)	-	(1,059)
Depreciation for the year	316	682	48	136	-	1,182
Disposal	(1)	(128)	(114)	(438)	-	(681)
At 31 August 2010	3,675	11,491	1,256	168	-	16,590
Currency realignment	(416)	(1,290)	(142)	(25)	-	(1,873)
Depreciation for the year	273	599	97	139	-	1,108
Disposal/Write-offs	-	(648)	(8)	-	-	(656)
At 31 August 2011	3,532	10,152	1,203	282	-	15,169
Net carrying value:						
At 31 August 2010	4,477	3,200	332	606	-	8,615
At 31 August 2011	3,835	2,838	274	407	9	7,363

During the financial year, the Group acquired plant and equipment amounting to \$6,595,000 (2010: \$10,482,000) of which cash payments of \$5,223,000 (2010: \$9,401,000) were made to purchase the plant and equipment and the remaining were purchased by means of finance leases and loans.

Included in the Group's and the Company's plant and equipment and motor vehicles are items with aggregate net carrying value of \$594,000 (2010: \$3,141,000) and \$426,000 (2010: \$976,000) respectively which were purchase under finance lease arrangements.

Notes to the Financial Statements

Year ended 31 August 2011

15 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, expired on 16 August 2010. Lease period has been extended for another 30 years from 16 August 2010)	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
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 2009)	A factory cum office building
Block 9 Coty Garden, #16-02 Changzhou Jiangsu Province People's Republic of China	Leasehold (64 years from August 1998)	An apartment
No. 206, Taishan Road, New Area, Changzhou, Jiangsu Province People's Republic of China	Leasehold (50 years from January 1994)	A factory cum office building

Notes to the Financial Statements

Year ended 31 August 2011

16 INTANGIBLE ASSETS

Group	Customer list \$'000	Trade name and Know-how \$'000	Total \$'000
Cost:			
At 31 August 2009	–	–	–
Acquisition of subsidiary	633	654	1,287
At 31 August 2010 and 2011	633	654	1,287
Accumulated amortisation:			
At 31 August 2009	–	–	–
Amortisation for the financial year	211	218	429
At 31 August 2010	211	218	429
Amortisation for the financial year	211	218	429
At 31 August 2011	422	436	858
Net carrying value:			
At 31 August 2010	422	436	858
At 31 August 2011	211	218	429

The amortisation expense for the financial year is included in “other operating expenses” in the Group’s profit or loss.

The remaining useful life of the intangible assets is 1 year (2010: 2 years).

17 DEFERRED TAX ASSETS

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

	Group	
	2011 \$'000	2010 \$'000
<u>Unutilised tax losses</u>		
At beginning of financial year	2	291
Credit/(Charge) to profit or loss for the financial year	33	(289)
Currency realignment	(5)	–
At end of financial year	30	2
<u>Other temporary differences</u>		
At beginning of financial year	93	28
(Charge)/Credit to profit or loss for the financial year	(93)	63
Currency realignment	–	2
At end of financial year	–	93
Total at beginning of financial year	95	319
Total at end of financial year	30	95

Notes to the Financial Statements

Year ended 31 August 2011

18 LOANS RECEIVABLE

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Current				
Third parties	–	299	–	299
Allowance for doubtful loans receivable	–	(299)	–	(299)
	–	–	–	–
Non-Current				
Third parties	1,586	1,739	–	101
Associate	2,462	2,370	2,161	2,370
Joint venture	975	931	–	–
Allowance for doubtful loans receivable	(2,560)	(101)	–	(101)
	2,463	4,939	2,161	2,370

The loans receivable from associate included an amount of \$1,898,000 (2010: \$2,107,000) given for the purpose of financing the purchase of a property by the associate. These loans are secured against the properties owned by the associate, repayable on demand and not expected to be repaid within the next 12 months. The loans are subject to interest at 2% (2010: 2%) per annum.

Also included in the loans receivable from associate is an amount of \$564,000 (2010: \$263,000) which is unsecured, interest-free and repayable on demand but not expected to be repaid within the next 12 months.

The loans receivable from joint venture amounting to \$975,000 (2010: \$931,000) were given to support the activities of the joint venture. These loans are unsecured, repayable on demand and not expected to be repaid within the next 12 months. The loans are subject to interest at 2.29% (2010: 2.29%) per annum.

The loans receivable from third parties included an amount of \$1,586,000 (2010: \$1,739,000) given to the joint venture partner to support the activities of the joint venture. These loans are unsecured, repayable on demand and not expected to be repaid within the next 12 months. The loans are subject to interest at 2.29% (2010: 2.29%) per annum.

It is not practicable to determine the fair value of non-current loans as there are no fixed repayment terms.

Movements in the allowance for doubtful loan receivable are as follows:

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
At beginning of financial year	101	101	101	101
Bad receivables written off	(101)	–	(101)	–
Charge to profit or loss	2,679	–	–	–
Currency realignment	(119)	–	–	–
At end of financial year	2,560	101	–	101

Notes to the Financial Statements

Year ended 31 August 2011

18 LOANS RECEIVABLE (cont'd)

The allowance for doubtful loans receivable is recognised in profit or loss in “other operating expenses” subsequent to the assessment in the receivable amount performed by the management.

