



GROWTH THROUGH DIVERSITY

A N N U A L R E P O R T 2 0 1 5

CORPORATE PROFILE

Established in 1987 and subsequently listed on the SGX Mainboard in September 2000, Miyoshi Limited has grown progressively from a metal stamping plant to become an Integrated Engineering Corporation with in-house capabilities ranging from new product development to mass production. Serving the Data Storage, Consumer Electronics, Automotive Industries, our Regional Business Ring revolves around our headquarters in Singapore and manufacturing plants in Singapore, Malaysia, Thailand, Philippines, & China.

Coupled with our strategic partner in Japan, this strategy of locating our operations in cost-competitive hubs beyond Singapore sites us in proximity with our customers and strongly positions us to capitalise on the opportunities in the region.



Our new logo is simple and sharp. Its distinguishing feature signifies a healthy, dynamic and innovative organisation. The overlapping **M** reminds us that MIYOSHI is a Manufacturer. We must be exemplary in manufacturing related activities like system establishment, quality controls and process compliances, etc.



The twin peaks tells us not to be complacent. We must always scale the next height on the right which is 6% higher. This is our target for all to achieve. At the heart of our logo is “Tomorrow- Focused” which envisions our business Direction and Destiny. We must stay alert (Yellow) for any opportunities that may arise.

The word, MIYOSHI in Red colour denotes Warm brotherhood, Teamwork, Speed and Creativity. Blue colour reminds us to uphold the good traditions and practices of Miyoshi Japan in Quality and Innovation, of MIYOSHI Singapore in Management and flexibility. Blue, Red and Yellow are Cores to limitless colour combination. Building on our Vision and Values, we should pursue the vast opportunities available along our way to excellence.

The name, MIYOSHI at the bottom of the logo reminds us of the importance of BASIS. We can excel only when our fundamentals are sound.

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STATISTICAL HIGHLIGHTS

FOR THE YEAR (\$'000)	2015	2014 (Restated)
Revenue	54,408	70,086
Profit before tax expense	1,231	318
Income tax expense	(604)	(335)
Profit/(Loss) after tax	627	(17)
<u>Profit/(Loss) attributable to:</u>		
Owners of the parent	546	474
Non-controlling interests	81	(491)

AT YEAR - END (\$'000)	2015	2014 (Restated)
Property, plant & equipment	30,676	28,053
Other non - current assets	10,795	863
Cash and cash equivalents	6,812	10,118
Trade and other receivables	17,937	15,177
Inventories	7,321	6,807
Assets held for sale	-	1,924
Total assets	73,541	62,942
Shareholders' funds	54,831	46,952
Non - controlling interests	3,252	2,020
Total borrowings	5,984	2,932
Trade and other payables	8,661	10,424
Other liabilities	813	614
Total liabilities and equity	73,541	62,942

Definition:

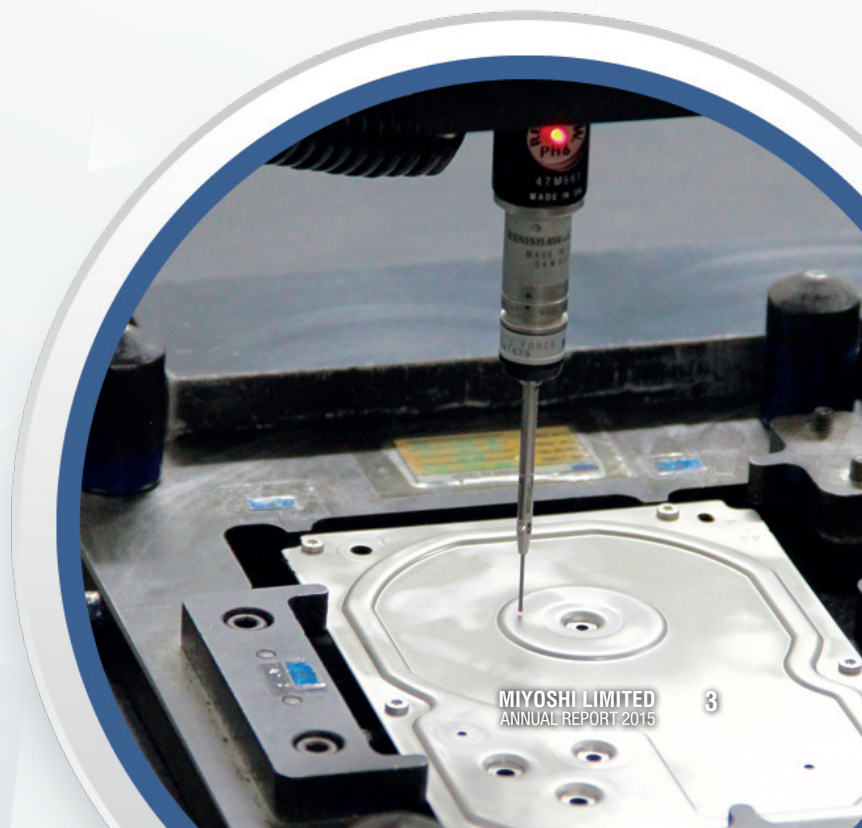
1. Cash and cash equivalents include fixed deposits.
2. Trade and other receivables include prepayments.
3. Trade and other payables include income tax payable and accruals.

STATISTICAL HIGHLIGHTS

SELECTED FINANCIAL RATIOS	2015	2014 (Restated)
Earnings per share (cents)	0.12	0.11
Net asset value per share (cents)	12.11	11.16
Dividend per share (cent)	-	0.35
Return on equity (%)	1.00	1.01
Return on assets (%)	0.92	(0.02)
Gearing ratio	0.11x	0.06x
Current ratio	2.65	2.74
Cash ratio	0.56	0.82

Definition:

1. Earnings per share = profit attributable to owners of the parent / average number of shares
2. Return on equity = profits attributable to owners of the parent / shareholder's equity
3. Return on assets = profit /(loss) after tax / average total assets
4. Gearing ratio = total borrowings / total equity attributable to owners of the parent
5. Current ratio = total current assets / total current liabilities
6. Cash ratio = cash and bank balances / total current liabilities



BOARD OF DIRECTORS



From Left to Right:
Lim Thean Ee, Pek Ee Perh Thomas, Sin Kwong Wah Andrew, Masayoshi Taira, Wee Piew

BOARD OF DIRECTORS



SIN KWONG WAH, ANDREW
Chairman

Andrew was first appointed to the Board of Directors on 24 September 1991 and was last re-elected on 29 December 2014. He is currently a member of the Nominating Committee.

Andrew, with more than 24 years of experience in the metal stamping industry, is the driving force behind the Group's success and business expansion. His 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 Singapore, China and Malaysia.

Andrew was formerly with the Singapore Armed Forces. He holds a Bachelor of Science (First Class Honors) degree in Management from the Japan National Defence Academy.



MASAYOSHI TAIRA
Non-Executive Director

Taira-san was first appointed to the Board of Directors on 24 September 1991 and was last re-elected on 29 December 2013. He has been proposed for re-election at the Company's forthcoming Annual General Meeting on 23 December 2015. Taira-san currently is a member of both the Audit and Remuneration Committees. He has served as our Marketing Director from 1992 to 1999.

Taira-san has more than 25 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.

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

BOARD OF DIRECTORS



WEE PIEW

Non-Executive Independent Director

Wee Piew was appointed as Non-Executive Independent Director of the Company on 1 May 2014 and was last re-elected on 29 December 2014. He is also the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees.

Wee Piew was formerly the CEO and Executive Director of HG Metal Manufacturing Ltd until 2010. Prior to joining HG Metal, he was the CEO and Executive Director of Kian Ho Bearings Ltd. From 1988 to 1999, Wee Piew was in the corporate banking industry with DBS Bank, ABN AMRO and Vereinsbank. He is now also an independent director with other public listed companies.

Wee Piew holds a Bachelor of Accountancy (Honours) from the National University of Singapore and is a Fellow Chartered Accountant of Singapore.



PEK EE PERH, THOMAS

Non-Executive Non-Independent Director

Thomas Pek was appointed as Non-Executive Non-Independent Director of the Company on 27 October 2014 and was re-elected on 29 December 2014. He has been at Tai Hua Food Industries Pte Ltd for more than 30 years and is appointed the Managing Director since 2005.

Thomas participates actively in trade and clan associations as well as community and social services. He is the Vice Chairman of the Commerce and Industry Committee of the Singapore Chinese Chamber of Commerce and Industry (SCCCI), President of the Singapore Food Manufacturers Association, Life Honorary President of Singapore Noodles Manufacturers' Association, Patron of the Telok Blangah Community Club Management Committee, Chairman of Clementi Town Secondary School Advisory Committee, Life Honorary President of Kwan-In Welfare Society Singapore and Vice-President of the Peh Clan Association, among many other appointments.

Thomas completed a Business Management course at the Singapore Institute of Management. In 2006, Thomas received the Public Service Medal (PBM) from the Singapore President S.R. Nathan.

BOARD OF DIRECTORS



LIM THEAN EE

Non-Executive Independent Director

Lim Thean Ee was appointed as Non-Executive Independent Director of the Company on 9 January 2014 and was last re-elected on 29 December 2014. He has been proposed for re-election at the Company's forthcoming Annual General Meeting. He is also the Chairman of the Nominating and Remuneration Committees and a member of the Audit Committee.

He serves as the Managing Director of Coastal Navigation Pte Ltd with more than 35 years of experience in the shipbuilding and ship repairing industries. He is also the Non-Executive Independent Director of Ezion Holdings Ltd since 28 July 2000. He chairs their Remuneration Committee since 18 July 2008 and is a member of both their Audit and Nominating Committees.

Lim Thean Ee is an Associate Member of Society of Naval Architects and Marine Engineers, USA since 1974. He participates actively in community work and is also the Chairman of Telok Blangah Citizens' Consultative Committee and Chairman of CCC's Community Development & Welfare Fund Committee. In addition, he serves as the Vice Chairman of Telok Blangah Neighbourhood Standing Committee and is also the Chairman of Depot Estate Businesses Association.

In recognition of his contribution to the community, Lim Thean Ee was conferred both the Public Service Medal (PBM) and the Public Service Star Medal (BBM) in 1998 and 2012 respectively.

OUR REGIONAL PRESENCE



CORPORATE INFORMATION

DIRECTORS

Executive:

Mr. Sin Kwong Wah, Andrew (Chairman)

Non-Executive:

Mr. Masayoshi Taira (Non-Independent)

Mr. Lim Thean Ee (Independent)

Mr. Wee Piew (Independent)

Mr. Pek Ee Perh, Thomas (Non-Independent)

AUDIT COMMITTEE

Mr. Wee Piew (Chairman)

Mr. Masayoshi Taira

Mr. Lim Thean Ee

NOMINATING COMMITTEE

Mr. Lim Thean Ee (Chairman)

Mr. Sin Kwong Wah, Andrew

Mr. Wee Piew

REMUNERATION COMMITTEE

Mr. Lim Thean Ee (Chairman)

Mr. Masayoshi Taira

Mr. Wee Piew

COMPANY SECRETARY

Mr. Khoo Boo Han

Mr. Ong Wei Jin

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

M & C Services Pte Ltd

112 Robinson Road #05-01

Singapore 068902

Tel: (65) 6227 6660 Fax: (65) 6225 1452

AUDITORS

BDO LLP

Public Accountants and Chartered Accountants

21 Merchant Road #05-01

Singapore 058267

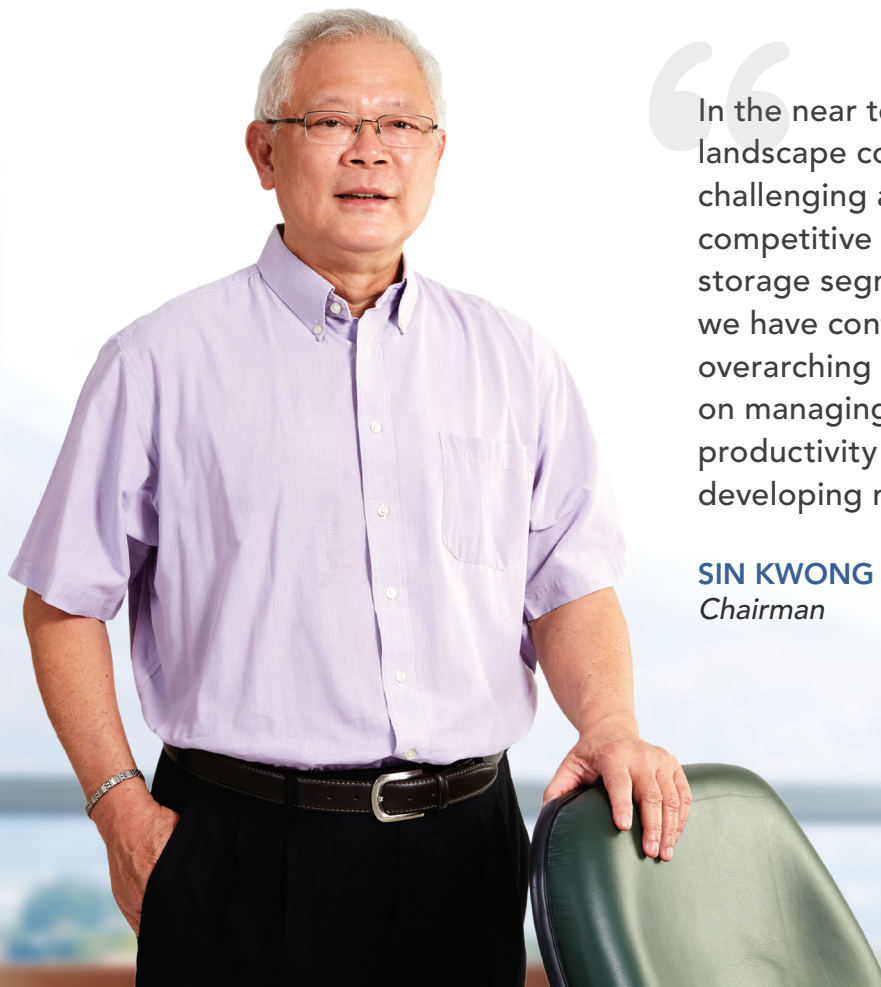
Partner-in-charge: Mr. Lee Yu Min Adrian

(First appointed in respect of the financial year ended 31 August 2014)

PRINCIPAL BANKERS

United Overseas Bank Limited

CHAIRMAN'S STATEMENT



“In the near term, our operating landscape continues to look challenging as a result of competitive pressures in the data storage segment. Nonetheless, we have confidence in our overarching strategy that focuses on managing costs and improving productivity as well as on developing new growth drivers.”

SIN KWONG WAH, ANDREW
Chairman

Dear Shareholders,

I am pleased to note that Miyoshi has rebounded to the black after several challenging years that saw the company brave through a turbulent hard-disk drive sector as well as back-to-back natural disasters. First came the Thai floods that debilitated our factory in Thailand, then came the Japanese earthquake-tsunami-nuclear catastrophe that disrupted the company's supply chain. Some could call it the proverbial perfect storm.

But often after a torrential downpour, there comes a respite. The Group and its key management looked deep to counter these difficulties and thought through carefully how best to move forward.

While rebuilding the company's operations that were affected by these calamities, we sought to find ways to make the business more resilient, bearing in mind industry developments and trends that could have a bearing on future growth.

DEVELOPING A MORE RESILIENT REVENUE MODEL

The hard-disk drive sector is at the crossroad of consolidation and evolution. Smaller form factors were facing stiff competition from solid state drives while margins for the bigger form factors were being squeezed.

Granted, the precision manufacturing business provides Miyoshi with the foundation and the track record

it has built today, but in view of the challenges ahead, it became increasingly paramount for Miyoshi to identify and implement a leaner cost structure. As a result, we have moved all Singapore manufacturing operations to the Philippines and Thailand. Tooling work, where we design and carve out tools or moulds for stamping products are now largely centred in Wuxi, China, at a plant that we have recently acquired.

But cost management only solves part of the problem. We have to think of a revenue model that is comparatively more sustainable than the current one that is heavily reliant on the precision manufacturing sector.

LIGHT ELECTRIC VEHICLE – PRODUCT OF THE FUTURE

The light electric vehicle (LEV) business that Miyoshi has embarked on offers an opportunity for the Group to tap into the growth of a sector that is fast gaining traction in China's hinterland, particularly in the rapidly-developing third and fourth tier cities where there is an unmet demand for a relatively faster, reliable and affordable means of transport for families, businesses and even the civil service.

The electric car sector is an emerging industry that has the endorsement of the Chinese Government that is committed to reducing environmental population while encouraging the use of renewable and sustainable energy alternatives.

Miyoshi marked its entry into LEV in China via Green Galaxy, a company formed with Hong Kong-based Promise New Energy Development in 2014. Since then it has widened its sales and marketing footprint to include a handful of cities in China - Henan, Hebei and Shandong - supported by an able sales team that was developed organically.

More recently, in September 2015, the Group inked a memorandum of understanding with Fujian-based light electric car firm Core Power Group to acquire up to 49% stake in Core Power (Fujian) New Energy Automobiles Co. This partnership has immense potential for both parties in that while Miyoshi has built a substantive sales network and has acquired valuable industry knowledge in its steep learning curve over the past year in building the LEV business, Core Power has the land and manufacturing facilities. At Core Power's Fujian factory, a metal stamping plant is being built while the final assembly plant is already operational.