The Group’s and the Company’s loans receivable that are not denominated in the functional currencies of the respective entities are as follows:

	Group and Company	
	2011	2010
	\$'000	\$'000
Singapore dollar	263	263

19 BANK OVERDRAFTS

	Group	
	2011	2010
	\$'000	\$'000
Secured	809	1,991

The bank overdrafts bear interest at 7.75% (2010: 6% to 7.65%) per annum and are secured by legal charges over the leasehold land and building of a subsidiary at No. 4, Jalan Wira, Taman Tan Sri Yaacob, 81300 Skudai, Johor Bahru, Johor, Malaysia and supported by a corporate guarantee by the Company.

The Group’s bank overdrafts that are not denominated in the functional currencies of the respective entities are as follows:

	Group	
	2011	2010
	\$'000	\$'000
Malaysia ringgit	809	861

20 TRADE PAYABLES

	Group		Company	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Third parties	14,594	17,620	3,028	3,044
Subsidiaries	–	–	324	726
Related party	463	509	30	22
	15,057	18,129	3,382	3,792

Trade payables to third parties are non-interest bearing and are normally settled on 30 to 60 (2010: 30 to 60) days terms.

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

Notes to the Financial Statements

Year ended 31 August 2011

20 TRADE PAYABLES (cont'd)

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

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
United States dollar	877	1,852	–	–
Singapore dollar	968	1,289	1,015	1,313
Japanese yen	166	192	29	22
Malaysia ringgit	248	361	–	–
Euro	258	155	–	37
Chinese renminbi	1,994	2,536	–	–
Indonesia rupiah	287	185	–	–
Others	10	5	–	1

21 OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Accrued wages and salaries	1,673	1,834	603	540
Other accrued expenses	3,334	3,723	562	957
Third parties	993	2,606	209	225
Subsidiaries	–	–	299	291
Associates	–	3	–	–
Related parties	76	195	26	21
	6,076	8,361	1,699	2,034

Notes to the Financial Statements

Year ended 31 August 2011

21 OTHER PAYABLES AND ACCRUALS (cont'd)

Other payables are unsecured, interest-free and repayable on demand.

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

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
United States dollar	108	108	-	-
Singapore dollar	1,375	1,798	1,385	1,739
Japanese yen	73	106	25	19
Malaysia ringgit	301	594	-	-
Philippine peso	627	1,008	-	-
Chinese renminbi	268	430	-	-

22 PROVISIONS

	Group	
	2011 \$'000	2010 \$'000
Provision for retirement gratuities	252	280
Provision for employee service entitlement benefits	228	243
Provision for legal claim	2,117	-
	2,597	523
Less: Current portion	(2,117)	(50)
Non-current portion	480	473

(a) Provision for retirement gratuities

	Group	
	2011 \$'000	2010 \$'000
At beginning of financial year	280	-
Addition from acquisition of a subsidiary (Note 13)	-	684
Utilised during the financial year	(50)	(193)
Reversal of provision no longer required	-	(211)
Addition during the financial year	22	-
At end of financial year	252	280
Less: Current portion	-	(50)
Non-current portion	252	230

Notes to the Financial Statements

Year ended 31 August 2011

22 PROVISIONS (cont'd)

(b) Provision for employee service entitlement benefits

	Group	
	2011 \$'000	2010 \$'000
Defined benefit plan		
Present value of defined benefit obligation	734	536
Unrecognised net actuarial losses	(441)	(213)
Unrecognised past service cost - non vested	(65)	(80)
Net benefit liability	228	243

Changes in the present value of the defined benefit obligation are as follows:

	Group	
	2011 \$'000	2010 \$'000
At beginning of financial year	243	419
Current service cost	53	70
Interest cost	23	75
Net actuarial gains recognised	(9)	19
Amortisation - net	5	14
Benefits paid	(87)	(354)
At end of financial year	228	243

The cost of providing for employee benefits is calculated by an independent actuary, PT Bu Dharma Aktuaria. The actuarial valuation was carried out using the following key assumptions:

	Group	
	2011	2010
Financial assumptions:		
- Annual discount rate	10%	9%
- Annual salary growth rate	8%	8%
Demographic assumptions:		
- Table of mortality	TMI II-2000	CSO-1980
- Turnover rate	2.5%	5%
- Normal retirement age	55 years	55 years

Notes to the Financial Statements

Year ended 31 August 2011

22 PROVISIONS (cont'd)

(c) Provision for legal claim

	Group	
	2011	2010
	\$'000	\$'000
At beginning of financial year	–	–
Addition during the financial year	2,217	–
Currency realignment	(100)	–
At end of financial year	2,117	–

In the previous financial year, a supplier (the “Claimant”) of Miyoshi Precision (Malaysia) Sdn Bhd. (“MPM”), a subsidiary of the Company had commenced arbitration proceedings against MPM for certain alleged breaches of a sale and purchase agreement for equipment to be supplied to MPM at a consideration of US\$1,530,000 (the “Consideration”). At the end of the previous financial year, the management was unable to form an opinion as to the likely outcome of the legal action; nor estimate with reasonable certainty the amount of losses or damages, if any. Hence, no provisions were made in respect of this legal claim in the previous financial year.