NURTURING A STABLE OF NEW GROWTH DRIVERS

While we have our eyes focused on nurturing the LEV venture, we are cultivating potential new growth drivers such as our newly minted C4 - command, control, communications and cleantech - business. This business line develops battery vests and industrial power banks for use in the marine industry. The Group will also receive rental income in the coming year after building two industrial buildings on land it owns in the Philippines. This stream of rental income affords somewhat of a cushion for the Group, in that it is recurring in nature.

For the full year FY2015, net earnings amounted to \$627,000, reversing the net loss of \$17,000 a year earlier. Full year-revenue, however, slid by 22.4% from \$70.1 million to \$54.4 million, mainly due to the dilution of shareholding interest and subsequent disposal of principal subsidiary, Giken Sakata (S) Limited in the last financial year.

In the near term, our operating landscape continues to look challenging as a result of competitive pressures in the data storage segment. Nonetheless, we have confidence in our overarching strategy that focuses on managing costs and improving productivity as well as on developing new growth drivers.



At the same time, we remain committed to exiting the Singapore Exchange Watch List and has undertaken proactive steps in this regard. We are seeking an extension from the authorities to meet the requisite criteria of the minimum market capitalisation of \$40 million.

In closing, allow me to take this opportunity to express my appreciation to our Board of Directors, as well as our key stakeholders including our management and staff for their tenacity and perseverance as well as our customers, suppliers and business partners for steadfastly supporting the Group as we strive towards becoming a tomorrow-focused enterprise.

SIN KWONG WAH, ANDREW
Chairman

OPERATION'S REVIEW

“The Group had to make several key decisions to be responsive to market and industry changes. Its signature Regional Business Ring had to undergo restructuring to ensure a more competitive and leaner cost structure as well as to continually stay in close proximity with its key customers.”



Staying true to Miyoshi's mantra of a tomorrow-focused organisation, the Group went on to steadfastly develop both its mainstay business in precision manufacturing as well as newer growth drivers based on three key tenets. Each business unit had to be backed by real demand that would ensure its sustained profitability; ideally it has to be self-sufficient in accounting for its own top and bottom lines. At the same time, the end-product should benefit the larger good in raising the quality of life and being kind towards the environment and its surrounds.

A MORE COMPETITIVE AND LEANER COST STRUCTURE

Being nimble and responsive to market and industry changes has also been key to the survival and viability of the precision manufacturing business. The Group had to make several key decisions for this purpose. Its signature Regional Business Ring had to undergo restructuring to ensure a more competitive and leaner cost structure as well as to continually stay in close proximity with its key customers. Where Singapore once helmed the lead role in the Group's circle of manufacturing operations, it has since delegated its allocation to Philippines and Thailand that now undertake production for the data storage and consumer electronics sectors.

For the year in review, Philippines accounted for the lion's share of Group revenue, generating \$18.5 million sales - equivalent to 34.0% of total revenue - up by 16.3% from last year's contribution of \$15.9 million. Our Philippines operations have benefited from the influx of new customers as well as the generally stable political and business climate in the country. In addition to data storage and consumer electronics, the automotive sector also accounts for Philippines' revenue base.

Thailand came in second among revenue contributors, posting \$18.3 million sales, a slide of 23.8% from FY2014's sales of \$24.0 million. The Thai kingdom has traditionally housed one of Miyoshi's key operations base serving both hard-disk drive and consumer electronics customers.

INNOVATE TO STAY AHEAD

To stay ahead of the competition, it is critical for the Group to innovate and maintain its mark of quality and reliability. To this end, it has established a Research and

Development hub in Wuxi, China, to meet the different and exacting product development needs of its diverse customer demographic across the region. China that includes the Group's Huizhou operations, is Miyoshi's third largest revenue earner. It saw revenue trending upwards by 26.0% from \$9.6 million to \$12.1 million, or equal to 22.2% of overall revenue, thanks to contribution from consumer electronics customers.

Going forward, the Group is looking to add revenue and earnings contribution from potential growth drivers such as the light electric vehicle (LEV), rental and C4 - Command, Control, Communication on Cleantech businesses. The LEV business made a quantum leap this year with the signing of the MOU with Core Power Group based in Puling Automobile Industrial Park, Yongan City, Fujian Province, China.

From starting out in Yingtan city in Jiangxi Province, Miyoshi has now developed a creditable sales and marketing footprint that spans three other Chinese provinces, namely, Hebei, Henan and Shandong powered by a sizeable sales team comprising of 18 staff members.

The proposed partnership with Core Power will enhance Miyoshi's competitive advantage further as both sides build on the synergistic fit -- Core Power with its own production facility on land that it owns and Miyoshi with its LEV industry knowledge and manufacturing capabilities.

Seen as a mode of transport that could solve China's transport and environmental woes, the LEV is a compact two or four-seater automotive which runs on renewable battery that offers an affordable mode of motor transport due to its low running costs. To date, Miyoshi has in its stable, 6 models of light electric cars with price ranging from

RMB 20,000 to RMB 80,000. The sheer size of the China LEV market is staggering and Miyoshi stands ready to rev up its engine to capitalise on the impending growth of this fast-growing automotive sector.

NEW SOLUTIONS AND NEW IDEAS

At the same time, Miyoshi is nurturing other growth drivers by leveraging on its resources and engineering DNA. In the Philippines, we expect rental income to stream in from two newly built properties on land that we own. Sitting on 20,000 square feet of freehold industrial real estate that was acquired in the year 2000, the construction of the two buildings were funded internally. The rental income from the tenancy would provide a stable recurring cash flow to the Group over the next 10 years.

Our newly established C4 business is at the cusp of new product development following the incubation for new ideas and solutions. This business line develops battery vests and industrial power banks for niche customers in maritime and cleantech industries. The strong technology content of these products is underscored by the prestigious government grants that our C4 business unit has received in tandem with the development of these ground-breaking engineering know-how.

The development of these new frontiers together with the ongoing efforts at sustaining the Group's traditional growth drivers is expected to give a diversified revenue base that seeks to fortify the earnings base as well as enhance shareholder returns. It is an undertaking that will take time, effort and commitment to fulfil but is an endeavour that we are committed to make good in our quest to build a better tomorrow.

FINANCIAL REVIEW

Group Financial Summary

FOR THE YEAR (\$'000)	2015	2014 (Restated)	Increase/(Decrease)
Revenue	54,408	70,086	(15,678)
Data storage	27,071	34,341	(7,270)
Consumer electronics	22,460	28,796	(6,336)
Medical	-	668	(668)
Automotive and others	4,877	6,281	(1,404)
Profit before tax expense	1,231	318	913
Income tax expense	(604)	(335)	269
Profit / (Loss) after tax	627	(17)	644
Profit / (Loss) attributable to:			
Owners of the parent	546	474	72
Non-controlling interests	81	(491)	572

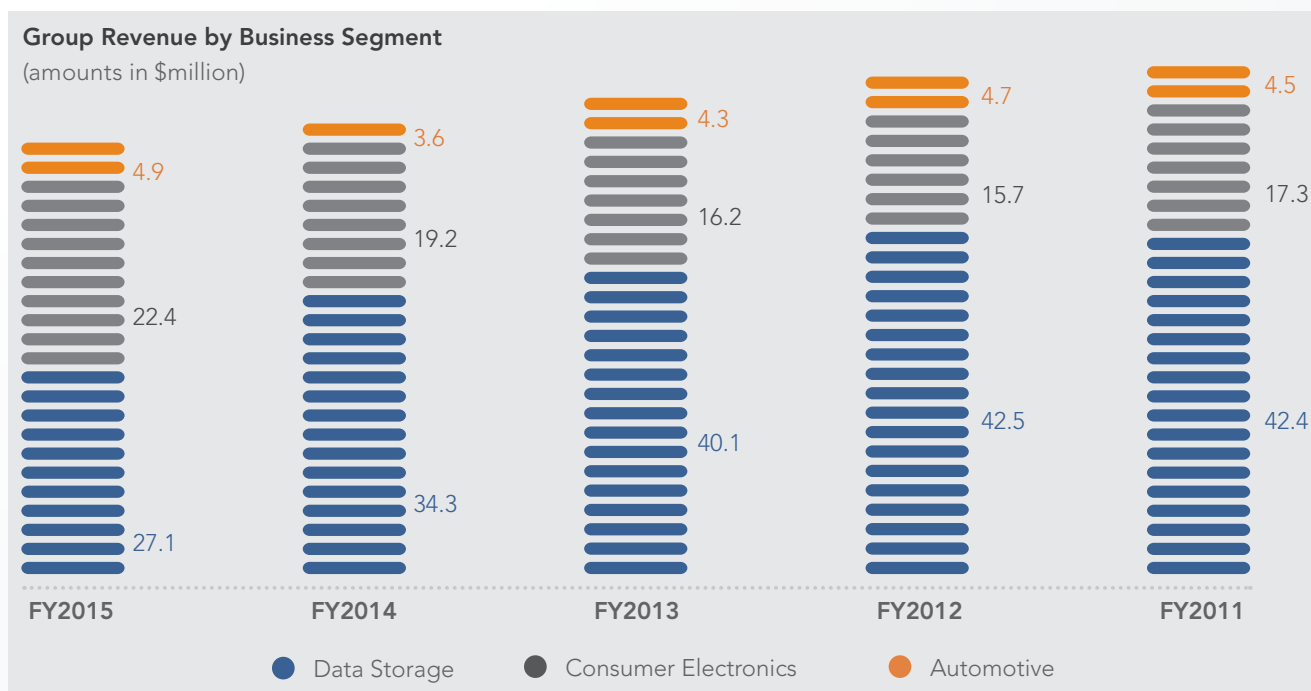
AT YEAR-END (\$'000)	2015	2014 (Restated)	Increase/(Decrease)
Property, plant and equipment	30,676	28,053	2,623
Investment properties	7,357	840	6,517
Intangible assets	1,150	-	1,150
Goodwill	1,733	-	1,733
Other non-current assets	555	23	532
Cash and bank balances	5,225	6,176	(951)
Fixed deposits	1,587	3,942	(2,355)
Trade receivables	13,292	12,303	989
Other receivables and prepayments	4,645	2,874	1,771
Inventories	7,321	6,807	514
Assets held for sale	-	1,924	(1,924)
Total assets	73,541	62,942	10,599
Shareholders' funds	54,831	46,952	7,879
Non-controlling interests	3,252	2,020	1,232
Total borrowings	5,984	2,344	3,640
Bank overdrafts	-	588	(588)
Trade payables	6,829	6,696	133
Other payables and accruals	1,832	3,728	(1,896)
Other liabilities	813	614	199
Total liabilities and equity	73,541	62,942	10,599

Management Discussion and Analysis Group Review

The Group recorded a 22.4% decrease in revenue from \$70.1 million in FY2014 to \$54.4 million in FY2015. The decrease was mainly due to dilution of shareholding interest and subsequent disposal of principal subsidiary, Giken Sakata (S) Limited ("Giken") in the last financial year. Excluding Giken's revenue, revenue decreased 4.7% from \$57.1 million in FY2014 to \$54.4 million in FY2015.

Business Segment Review

The chart below shows the breakdown of group's revenue by business segment for the last five years, excluding revenue from Giken.



Data Storage

Revenue from data storage segment decreased by 21.0% from \$34.3 million in FY2014 to \$27.1 million in FY2015. In the near term, our operating landscape remains challenging as a result of intense competition in the data storage segment.

Consumer Electronics

Revenue from consumer electronics increased by 16.7% from \$19.2 million in FY2014 to \$22.4 million in FY2015. Our customers in the consumer electronics are the manufacturers of photo imaging products, such as photocopiers, scanners and printers.

Automotive and Others

Revenue from automotive and others segment increased by 36.1% from \$3.6 million in FY2014 to \$4.9 million in FY2015.

Revenue from light electric vehicles was \$0.3 million in FY2015.

Group Earnings

Total costs and expenses decreased by \$19.6 million from \$77.4 million in FY2014 to \$57.8 million in FY2015. This was mainly due to decreases in raw materials and consumables used of \$10.3 million, employee benefits of \$3.2 million, other operating expenses of \$5.4 million and depreciation of \$0.7 million.

Other income decreased by \$3.0 million from \$7.6 million in FY2014 to \$4.6 million in FY2015. This was mainly due to the gain on disposal of asset held for sale of \$5.1 million in FY2014, reversal of impairment loss of disposal group of \$0.6 million and gain on disposal of interest in associate of \$0.6 million, offset by

increase income from sales of scrap of \$2.0 million in FY2015 and fair value gain on investment properties of \$1.1 million.

Profit before income tax increased by \$0.9 million from \$0.3 million for FY2014 to \$1.2 million for FY2015. This was mainly due to decrease in total costs and expenses of \$19.6 million and decrease in other income of \$3.0 million, offset by decrease of revenue of \$15.7 million.

Fair value gain on investment property for other comprehensive income of \$0.7 million arose from the transfer of the Senai property from Property, Plant and Equipment to Investment Property in 4Q2015.

FINANCIAL REVIEW

Cash Flows

Cash and cash equivalents decreased by \$2.7 million from \$9.4 million as at 31 August 2014 to \$6.7 million as at 31 August 2015. Cash and cash equivalents comprised of cash and bank balances, fixed deposits, bank overdrafts and excluding restricted cash.

Operating Activities

Net cash used in operating activities for FY2015 amounted to \$1.1 million. The cash from operations of \$4.1 million before movements in working capital were reduced by lower other payables and accruals of \$2.0 million, higher other receivables and prepayments of \$1.6 million, higher trade receivables of \$0.7 million, high inventories of \$0.3 million, interest and taxes paid of \$0.6 million.

The decrease in other payables and accruals was mainly due to the payment for the land and building purchased in Wuxi and lower accruals due to cost controls in FY2015.

The increase in other receivables and prepayments were mainly due to the deposit with our contractor for the retrofitting of our factory and receivables from our scrap sales.

Investing Activities

Net cash used in investing activities for FY2015 amounted to \$6.0 million. This is mainly due to capital expenditure of \$6.3 million offset by proceeds from disposal of plant and equipment of \$0.4 million. During the year, the Group completed the construction of Building 2 and Building 3 on our investment property in the Philippines.

Financing Activities

Net cash from financing activities for FY2015 amounted to \$3.5 million mainly due to proceeds from bank loans of \$4.7 million, offset by repayment of bank loans and other loan of \$1.0 million and \$0.1 million respectively.

(\$'000)	FY2015	FY2014 (Restated)
Net Cash (Used in)/From Operating Activities	(1,082)	591
Net Cash Used in Investing Activities	(5,966)	(1,761)
Net Cash From/(Used in) Financing Activities	3,508	(3,688)
Decrease in Cash and Cash Equivalents	(3,540)	(4,858)
Exchange Effect	840	(42)
Balance as at 1 September 2014	9,379	14,279
Balance as at 31 August 2015	6,679	9,379

Summary of Statements of Financial Position

Current assets decreased by \$1.9 million from \$34.0 million as at 31 August 2014 to \$32.1 million as at 31 August 2015. This was mainly due to decreases in cash and bank balances and fixed deposits of \$3.3 million, decrease in non-current assets held for sale of \$1.9 million, offset by increases in other receivables and prepayments of \$1.8 million, increases in trade receivables of \$1.0 million, increases in inventories of \$0.5 million.

Current liabilities decreased by \$0.3 million from \$12.4 million as at 31 August 2014 to \$12.1 million as at 31 August 2015. This was mainly due to decreases in other payables and accruals of \$1.9 million, bank overdrafts of \$0.6 million, offset by increases in bank loans of \$2.0 million.

Non-current assets increased by \$12.6 million from \$28.9 million as at 31 August 2014 to \$41.5 million as at 31 August 2015. This was mainly due to increases in investment properties of \$6.5 million, property, plant and equipment of \$2.6 million, intangible assets and goodwill on acquisition of a subsidiary of \$1.2 million and \$1.7 million respectively.