In the current financial year, the Claimant had submitted a statement of claim to the arbitrator for the remaining balance of US\$1,520,000 of the Consideration; losses and damages of an additional NTD837,669 (US\$29,105 equivalent) for transportation costs, storage fees and costs of returning the equipment from customs, further losses and damages to be assessed, including interests and costs.

As at the date of these financial statements, the management has made full provision on the above costs plus other estimated costs and interests.

Notes to the Financial Statements

Year ended 31 August 2011

23 FINANCE LEASES

	Group				Company			
	Minimum Lease Payments		Present Value of Minimum Lease Payments		Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2011	2010	2011	2010	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Amounts payable under finance leases</u>								
Within one year	899	1,499	863	1,364	309	238	285	217
In the second to fifth year inclusive	1,429	2,190	1,398	2,139	396	334	379	314
After five years	30	61	27	58	–	24	–	24
Less: Future finance charges	(70)	(189)	–	–	(41)	(41)	–	–
Present value of lease obligations	<u>2,288</u>	<u>3,561</u>	<u>2,288</u>	<u>3,561</u>	<u>664</u>	<u>555</u>	<u>664</u>	<u>555</u>
Less: Current portion			(863)	(1,364)			(285)	(217)
Non-current portion			<u>1,425</u>	<u>2,197</u>			<u>379</u>	<u>338</u>

The finance lease terms range from 2 to 10 years.

The rate of interest for the Group and the Company ranges from 2.40% to 6.66% (2010: 2.40% to 6.66%) per annum. The finance leases are secured on the plant and equipment purchased under finance lease arrangements (Note 15).

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

	Group		Company	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Singapore dollar	338	555	338	555
Japanese yen	–	367	–	–
Malaysia ringgit	–	12	–	–
Chinese renminbi	123	201	–	–

Notes to the Financial Statements

Year ended 31 August 2011

24 BANK LOANS

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Secured				
Bank loan I	-	344	-	-
Bank loan II	587	459	-	-
Bank loan III	885	760	-	-
Bank loan IV	-	2,612	-	-
Bank loan V	-	171	-	-
Bank loan VI	2,082	2,777	-	-
Bank loan VII	1,394	1,859	-	-
Bank loan VIII	778	1,036	-	-
Bank loan IX	-	110	-	-
Bank loan X	265	269	-	-
Bank loan XI	-	488	-	-
Bank loan XII	189	399	-	-
	6,180	11,284	-	-
Unsecured				
Bank loan XIII	375	1,875	375	1,875
Bank loan XIV	1,000	1,000	1,000	1,000
Bank loan XV	2,000	-	2,000	-
Bank loan XVI	1,000	-	1,000	-
Bank loan XVII	1,000	-	1,000	-
Bank loan XVIII	1,000	-	1,000	-
Bank loan XIX	1,000	-	1,000	-
	13,555	14,159	7,375	2,875
Current portion	(9,359)	(5,811)	(7,375)	(2,500)
Non-current portion	4,196	8,348	-	375

Bank loan I bears interest at 7.40% (2010: 7.40%) per annum and is repayable in 180 equal monthly instalments commencing May 2003. It is secured by legal charges over the leasehold land and building of a subsidiary at No. 3, Jalan Bistari 3, Taman Industri Jaya, 81300 Skudai, Johor, Malaysia and supported by a letter of comfort by the Company. The loan has been fully repaid as at 31 August 2011.

Bank loan II bears interest at 6.45% (2010: 6.45%) per annum and is repayable in 180 monthly instalments commencing September 2006. It is secured by legal charges over the freehold land and building of a subsidiary at No. 4, Jalan Wira 3, Taman Tan Sri Yaacob, 81300 Skudai, Johor Bahru, Johor, Malaysia and supported by a corporate guarantee by the Company.

Notes to the Financial Statements

Year ended 31 August 2011

24 BANK LOANS (cont'd)

Bank loan III bears interest at 6.45% (2010: 6.45%) per annum and is repayable in 120 monthly instalments commencing January 2007. It is secured by legal charges over the freehold land and building of a subsidiary at No. 4, Jalan Wira 3, Taman Tan Sri Yaacob, 81300 Skudai, Johor Bahru, Johor, Malaysia and supported by a corporate guarantee by the Company.

Bank loan IV bears interest at 5.25% (2010: 5.25%) per annum and is repayable in 180 monthly instalments commencing June 2007. It is secured by legal charges over the leasehold land and building of a subsidiary at 8 Enterprise Road, Singapore 629820. The loan has been fully repaid as at 31 August 2011.

Bank loan V bears interest at 4.50% (2010: 4.50%) per annum and is repayable in 60 monthly instalments commencing February 2009. It is secured by legal charges over the leasehold land and building of a subsidiary at 8 Enterprise Road, Singapore 629820. The loan has been fully repaid as at 31 August 2011.