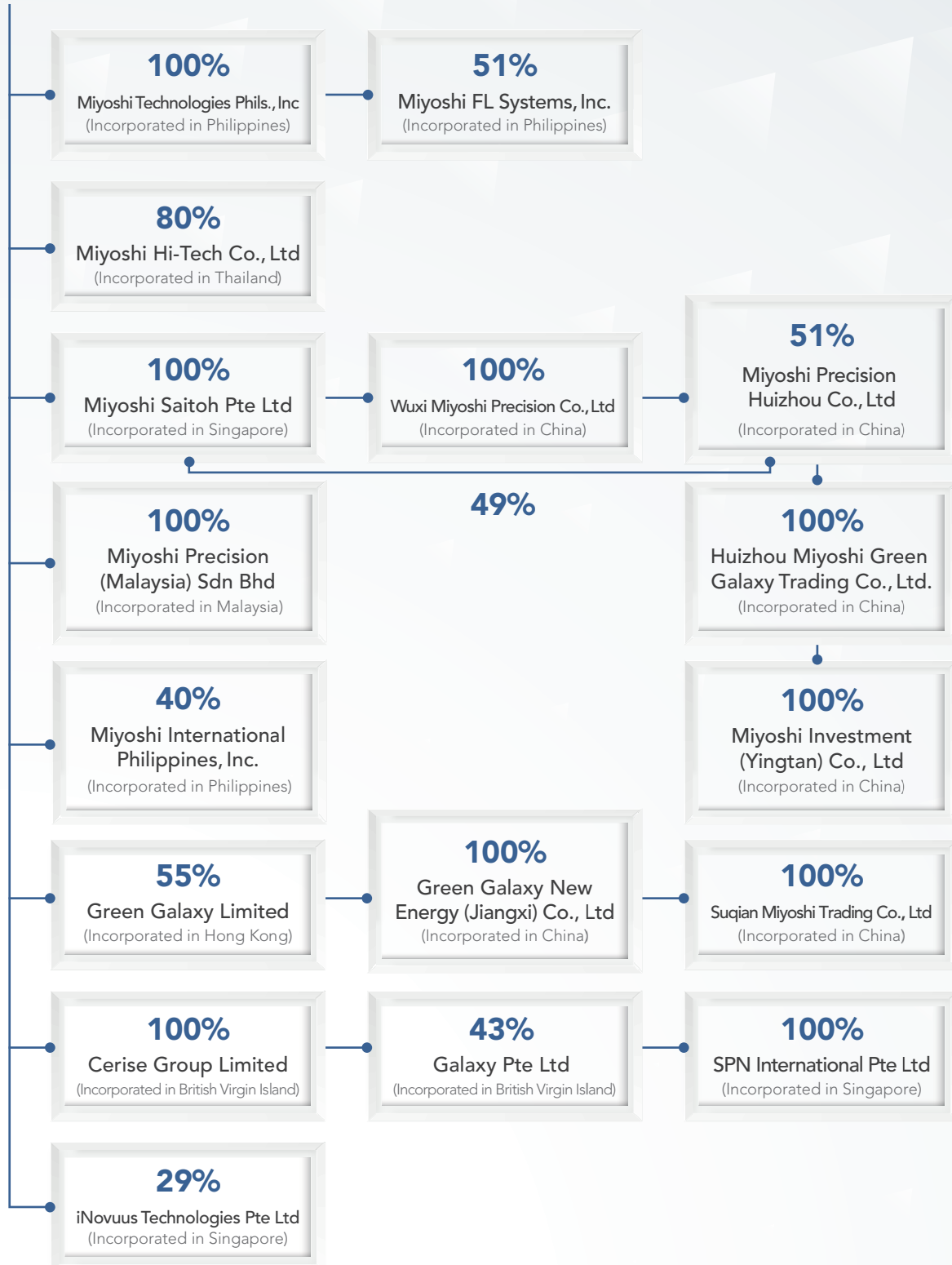
Investment properties were mainly the freehold land and building in Calamba City, Laguna, the Philippines and the leasehold land and building in Senai, Johor, Malaysia.

Both properties are not owner-occupied and leased to external parties to earn rental income.

Intangible assets and goodwill arise from the Company's investment in Green Galaxy Limited ("GGL"). An external valuer was appointed to perform the purchase price allocation ("PPA") and the annual impairment test of goodwill. As the value in use exceeded the net assets value of GGL, goodwill and intangible assets as at 31 August 2015, no impairment of these assets are required. The intangible assets are amortised over five (5) years.

Total equity attributable to owners of the parent increased to \$54.8 million as at 31 August 2015, from \$46.9 million as at 31 August 2014. This was mainly due to reduction in currency translation reserve (debit balance) of \$4.8 million and increase in profit attributable to owners of the parent of \$0.5 million, the issue of 32 million new shares amounting to \$1.9 million as partial consideration of the newly acquired subsidiary and increase in revaluation reserve of \$0.7 million.

CORPORATE STRUCTURE





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CORPORATE GOVERNANCE REPORT

Miyoshi Limited (“**Miyoshi**” or the “**Company**”) is committed to the highest standards of corporate governance, business integrity and professionalism in all its activities. This report sets out the Miyoshi’s corporate governance practices for the financial year with reference to the principles set out in the Singapore Code of Corporate Governance 2012 (the “Code”). The Board is pleased to report that the Company has complied in all material aspects with the principles and guidelines set out in the Code and where applicable, it has identified and explained areas of non-compliance under respective sections.

BOARD MATTERS

The Board’s Conduct of its Affairs

Principle 1

Principal Duties of the Board

The Board oversees Miyoshi’s affairs and is accountable to shareholders for the management of Miyoshi and its performance.

The principal duties of the Board include:

- a) Approving the appointment of the Chief Executive Officer (“CEO”), directors, key management personnel and succession planning process;
- b) Approving broad policies, strategies and objectives of Miyoshi;
- c) Approving annual budgets, major funding proposals, investment and divestment proposals;
- d) Approving the adequacy of internal controls, risk management, financial reporting and compliance;
- e) Setting Miyoshi’s values and standards, and ensuring that obligations to shareholders and other stakeholders are understood and met; and
- f) Responsibility for corporate governance.

The Board oversees the business affairs of the Miyoshi Group. It assumes responsibility for the Group’s overall strategic plans, financial plans and annual budget, key operational initiatives, major funding and investment proposals, financial performance reviews, compliance and accountability systems, and corporate governance practices. It also seeks to align the interests of the Board and management with that of shareholders and balance of interest of all stakeholders. In addition, the Board sets the tone for the entire organisation where ethics and values are concerned.

Independent Judgement

All directors exercise due diligence and independent judgement and make decisions objectively in the best interests of Miyoshi. The Nominating Committee and the Board determine annually whether a director who has served on the Board for more than nine years from the date of his first appointment, is still independent within the meaning of the Code and can therefore continue to serve on the Board. In determining the independence of directors who have served on the Board for more than nine years, the Nominating Committee and the Board give due consideration to the recommendation under Guideline 2.4 of the Code that the independence of any director who has served on the Board beyond nine years be subject to particularly rigorous review annually.

Delegation by the Board

The Board has established three (3) Board committees to assist the Board in discharging its duties and responsibilities. The Board committees are the Audit Committee (“AC”), the Nominating Committee (“NC”) and the Remuneration Committee (“RC”). Each Board committee has been constituted with clear written terms of reference (“TOR”) which have been detailed in the appendices of this report, in line with the Code where applicable. The TORs are reviewed on a regular basis, along with the committee structures and membership, to ensure their continued relevance. The detailed TORs of Board committees are available on Miyoshi’s website.

Please refer to Principles 4 to 5, 7 to 8, 11 and 12 in this Corporate Governance Report, for further information on the activities of AC, NC and RC respectively.

CORPORATE GOVERNANCE REPORT

Key Features of Board Processes

The schedule of all Board and Board committee meetings and the Annual General Meeting (“AGM”) for the next financial year is planned well in advance, in consultation with the Board. The Board meets at least four times a year at regular intervals. Where necessary, Board meetings may include presentations by management or senior executives on strategic issues relating to specific business areas. This allows the Board to develop a good understanding of the Group’s businesses and to promote active engagement with management and senior executives. Meetings via telephone or video conference are permitted by Miyoshi’s Articles of Association. The Board and Board committees may also make decisions by way of circulating resolutions.

Besides the scheduled Board meetings, the Board meets on an ad-hoc basis as warranted by particular circumstances.

In the interest of allocating more time for the Board to deliberate on issues of a strategic nature, and to focus on particular themes for each Board meeting, submissions which are straightforward in content as well as those that are for information only, will be compiled and circulated in between Board meetings.

The Corporate Secretary attends all Board and Board committee meetings and is responsible for ensuring that Board procedures are observed. The number of Board and Board committee meetings held in FY2015, as well as attendance of each board member at these meetings, are disclosed in the table below:

	Board Meetings	Board committee Meetings			Non-Executive Directors’ Meeting (without presence of management)
		Audit	Nominating	Remuneration	
Andrew Sin Kwong Wah	5	–	2	–	–
Lim Thean Ee	5	5	2	2	1
Wee Piew	4	4	2	2	1
Masayoshi Taira	3	3	–	2	1
Thomas Pek Ee Perh ¹	5	–	–	–	1
No. of Meetings Held	5	5	2	2	1

Notes:

1 Mr Thomas Pek Ee Perh was appointed as Non-Executive Director on 27 October 2014.

If a Director is unable to attend a Board or Board committee meeting, he would receive all the papers and materials for discussion at that meeting. He would review them and advise the Chairman or the Board committee chairman of his views and comments on the matters to be discussed so that they may be conveyed to other members at the meeting. Minutes of all Board committee meetings are also circulated to the Board so that the Directors are aware and kept updated as to the proceedings and matters discussed during such meetings.

Board Approval

Miyoshi has adopted internal guidelines setting forth matters that require Board’s approval. Matters which are specifically reserved to the Board for approval are:-

- a) material acquisitions and disposal of assets;
- b) corporate or financial restructuring;
- c) matters involving a conflict of interest for a substantial shareholder or a director;
- d) matters which require Board approval as specified under Miyoshi’s interested person transaction policy;
- e) share issuances, interim dividends and other returns to shareholders; and
- f) any investments or expenditures exceeding S\$3.0 million in total.

Miyoshi has established financial authorisation and approval limits for operating and capital expenditure, the procurement of goods and services, and the acquisition and disposal of investments. Apart from matters that specifically require Board’s approval listed above, transactions below those limits are delegated to management to optimise operational efficiency.

CORPORATE GOVERNANCE REPORT

While matters relating to Miyoshi's objectives, strategies and policies require the Board's direction and approval, management is responsible for overseeing the management of the Miyoshi group and implementing the Board's strategic policies.

Board Orientation and Training

A formal letter of appointment is provided to every new director. The formal letter of appointment indicates the time commitment required and role of directors, including directors' responsibilities. The new director will also receive a manual containing Board and SGX policies relating to the disclosure of interests in securities, disclosure of conflicts of interest in transactions involving Miyoshi, prohibition on dealings in Miyoshi's securities and restrictions on the disclosure of price-sensitive information.

Miyoshi conducts a comprehensive orientation programme, which is presented by CFO, to familiarise new directors with its business and governance practices. The orientation programme gives directors an understanding of Miyoshi's business to enable them to assimilate into their new roles. The programme also allows the new director to get acquainted with management, thereby facilitating board interaction and independent access to management.

Newly appointed directors would be given a detailed and in-depth briefing and induction into Miyoshi by the management. The directors would undergo the induction programme, with presentations by management to introduce them to every aspect of the Miyoshi business.

The directors are provided with continuing briefings and updates in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards and issues which have a direct impact on financial statements, so as to enable them to properly discharge their duties as Board or Board committee members. The scope of such continuous briefings and updates include overview of industry trends and developments, governance practices and developing trends, and changes in trends in governance practices and regulatory requirements pertaining to Miyoshi's business.

Briefings and Updates Provided for Directors in FY2015

- The external auditor BDO LLP, briefs the AC members on developments in accounting standards,
- The corporate secretary briefs the Board on developments in governance standards, and
- The CEO updates the Board at each meeting on business and strategic developments in the integrated engineering, light electric vehicle and C4 businesses.

Directors can request for further explanations, briefings or information on any aspect of Miyoshi's operations or business issues from management.

Board Composition and Guidance

Principle 2

Independent Element of the Board

The Board comprises five (5) Directors, four (4) of whom are non-executive Directors with two (2) of them independent, thereby fulfilling the Code's requirement that at least one-third of the Board should comprise Independent Directors.

The NC determines on an annual basis whether or not a director is independent bearing in mind the Code's definition of an "independent director" and guidance as to relationships the existence of which would deem a director not to be independent. The Committee carried out the review on the independence of each independent Director in October 2015 based on the respective director's self-declaration and their actual performance on the Board and Board committees.

Composition of Independent Directors on the Board

The Company is aware of Guideline 2.2 of the Code that independent Directors should constitute at least half of the Board where the Chairman of the Board and the CEO is the same person.

While the Board acknowledges that the Executive Chairman and the Chief Executive Officer is the same person, after considering the Company's current business operations and Board size of only five (5) members including two (2) Independent Directors, the Board is of the view that at present, the appointment of a Lead Independent Director is not necessary.

CORPORATE GOVERNANCE REPORT

Although no Lead Independent Director has been appointed, the Company's Independent Directors confer among themselves when necessary, without the present of the other directors, and the Independent Directors provide feedback to the Chairman after such meetings as appropriate.

The Board is committed to pursuing gender diversity in relation to the composition of the Board. In determining the process for identification of suitable candidates for appointment to the Board, the NC will take into account its diversity aspirations for the Board. In this connection, the NC will ensure that female candidates are included for consideration by the NC whenever it seeks to identify a new Director for the Board. In addition, the Board will strive to appoint at least one female Director to the Board. Having said that, Miyoshi is of the view that gender is but one aspect of diversity and Miyoshi Directors will continue to be selected on the basis of their experience, skills, knowledge, insight and relevance to the Board.

Independence of Directors

The independence of each Director is reviewed annually by the NC in accordance with the definition of independence in the Code.

The NC, in its deliberation as to the independence of a director, took into account examples of relationships as set out in the Code, considered whether a director had business relationships with the Group, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent judgements.

The NC, having considered the relevant factors, determined that Mr Wee Piew and Mr Lim Thean Ee have no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company. Mr Wee Piew and Mr Lim Thean Ee have also confirmed that they do not have any relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Company. The NC also took into account Mr Wee Piew and Mr Lim Thean Ee's actual performance on the Board and Board committees and agreed that they have been exercising independent judgement in the best interests of the Company in the discharge of their director's duties and should therefore continue to be deemed independent directors.

In this respect, the NC affirmed that Mr Wee Piew and Mr Lim Thean Ee remain as Independent Directors of the Company.

Composition and Size of the Board

The NC conducted its annual review on the composition of the Board which comprises members of different backgrounds whose core competencies, qualifications, skills and experiences are extensive. Taking into account the scope and nature of the operations of the Group, the NC considered the current Board size to be appropriate to facilitate effective decision making for the existing needs and demands of the Group's business and that no individual or small group of individuals dominates the decisions of the Board. Nevertheless, the NC has recommended to the Board to consider changing the Board composition so as to comply with the requirements of the Code.

A summary of the current directors' appointments and details of their memberships on Board committees are set out below:-

Director	Board Membership	Committee Membership		
		Audit	Nominating	Remuneration
Sin Kwong Wah, Andrew	Chairman and CEO	–	Member	–
Lim Thean Ee	Independent	Member	Chairman	Chairman
Wee Piew	Independent	Chairman	Member	Member
Masayoshi Taira	Non-Independent & Non-Executive	Member	–	Member
Pek Ee Perh, Thomas	Non-Independent & Non-Executive	–	–	–

Competency of the Board

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. The NC is satisfied that members of the Board as a group possess the relevant core competencies such as accounting and finance, strategic planning, business and management experience. In particular, the Executive Director possesses good industry knowledge while the non-executive Directors, who are professionals and experts in their own fields, are able to take a broader view of the Group's activities, contribute their valuable experiences and provide independent judgement during Board deliberations.

CORPORATE GOVERNANCE REPORT

Role of Non-Executive Directors

The Board encourages its members, in particular, the non-executive Directors, to engage in open and constructive debate and challenge management on its assumptions and proposals and review the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.

Regular Meetings of Non-Executive Directors

Non-executive Directors are encouraged to meet regularly without the presence of management as and when the need arose.

Chairman and Chief Executive Officer

Principle 3

Mr Sin Kwong Wah Andrew holds the positions of Chairman of the Board and Chief Executive Officer (“CEO”) of the Company.

Although the roles are combined, the Board is of the view that there are sufficient Independent Directors and Non-Executive Directors on the Board to ensure fair and objective deliberations at Board meetings and who are capable of exercising independent judgements. The Chairman/CEO always abstains from voting on matters, which he is directly or deemed, interested. Moreover, the scale of the business does not warrant a meaningful split of these roles.

The Board also views that it is advantageous to vest the roles of both Chairman and CEO on the same person who, in the unique position as a pioneer of the Company, is knowledgeable in the business of the Group as it provides the Group with a strong and consistent leadership and allows for more effective planning and execution of long term business strategies.

Furthermore, in view of Mr Andrew Sin’s performance and objectivity in discharging his responsibilities, the Board fully supports his role as Executive Chairman and CEO.

As Chairman, he is responsible for the workings of the Board and ensures that all directors receive sufficient relevant information on financial and non-financial matters to enable them to participate actively in Board decisions. The Chairman also exercises control over the quality, quantity and timeliness of information flow between the Board, the management and shareholders of the Company. He encourages interactions between the Board and the management, as well as between the executive and non-executive directors, and promotes a culture of openness and debate at the Board. In addition, the Chairman takes a leading role in ensuring the Company’s compliance with corporate governance guidelines.

As CEO, he is the highest ranking executive officer of the Group and assisted by the management team. He is responsible for making strategic proposals to the Board and after robust and constructive Board discussions, executing the agreed strategy, managing the day-to-day business of the Group, within the authorities delegated to him by the Board, leading the development of the Group’s business including identifying and assessing risks and opportunities for the growth of its business.

No individual or small group of individuals dominates the Board’s decision making process.

Appointment of Lead Independent Director

While the Board acknowledges that the Chairman and the CEO is the same person, after considering the Company’s current business operations and Board size of only five (5) members including two (2) Independent Directors, the Board is of the view that the appointment of a Lead Independent Director for the year under review is not necessary. Nevertheless, the Board will annually examine the need of appointing a Lead Independent Director.

Although no Lead Independent Director was appointed, the Company’s Independent Directors confer among themselves when necessary, without the presence of the other directors, and the Independent Directors provide feedback to the Chairman after such meetings as appropriate.

CORPORATE GOVERNANCE REPORT

Board Membership

Principle 4

Composition of the NC

The NC is chaired by Mr Lim Thean Ee. The other members of the NC are Mr Andrew Sin Kwong Wah and Mr Wee Piew. The NC is guided by its written TOR which stipulates that its principal roles include maintaining a formal and transparent process for the appointment of new directors to the Board, determining the independence of directors and the appropriate Board size, reviewing and approving the appointment of key management personnel of the Group. The TOR of the NC are listed on page 35 of this Report.