Bank loan VI bears interest at 4.25% (2010: 4.25%) per annum and is repayable in 72 monthly instalments commencing September 2008. It is secured by fixed and floating charge on assets and properties of Giken and its subsidiary, PT Giken Precision Indonesia.

Bank loan VII bears interest at 4.25% (2010: 4.25%) per annum and is repayable in 72 monthly instalments commencing September 2008. It is secured by fixed and floating charge on assets and properties of Giken and its subsidiary, PT Giken Precision Indonesia.

Bank loan VIII bears interest at 4.25% (2010: 4.25%) per annum and is repayable in 72 monthly instalments commencing September 2008. It is secured by fixed and floating charge on assets and properties of Giken and its subsidiary, PT Giken Precision Indonesia.

Bank loan IX bears interest at 5.31% (2010: 5.31%) per annum and is repayable in 12 monthly instalments commencing March 2010. It is secured by short term deposit and property of Giken's subsidiary, Changzhou Giken Precision Co., Ltd. The loan has been fully repaid as at 31 August 2011.

Bank loan X bears interest at 6.31% (2010: 5.31%) per annum and is repayable in 12 monthly instalments commencing June 2011. It is secured by short term deposit and property of Giken's subsidiary, Changzhou Giken Precision Co., Ltd.

Bank loan XI bears interest at 6.39% (2010: 6.39%) per annum and is repayable in 12 monthly instalments commencing April 2010. It is secured by short term deposit and property of Giken's subsidiary, Changzhou Giken Precision Co., Ltd. The loan has been fully repaid as at 31 August 2011.

Bank loan XII bears interest at 6.31% (2010: 4.01%) per annum and is repayable in 12 monthly instalments commencing April 2011. It is secured by short term deposit and property of Giken's subsidiary, Changzhou Giken Precision Co., Ltd.

Bank loan XIII bears interest ranging 1.46% to 1.53% (2010: 1.64%) per annum and is repayable 3 years after the date of drawdown on 19 December 2009.

Bank loan XIV bears interest at 2.90% (2010: 2.65%) per annum and is repayable 3 months after the date of drawdown on 6 July 2011, with option to rollover for another 3 months.

Notes to the Financial Statements

Year ended 31 August 2011

24 BANK LOANS (cont'd)

Bank loan XV bears interest at 2.90% (2010: Nil) per annum and is repayable 3 months after the date of drawdown on 30 June 2011, with option to rollover for another 3 months.

Bank loan XVI bears interest at 1.90% (2010: Nil) per annum and is repayable 6 months after the date of drawdown on 13 April 2011, with option to rollover for another 6 months.

Bank loan XVII bears interest at 1.98% (2010: Nil) per annum and is repayable 6 months after the date of drawdown on 8 July 2011, with option to rollover for another 6 months.

Bank loan XVIII bears interest at 1.52% (2010: Nil) per annum and is repayable 6 months after the date of drawdown on 13 April 2011, with option to rollover for another 6 months.

Bank loan XIX bears interest at 2.70% (2010: Nil) per annum and is repayable 6 months after the date of drawdown on 8 July 2011, with option to rollover for another 6 months.

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

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

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Singapore dollar	7,375	2,875	7,375	2,875
Malaysia ringgit	1,472	–	–	–
Chinese renminbi	454	–	–	–

25 OTHER LOAN

Other loan is repayable as follows:

	Group	
	2011 \$'000	2010 \$'000
Within one year	160	–
After one year but within five years	81	260
	241	260

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

The carrying amount of the loan approximates its fair value.

Notes to the Financial Statements

Year ended 31 August 2011

26 DEFERRED TAX LIABILITIES

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Deferred tax liabilities	324	657	324	657
		Accelerated tax depreciation \$'000	Others \$'000	Total \$'000
Group				
2011				
At beginning of financial year		676	(19)	657
Currency realignment		(73)	1	(72)
Credit to profit or loss		(261)	–	(261)
At end of financial year		342	(18)	324
2010				
At beginning of financial year		994	(112)	882
Currency realignment		(8)	(1)	(9)
Charge/(Credit) to profit or loss		(310)	94	(216)
At end of financial year		676	(19)	657
Company				
2011				
At beginning of financial year		675	(18)	657
Currency realignment		(72)	–	(72)
Credit to profit or loss		(261)	–	(261)
At end of financial year		342	(18)	324
2010				
At beginning of financial year		593	(94)	499
Currency realignment		(35)	–	(35)
Charge to profit or loss		117	76	193
At end of financial year		675	(18)	657

Notes to the Financial Statements

Year ended 31 August 2011

27 SHARE CAPITAL AND RESERVES

Share capital and treasury reserves

	Group and Company			
	2011		2010	
	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)	(499)	(55)
At end of financial year	420,171	37,334	420,171	37,334

(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, there were no share purchases by the Company.