The Role of the NC on Board Appointments

The NC is responsible to make recommendations to the Board on the following matters:

- the review of the size, composition and core competencies of and skills required by the Board and Board committees,
- identify and review all nominations of any person for director, both appointments and re-appointments, membership of the RC and AC, the Chairman and the CEO,
- determine on an annual basis, and as and when circumstances require, the independence of each Director and to make appropriate disclosure,
- oversee the conduct of an annual evaluation of the Board,
- decide whether a director is able to and has been adequately carrying out his duties as a director of the Company, particularly where the director has multiple board representations; and
- to examine all other matters which may be referred to the NC by the Board or which may be imposed on the NC by applicable laws or regulations, including without limitation the listing manual of the Singapore Exchange Securities Trading Limited ("Listing Manual").

All new appointments are subject to the recommendations of the NC based on the following criteria:

- integrity;
- independence mindedness;
- possess core competencies that meet the needs of the Company and complement the skills and competencies of the existing directors on the Board;
- able to commit time and effort to carry out duties responsibilities effectively;
- track record of making good decisions; and
- financially literate.

In the nomination and selection process of a new Director, the NC identifies key attributes of an incoming Director based on the requirements of the Group and recommends to the Board the appointment of the new Director. The NC will take into consideration the current Board size and its composition – including the mix of expertise, skills and attributes of the Directors – and determine if the candidate's background, experience and knowledge will bolster the core competencies of the Board.

The NC met twice during the financial year ended 31 August 2015. The Company also maintains records of the deliberations and proceedings of the NC.

Assessment of Independence of Directors

Procedures and control mechanisms are in place to ensure that the independence of the directors is monitored at regular intervals and updated expeditiously. Directors are required to submit declarations of independence annually and are required to report to the Company any changes in their external appointments, interests in shares and other pertinent information, including any corporate developments relating to their external appointments, which may affect their independence.

CORPORATE GOVERNANCE REPORT

The NC is tasked to review and evaluate the independence of each director. The Board will then, in turn, determine the independence of directors, taking into account the evaluation by NC. For the year under review, the Board has determined, after taking into account the NC's views, that Mr Wee Piew and Mr Lim Thean Ee are independent.

Multiple Board Representations and Appointment of Alternate Directors

Directors must ensure that they are able to give sufficient time and attention to the affairs of Miyoshi and, as part of its review process, the NC decides whether or not a Director is able to do so and whether he has been adequately carrying out his duties as a Director of Miyoshi. The Board has also adopted an internal guideline that seeks to address the competing time commitments that may be faced when a Director holds multiple board appointments. The guideline provides that, as a general rule, each Director should hold no more than six principal board appointments. The guideline includes the following:

- In support of their candidature for directorship or re-election, Directors are to provide the NC with details of other commitments and an indication of the time involved.
- Non-executive Directors should consult the Chairman or chairman of NC before accepting any new appointments as Directors.

The NC noted the list of other directorships held by our directors taking into consideration their principal commitments. The NC is satisfied that each of the directors is able to devote time to his directorship role in the Company.

No alternate Director has been appointed to the Board in the year under review.

Process for Selection, Appointment and Re-appointment of Directors

The NC is responsible for identifying candidates and reviewing all nominations for the appointment, re-appointment or termination of directors and Board committee members.

The Articles provide that at each AGM, one-third of the directors, including the CEO who serves on the Board (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. Effectively, this results in all directors having to retire at least once in three years or even earlier. Directors appointed during the financial year, without shareholders' approval at the AGM, shall only hold office until the next AGM, and thereafter be eligible for re-election at the AGM.

In this respect, the NC has recommended that the following directors, pursuant to the Company's Articles of Association, be re-elected as Directors at the Company's forthcoming AGM:

(a) Mr Masayoshi Taira and (b) Mr Lim Thean Ee

The NC has reviewed and considered all aspects such as, the directors' integrity, independence mindedness, attendance, participation, preparedness, candour and also recognizes the contributions of these independent Directors who over time have developed deep insight into the Group's businesses and operations. Hence, the NC recommends that Mr Masayoshi Taira and Mr Lim Thean Ee be re-appointed as Directors at the Company's forthcoming AGM.

The dates of initial appointment and last re-election/re-appointment of each director are set out below:

Name of Director	Appointment	Date of Initial Appointment	Date of Last Re-election Re-Appointment
Mr Sin Kwong Wah, Andrew	Chairman and CEO	24 September 1991	29 December 2014
Mr Wee Piew	Independent Director	1 May 2014	29 December 2014
Mr Lim Thean Ee	Independent Director	9 January 2014	29 December 2014
Mr Masayoshi Taira	Non-Executive Director	24 September 1991	27 December 2013
Mr Pek Ee Perh, Thomas	Non-Executive Director	27 October 2014	29 December 2014

Key information on Directors

The profiles and key information of all the directors are set out on pages 4 to 7 of this Report.

CORPORATE GOVERNANCE REPORT

Board Performance

Principle 5

Process for Assessing Board Performance

Reviewing of the performance of the Board as a whole, the Board committees and each director will be conducted by the NC annually. The NC has adopted a system for assessing the effectiveness of the Board as a whole, the boards, and each individual director. Each director was requested to participate in the appraisal process which focused on:

- the composition and degree of independence of the Board;
- information flow from management;
- Board's access to management and external experts;
- Investor relations and corporate social responsibility vis-à-vis the Board;
- Strategy review activities;
- appropriate financial measures to assess the Board's stewardship;
- Board's management of the Company's performance
- Board committees' effectiveness;
- Chairman of the Board effectiveness; and
- CEO's performance and succession planning.

The Board and the NC have, with its best effort, ensured that directors appointed to the Board possess the background, experience, knowledge in business, finance and management skills critical to the Group's business. It has also ensured that each director, with his special contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

The NC conducted a collective assessment of the Board to gauge the effectiveness of the Board's performance, the adequacy of the blend of skillsets and experience of the Board, and the quality and timeliness of Board and Board committee meeting agendas and papers submitted by the Management. The review was internally undertaken with each director being asked to complete a questionnaire. Their feedback was collated and shared with the Board. The NC, having reviewed the overall performance of the Board and each Board committee in terms of its roles and responsibilities and the conduct of its affairs as a whole, and the individual Director's performance, is of the view that the performance of the Board, each Board committee and each individual Director has been satisfactory.

Access to Information

Principle 6

Complete, Adequate and Timely Information

Management recognises that the flow of complete, adequate and timely information on an on-going basis to the Board is essential to the Board's effective and efficient discharge of its duties. All directors have unrestricted access to Miyoshi's records and information.

To allow directors sufficient time to prepare for the meetings, all scheduled Board and Board committee papers are distributed not less than a week in advance of the meeting to directors. This enables the discussion during the meeting to focus on questions that directors may have. The detailed papers include background information, related materials, budgets, forecasts and management accounts. The management also kept the Board apprised of material variances between the actual results, corresponding period of last year and the budget, with appropriate explanation on such variances. The Board is also updated on current business operations, opportunities and business trends. This enables the discussion during the meeting to focus on questions that directors may have. Any additional material or information requested by the directors is promptly furnished. Employees, who can provide additional insight into matters to be discussed, will be present at the relevant time during the Board and Board committee meetings.

CORPORATE GOVERNANCE REPORT

To facilitate direct and independent access to management, directors are also provided with the names and contact details of the management team. Draft agendas for Board and Board committee meetings are circulated to the respective Chairmen respectively, in advance, in order for them to suggest items for the agenda and/or review the usefulness of the items in the proposed agenda.

The quarterly and year-end financial statements are reviewed and recommended by the AC to the Board for approval.

Company Secretary

Directors have separate and independent access to the Company Secretary.

As a matter of good corporate governance, the role of the Company Secretary is clearly defined. The Company Secretary attends, administers and prepares minutes of all Board and Board committee meetings acting in the capacity of the meeting secretary and is responsible that Board procedures are followed and that applicable rules and regulations are complied with. The agenda for Board and Board committee meetings are prepared in consultation with the Chairman, the respective chairpersons of the Board committees, and the CEO to ensure good information flows within the Board and Board committees, as well as between management and non-executive Directors.

The Company Secretary assists the Chairman and the directors chairing the various Board committees in scheduling the Board and Board committee meetings respectively, advises the Board on all governance matters, as well as facilitates orientation and professional development as required. The appointment and removal of the Company Secretary are subject to the Board's approval as a whole.

Independent Professional Advice

Directors, either individually or as a group, in the furtherance of their duties, may take independent professional advice, if necessary, at Miyoshi's expense.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7

Remuneration Committee

The RC is chaired by Mr Lim Thean Ee. The other members of the RC are Mr Masayoshi Taira and Mr Wee Piew. All members are non-executive and independent Directors, save for Mr Taira who is a non-executive and non-independent Director. The TOR of the RC are listed on page 36 of this Report.

The RC plays an important role in helping to ensure that the Group is able to attract, recruit, motivate and retain the best talents through competitive remuneration and progressive and robust policies so as to achieve the Group's goals and deliver sustainable shareholder value. The Committee's recommendations are made in consultation with the Chairman of the Board and submitted for endorsement by the Board. No director is involved in deciding his own remuneration.