Reserves

	Group	
	2011 \$'000	2010 \$'000
Fair value reserve		
At beginning of financial year	(10)	(12)
Fair value gain	-	2
At end of financial year	(10)	(10)
Other reserve		
At beginning of financial year	767	-
Transfer from retained earnings	151	767
At end of financial year	918	767
Share options reserve		
At beginning of financial year	707	798
Share options lapsed	(158)	(91)
At end of financial year	549	707
Currency translation reserve		
At beginning of financial year	(8,733)	(5,512)
Net effect of translating foreign operations	(8,147)	(3,575)
Transfer to profit or loss on de-consolidation of subsidiary	-	(235)
Non-controlling interests	1,373	589
At end of financial year	(15,507)	(8,733)

Notes to the Financial Statements

Year ended 31 August 2011

27 SHARE CAPITAL AND RESERVES (cont'd)

Reserves (cont'd)

(a) Fair value reserve comprises the cumulative change in the fair value of available-for-sale financial assets until they are derecognised.

(b) Statutory reserve of subsidiaries in the following countries:

i) People's Republic of China

In accordance with the Foreign Enterprise Law applicable to foreign companies in the People's Republic of China (PRC), the companies are required to make appropriation to a Statutory Reserve Fund (SRF) of at least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

ii) Thailand

Under the provisions of the Civil and Commercial Code, companies in Thailand are required to appropriate at least 5% of their net earnings as reserve fund until the reserve reaches 10% of the authorised capital. This reserve fund is not available for dividend distribution.

(c) Share options reserve

Share options reserve represents the equity-settled share options granted to employees and certain Directors (Note 28). 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.

(e) Retained earnings

	Group	
	2011 \$'000	2010 \$'000
Distributable	34,289	45,104
Non-distributable	(271)	389
At end of financial year	34,018	45,493

Notes to the Financial Statements

Year ended 31 August 2011

27 SHARE CAPITAL AND RESERVES (cont'd)

Reserves (cont'd)

- (e) Retained earnings (cont'd)

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

	Company	
	2011 \$'000	2010 \$'000
At beginning of financial year	26,117	23,395
Net profit for the financial year	(1,044)	3,983
Dividend (Note 36)	(1,261)	(1,261)
At end of financial year	23,812	26,117

Fair value, share options, currency translation, and other reserves are non-distributable.

28 SHARE-BASED PAYMENTS

The Company has a share options scheme for certain employees and Directors of the Company.

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

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

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

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

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

Arising from a rights issue during the financial year 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.

Notes to the Financial Statements

Year ended 31 August 2011

28 SHARE-BASED PAYMENTS (cont'd)

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

	Group and Company			
	2011		2010	
	Number of share options	Weighted average exercise price \$	Number of share options	Weighted average exercise price \$
Outstanding at beginning of financial year	5,096,000	0.227	6,013,000	0.228
Forfeited during the financial year	–	–	(917,000)	0.233
Outstanding at end of financial year	5,096,000	0.227	5,096,000	0.227
Exercisable at end of financial year	5,096,000		5,096,000	

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 4.49 (2010: 5.49) 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

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. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

Notes to the Financial Statements

Year ended 31 August 2011

29 REVENUE

	Group	
	2011 \$'000	2010 \$'000
Sales of goods	109,613	137,538
Revenue from services rendered	6,016	5,762
	115,629	143,300

30 OTHER OPERATING INCOME

	Group	
	2011 \$'000	2010 \$'000
Allowance for doubtful trade receivables no longer required	–	115
Bad trade receivables recovered	28	125
Gain on foreign currency forward contract	219	–
Gain from bargain purchase of a subsidiary	–	1,106
Gain on deconsolidation of subsidiaries	5	433
Gain on disposal of property, plant and equipment	1,497	388
Government grant - Job credit	–	306
Income from sales of scrap	1,519	2,045
Interest income from an associate	27	31
Interest income from bank deposits	185	98
Rental income	312	748
Miscellaneous income	579	595
	4,371	5,990

31 EMPLOYEE BENEFIT EXPENSES

	Group	
	2011 \$'000	2010 \$'000
Short-term benefits	24,937	26,357
Post-employments benefits	1,730	1,889
Share-based payments	–	(91)
	26,667	28,155

The above includes remuneration of Directors and key management as disclosed in Note 5 to the financial statements.

Notes to the Financial Statements

Year ended 31 August 2011

32 OTHER OPERATING EXPENSES

	Group	
	2011	2010
	\$'000	\$'000
Allowance for doubtful trade receivables	84	–
Allowance for doubtful other receivables	916	1,248
Allowance for doubtful loan receivables	2,679	–
Allowance for impairment of available-for-sale financial assets	–	365
Allowance for inventory obsolescence	71	24
Allowance for impairment of plant and equipment	2,618	–
Amortisation of intangible assets	429	429
Bad trade receivables written off	20	2
Insurance expense	450	390
Loss on foreign exchange, net	989	653
Maintenance	1,888	1,831
Office expenses	954	774
Operating lease expense	384	353
Professional fees	1,309	962
Provision for legal claim	2,217	–
Provision for retirement gratuities	22	–
Plant and equipment written off	20	198
Supplies and services	8,102	9,346
Transportation and travelling	2,016	2,548
Utilities	5,303	5,451
Others	1,395	1,963
	31,866	26,537

33 INCOME TAX EXPENSE

	Group	
	2011	2010
	\$'000	\$'000
Current tax		
- Current year	659	1,577
- Over provision in prior years	(168)	(17)
	491	1,560
Deferred tax		
- Current year	(117)	(281)
- (Over)/Under provision in prior years	(84)	291
	(201)	10
Withholding tax	50	–
	340	1,570

Notes to the Financial Statements

Year ended 31 August 2011

33 INCOME TAX EXPENSE (cont'd)

Domestic income tax is calculated at 17% 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	
	2011 \$'000	2010 \$'000
(Loss)/Profit before income tax	(10,346)	8,263
Income tax calculated at statutory tax rate of 17%	(1,759)	1,405
Effect of different tax rates of overseas operations	(153)	274
Expenses not deductible for income tax purposes	1,017	718
Income not subject to tax	(799)	(46)
Income tax exemptions	(361)	(1,494)
Deferred tax assets recognised in profit or loss	25	–
Deferred tax assets not recognised in profit or loss	2,633	628
Utilisation of deferred tax assets previously not recognised	(11)	(327)
Overprovision of current income tax in prior years	(168)	(17)
(Over)/Under provision of deferred income tax in prior years	(84)	291
Withholding tax	50	–
Other items	(50)	138
	340	1,570

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

	Group	
	2011 \$'000	2010 \$'000
Unutilised tax losses	18,274	2,906
Deferred tax benefits not recognised	3,127	494

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 with aggregate amount of \$1,631,000 (2010: \$789,000) which expires in 2013 to 2016 (2010: 2013 to 2015), subject to the conditions imposed by law including the retention of majority shareholders.

Notes to the Financial Statements

Year ended 31 August 2011

34 (LOSS)/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	
	2011 \$'000	2010 \$'000
Non-audit fees:		
Auditors of the Company	24	23
Other auditors	25	20
Directors' remuneration:		
Directors of the Company	591	820
Other directors of the subsidiaries	1,256	1,158
Directors' fees:		
Directors of the Company	120	75
Other directors of the subsidiaries	167	87
Fees paid to a firm in which a Director has an interest	–	2

Number of Directors in remuneration bands are as follows:

	Group	
	2011	2010
\$500,000 and above	–	1
\$250,000 to \$499,999	3	2
Below \$250,000	3	3
Total	6	6

35 (LOSS)/EARNINGS PER SHARE

(a) Basic earnings per share

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

	Group	
	2011	2010
(Loss)/Profit attributable to owners of the parent (\$'000)	(10,204)	5,540
Weighted average number of ordinary shares in issue ('000)	420,170	420,170
Basic (loss)/earnings per share (cents per share)	(2.43)	1.32

Notes to the Financial Statements

Year ended 31 August 2011

35 (LOSS)/EARNINGS PER SHARE (cont'd)

(b) Diluted earnings per share

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

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

	Group	
	2011	2010
<u>(Loss)/Profit attributable to owners of the parent (\$'000)</u>	(10,204)	5,540
Weighted average number of ordinary share in issue for basic earnings per share ('000)	420,669	420,669
Adjustment for assumed exercise of share options ('000)	-	62
Adjustment for treasury shares ('000)	(499)	(499)
<u>Adjusted weighted average number of ordinary shares ('000)</u>	420,170	420,232
<u>Diluted (loss)/earnings per share (cents per share)</u>	(2.43)	1.32

36 DIVIDENDS

During the current financial year, the Company declared and paid a final tax exempt dividend of \$0.003 per ordinary share on the ordinary shares of the Company totalling \$1,261,000 for the financial year ended 31 August 2010.

Subsequent to 31 August 2011, the Directors of the Company recommended that no dividend be paid for the financial year just ended. The proposal is subject to the approval of shareholders at the Annual General Meeting.

37 CONTINGENT LIABILITIES

Corporate Guarantees

The Company has given corporate guarantees of \$2,365,000 (2010: \$5,993,000) to financial institutions in connection with banking facilities granted by the financial institutions to the 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 2011

38 COMMITMENTS

As at the end of the financial year, estimated amounts committed for future capital commitments for property, plant and equipment but not provided for in the financial statements:

	Group	
	2011 \$'000	2010 \$'000
Authorised and contracted for	38	435

39 OPERATING LEASE ARRANGEMENTS

The Group and the Company as a lessee

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Minimum lease payments under operating leases included in profit or loss	1,758	716	157	142

At the end of the financial year, the commitments in respect of non-cancellable operating leases were as follows:

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Within one year	1,750	1,589	160	158
In the second to fifth year inclusive	1,611	1,978	631	633
After five years	4,866	4,330	3,470	4,059
	8,227	7,897	4,261	4,850

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 terms from 1 to 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 2011

39 OPERATING LEASE ARRANGEMENTS (cont'd)

The Group as a lessor

	Group	
	2011 \$'000	2010 \$'000
Minimum lease income under operating leases included in profit or loss	312	748

As at the end of the financial year, the commitments in respect of non-cancellable operating leases were as follows:

	Group	
	2011 \$'000	2010 \$'000
Within one year	44	8
In the second to fifth year inclusive	144	32
After five years	–	159
	188	199

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.

40 GROUP SEGMENTAL INFORMATION

a) Analysis by Business Segments

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker. A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Management monitors the operating results of the segments separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operation profit or loss which is similar to the accounting profit or loss.

Notes to the Financial Statements

Year ended 31 August 2011

40 GROUP SEGMENTAL INFORMATION (cont'd)

a) Analysis by Business Segments (cont'd)

Income taxes are managed by the management of the Group.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses and foreign exchange gains or losses.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets, liabilities and expenses.

Segment assets consist primarily of property, plant and equipment, inventories, receivables and cash and cash equivalents. Segment liabilities comprise operating liabilities and exclude tax liabilities.

The Group is primarily engaged in four business segments, namely:

- (i) Data Storage;
- (ii) Consumer Electronics;
- (iii) Medical; and
- (iv) Automotive, Microshaft and Others

The Group adopts these four business segments for segment reporting.

The revenue from two customers of the Group's data storage segment represent approximately \$25,777,000 (2010: \$35,521,000).

Notes to the Financial Statements

Year ended 31 August 2011

40 GROUP SEGMENTAL INFORMATION (cont'd)

a) Analysis by Business Segments (cont'd)

	Data Storage		Consumer Electronics		Medical		Automotive, Microshaft and Others		Unallocated		Group	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Revenue												
External sales	42,390	54,499	37,269	52,472	3,903	5,686	32,067	30,643	-	-	115,629	143,300
Results												
Segment results	1,971	8,680	(13,338)	(3,868)	198	(608)	2,015	4,896	-	-	(9,154)	9,100
Interest expense	-	-	-	-	-	-	-	-	(744)	(1,003)	(744)	(1,003)
Interest income	-	-	-	-	-	-	-	-	212	129	212	129
Share of results of associates	-	-	-	-	-	-	-	-	(660)	37	(660)	37
(Loss)/Profit before income tax and non-controlling interests	1,971	8,680	(13,338)	(3,868)	198	(608)	2,015	4,896	(1,192)	(837)	(10,346)	8,263
Income tax expense											(340)	(1,570)
(Loss)/Profit for the financial year											(10,686)	6,693
Allowance for doubtful trade and other receivables	-	1	-	1,247	-	-	3,679	-	-	-	3,679	1,248
Allowance for impairment of available-for-sale financial assets	-	-	-	365	-	-	-	-	-	-	-	365
Allowance for impairment of plant and equipment	-	-	1,622	-	-	-	996	-	-	-	2,618	-
Depreciation	3,100	3,130	2,666	3,336	7	15	1,784	1,692	-	-	7,557	8,173
Amortisation	-	-	429	429	-	-	-	-	-	-	429	429
Segment assets	45,887	47,423	34,559	54,245	2,235	1,528	21,527	31,636	3,096	198	107,304	135,030
Segments assets includes:												
Investment in associates	-	-	-	-	-	-	-	-	3,026	37	3,026	37
Asset held for sale	-	-	-	-	-	-	-	-	1,859	4,091	1,859	4,091
Additions to:												
- Capital expenditure	2,418	3,987	2,126	3,838	222	416	1,829	2,241	-	-	6,595	10,482
- Intangible assets	-	-	-	1,287	-	-	-	-	-	-	-	1,287
Segment liabilities	3,641	3,432	7,165	10,290	462	98	12,463	13,192	17,654	21,941	41,385	48,953

Notes to the Financial Statements

Year ended 31 August 2011

40 GROUP SEGMENTAL INFORMATION (cont'd)

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:

	External sales		Non-current assets		Capital expenditure	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Singapore	43,528	49,544	14,082	12,406	2,222	2,632
Malaysia	5,989	7,446	3,385	9,467	617	679
Thailand	17,526	20,935	6,218	8,341	959	2,145
Philippines	6,427	8,838	5,854	8,809	1,014	2,006
Indonesia	5,431	6,015	3,169	3,251	886	654
Japan	1,326	2,346	–	–	–	–
China	26,540	39,317	9,996	9,750	897	2,366
Germany	5,768	6,661	–	–	–	–
Others	3,094	2,198	–	–	–	–
	115,629	143,300	42,704	52,024	6,595	10,482

41 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the financial year, the factory premises of Miyoshi Hi-Tech Co., Ltd (“MHT”), a subsidiary of the Company located in Ayutthaya, Thailand has been affected by flood.

Floodwaters have caused damages to its assets, although the extent of the damage and its consequential financial impact have not been ascertained. The assets of MHT are generally covered by insurance, and the management is currently assessing the amount which may be recovered through insurance compensation.

Statement of Directors

In the opinion of the Directors,

- (a) the accompanying financial statements comprising the statements of financial position of the Group and of the Company, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows together with the notes thereon are properly drawn up in accordance with the provisions of the 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 2011 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
30 November 2011

Statistics of Shareholdings

As at 18 November 2011

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

As at 18 November 2011, 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	130	4.17	22,707	–
1,000 – 10,000	1,291	41.45	6,708,596	1.60
10,001 – 1,000,000	1,669	53.58	111,383,863	26.51
1,000,001 and above	25	0.80	302,055,324	71.89
TOTAL	3,115	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	99,509,290	23.68	–	–
Masayoshi Taira	–	–	99,509,290	23.68
Sin Kwong Wah Andrew	76,439,000	18.19	63,444,000	15.10
Pek Yee Chew	31,269,000	7.44	108,614,000	25.85

Notes:

- 1 Mr Masayoshi Taira is deemed to have an interest in the 99,509,290 shares held by Miyoshi Industry Co., Ltd.
- 2 Mr Sin Kwong Wah, Andrew is deemed to have an interest in the 30,175,000 shares held by DBS Nominees Pte Ltd, 31,269,000 shares held by his spouse, Mdm Pek Yee Chew and 2,000,000 shares held by his daughter, Sin Shi Min Andrea.
- 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

As at 18 November 2011

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	MIYOSHI INDUSTRY CO LTD	99,509,290	23.68
2	SIN KWONG WAH ANDREW	76,439,000	18.19
3	DBS NOMINEES PTE LTD	32,450,329	7.72
4	PEK YEE CHEW	31,269,000	7.44
5	GAN YOKE FONG KAREN	18,252,960	4.34
6	TAN KAY GUAN	4,006,000	0.95
7	PEK EE PERH THOMAS	3,693,000	0.88
8	PHILLIP SECURITIES PTE LTD	3,569,545	0.85
9	UOB KAY HIAN PTE LTD	2,933,000	0.70
10	LIM YUH PING	2,783,000	0.66
11	OCBC SECURITIES PRIVATE LTD	2,717,500	0.65
12	CITIBANK CONSUMER NOMINEES PTE LTD	2,644,000	0.63
13	UNITED OVERSEAS BANK NOMINEES (PTE) LTD	2,580,700	0.61
14	HONG LEONG FINANCE NOMINEES PTE LTD	2,415,000	0.57
15	WONG SIN TIN	2,190,000	0.52
16	MAYBAN NOMINEES (SINGAPORE) PTE LTD	2,026,100	0.48
17	ANDREA SIN SHI MIN	2,000,000	0.48
18	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,693,200	0.40
19	KIM ENG SECURITIES PTE. LTD.	1,626,700	0.39
20	WONG BARK CHUAN DAVID	1,500,000	0.36
TOTAL		296,298,324	70.50

As at 18 November 2011, 37.73% 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 Thursday, 29 December 2011 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 2011 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect the following Directors of the Company retiring pursuant to Article 89 of the Articles of Association of the Company:

Ms. Gan Yoke Fong, Karen **(Resolution 2)**
Mr. Tay Peng Lim **(Resolution 3)**

Ms Gan Yoke Fong, Karen will upon re-election as a Director of the Company remain as a member of the Nominating Committee and will be considered non-independent.

Mr. Tay Peng Lim will upon re-election as a Director of the Company remain as Chairman of the Audit Committee and a member of the Remuneration and Nominating Committees and will be considered independent.
3. To approve the payment of Directors’ fees of S\$200,000 for the year ended 31 August 2011 (2010: S\$120,000). **(Resolution 4)**
4. To re-appoint BDO LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**
5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

6. 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) 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
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (i)]

(Resolution 6)

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

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

[See Explanatory Note (ii)]

(Resolution 7)

Notice of Annual General Meeting

8. **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 in paragraph 2.4 of the Appendix A to the AGM Notice to Shareholders dated 13 December 2011 ("Appendix A") with any party who is of the class of Interested Persons described in Appendix A, 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 A (the "Shareholders' Mandate");
- (b) the Shareholders' Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier; and
- (c) authority be given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the Shareholders' Mandate as they may think fit.

[See Explanatory Note (iii)]

(Resolution 8)

By Order of the Board

Tan San-Ju
Kim Yi Hwa
Secretaries
Singapore, 13 December 2011

Notice of Annual General Meeting

Explanatory Notes:

- (i) The Ordinary Resolution 6 in item 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

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

- (ii) The Ordinary Resolution 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 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.
- (iii) The Ordinary Resolution 8 proposed in item 8 above, if passed, will authorise the Interested Person Transactions as described in Appendix A to the AGM Notice to Shareholders dated 13 December 2011 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.

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.

PROXY FORM

(Please see notes overleaf before completing this Form)

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 Thursday, 29 December 2011 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 2011		
2	Re-election of Ms. Gan Yoke Fong, Karen as a Director		
3	Re-election of Mr. Tay Peng Lim as a Director		
4	Approval of Directors' fees amounting to S\$200,000		
5	Re-appointment of BDO LLP as Auditors		
6	Authority to issue new shares		
7	Authority to issue shares under the Miyoshi Employees' Share Option Scheme		
8	Renewal of Shareholders' Mandate for Interested Person Transactions		

Dated this _____ day of _____ 2011

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

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

* Delete where inapplicable



Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a shareholder of the Company appoints more than one proxy, the shareholder may wish to specify in the appointments the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
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.



MIYOSHI PRECISION LIMITED

Company Registration No.: 198703979K

5 Second Chin Bee Road Singapore 618772

Tel: (65) 6265 5221

Fax: (65) 6265 2058

Website: www.miyoshi.com.sg