The RC met two times during the financial year ended 31 August 2015.

Remuneration Consultant

The RC has access to the advice of the Company's Human Resources Manager. It did not require the services of an external remuneration consultant during the year. Nevertheless, the RC has explicit authority to investigate any matter within its TOR and to seek external expert advice should such need arises.

Level and Mix of Remuneration

Principle 8

Performance-Related Remuneration

The Company believes that its remuneration and reward system is aligned with the long-term interests of the Company and that a competitive remuneration and reward system based on individual performance is important to attract, retain and incentivise the best talent. In setting remuneration packages, the RC takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individual Directors.

CORPORATE GOVERNANCE REPORT

The CEO, as an Executive Director, does not receive directors' fees from the Company. As the highest ranking executive officer of the Group, his compensation consists of a basic salary component, allowances and a variable component which is the annual bonuses. The annual review of the compensation of Executive Director is carried out by the RC to ensure that his remuneration commensurate with his performance, giving due regard to the financial health and business needs of the Group. The performance of the CEO is reviewed periodically by the RC and the Board.

Non-executive Directors, including Independent Directors, are paid directors' fees which take into consideration the time and effort spent and responsibilities of the directors. The directors' fees comprise a basic fee.

The remuneration for key management personnel comprises a basic salary component and a variable component which includes the annual bonuses, based on the performance of the Group as a whole and their individual performance.

Long-term Incentive Scheme

The Company has in place an Employee Share Option Scheme that serves to provide a longer term incentive better aligned with the long term performance of the Company and of the employee.

Remuneration of Non-Executive Directors

All non-executive Directors receive directors' fees, in accordance with their contributions, taking into account factors such as effort and time spent, responsibilities of the directors and the need to pay competitive fees to attract, motivate and retain the directors yet to not over-compensate them to the extent that their independence may be compromised. Directors' fees are recommended by the Board for approval at the Company's AGM.

The Board concurred with the RC's proposal for non-executive Directors' fees for FY2015. The RC and the Board are of the view that the remuneration of the non-executive Directors is appropriate and not excessive, taking into account the aforesaid factors and the increasingly onerous responsibilities of the directors. The fees for the non-executive Directors are subject to approval by the shareholders at the Company's forthcoming AGM.

Contractual Provisions to Reclaim Incentive Components of Remuneration

Having reviewed and considered the variable components of the Executive Director and key management personnel, which are moderate, the RC is of the view that there is no requirement to institute contractual provisions in the terms of employment to reclaim incentive components of their remuneration paid in prior years.

Disclosure of Remuneration

Principle 9

The Code recommends the disclosure of the remuneration of directors, the CEO and at least the Group's top 5 key management personnel, who are not also directors or the CEO). As regards to disclosure of the remuneration of Directors and the CEO, the Code recommends full disclosure of remuneration on a named basis, rounded off to the nearest thousand dollars for administrative convenience. After considering this matter carefully, the Board has decided that disclosure of the CEO's detailed remuneration will not be in the interests of the Company given the wage discrepancies in the industry and the competitive pressures that may result from such disclosure.

The annual remuneration of directors of the Company for the financial year ended 31 August 2014 is proposed as follows:

Remuneration Band and Name of Director	Fee (%)	Basic Salary (%)	Variable Bonus (%)	Total Remuneration (%)
Below \$250,000:				
Wee Piew	100	–	–	100
Lim Thean Ee	100	–	–	100
Masayoshi Taira	100	–	–	100
Pek Er Perh, Thomas	100	–	–	100
\$250,000 to \$499,999:				
Sin Kwong Wah, Andrew	–	97.2	2.8	100

CORPORATE GOVERNANCE REPORT

Remuneration of Top 5 Key Management Personnel

As regards to disclosure of the remuneration of top five key management personnel, the Code recommends full disclosure of remuneration on a named basis. After considering this matter carefully, the Board has decided that disclosure of the top five key management personnel's detailed remuneration will not be in the interests of the Company given the wage discrepancies in the industry and the competitive pressures that may result from such disclosure. The Company named and disclosed the remuneration of the Group's top five key management personnel in bands of \$250,000. The total aggregate remuneration paid to the Group's top five key management personnel during FY2015 was \$771,880.

The remuneration of key management personnel is as follows:

Remuneration Band and Name of Key Management Personnel	Basic Salary (%)	Variable Bonus (%)	Allowance & Benefits (%)	Total Remuneration (%)
Below \$250,000:				
Gan Yoke Fong, Karen	91.8	5.1	3.1	100.0
Khoo Teck Soon	100.0	–	–	100.0
Ng Cheong Kiat	98.2	–	1.8	100.0
Tan Tiong Soon	91.8	2.2	6.0	100.0
Wee Soon Gee	100.0	–	–	100.0

The RC exercises board discretion and independent judgement in ensuring that the amount and mix of compensation are aligned with the interests of shareholders and promote the long-term success of the Company. The mix of fixed and variable reward is considered appropriate for the Group and for each individual role.

The directors, CEO and key management personnel (who are not directors or the CEO) are remunerated on an earned basis and there are no termination, retirement and post-employment benefits that are granted over and above what has been disclosed.

Remuneration of Certain Related Employees

There is no immediate family member of a Director whose remuneration has exceeded \$50,000 for the financial year ended 31 August 2015.

Employee Share Option Scheme ("ESOS")

There are no new employee share schemes granted to employees in the financial year ended 31 August 2015. The details on the ESOS granted are included in pages 39 and 40 of this Report.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10

The Board provides the shareholders with quarterly and annual financial reports which included a detailed explanation and analysis of the Company's performance and financial position.

For the financial year under review, the CEO and CFO have provided written confirmation to the Board on the integrity of Miyoshi's financial statements and on the adequacy and effectiveness of Miyoshi's risk management and internal control systems, addressing financial, operational and compliance risks including information technology risks. For interim financial statements, the Board provides a statement of negative assurance to shareholders, in line with the Listing Rules.

The Board also undertakes such effort with respect to other price sensitive public reports and reports to regulators, where required. Price sensitive information will be publicly released either before the Company meets with any groups of investors or analysts or simultaneously with such meetings. The Company believes that prompt compliance with statutory reporting requirements is imperative to maintaining shareholders' confidence and trust in the Company.

CORPORATE GOVERNANCE REPORT

The Board has established written policies to ensure compliance with legislative and regulatory requirements, including requirements under the Listing Manual. It ensures that it is updated regularly on relevant changes to laws and regulations so that it can monitor and supervise adequate compliance by the Company with such laws and regulations and requirements of regulatory and governmental authorities.

The Company recognised the importance of providing the Board with a continual flow of relevant information on an accurate and timely basis in order that it may effectively discharge its duties. The management currently provides the Board with appropriately detailed management reports of the Group's performance and position on a quarterly basis.

Risk Management and Internal Controls

Principle 11

Determination of Risk Tolerance/Risk Policies and the Establishment of a Separate Risk Committee

The Board acknowledges that it is responsible for the governance of the Group's risk management and internal controls. The Board and management of the Company are fully committed to maintaining sound risk management and internal control systems to safeguard shareholders' interests and the Group's assets.

Miyoshi has in place an enterprise-wide risk management framework to enhance its risk management capabilities. This is administered by the Enterprise Risk Management team ("ERM"), which reports to the CFO. The key risks facing Miyoshi have been identified and action plans are in place to mitigate these risks. In addition, the key risks at the processes level have been identified via self-assessment exercises. Risk awareness and ownership of risk treatments are also continuously fostered across the organisation.

Miyoshi has various processes to establish and test internal controls, including standard operating procedures and a control self-assessment programme under which Miyoshi units are required to submit regular attestations on their key internal controls.

The Board has received assurance from the CEO and CFO on Miyoshi's group's financial records and the effectiveness of Miyoshi's risk management and internal controls. The Board also receives a separate quarterly representation on Miyoshi's financial information and controls, including that the financial records have been properly maintained and the financial statements give a true and fair view of Miyoshi Group's operations and finances, from the CEO and CFO.

Based on the internal controls established and maintained by Miyoshi, work performed by the internal and external auditors, and reviews performed by management, various Board committees and the Board, the Board with the concurrence of the AC is, of the opinion that Miyoshi's internal controls and risk management systems, addressing financial, operational, compliance and information technology controls are adequate and effective as of 31 August 2015.

Having considered the Company's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being.

Audit Committee

Principle 12

Composition and Expertise of the AC

The AC is chaired by Mr Wee Piew. The other members of the AC are Mr Masayoshi Taira and Mr Lim Thean Ee. All members of the AC are non-executive and independent Directors, save for Mr Taira who is a non-executive and non-independent Director.

The Board considers that Mr Wee Piew, who has extensive and practical accounting and financial management knowledge and experience, is well qualified to chair the AC.

The members of the AC collectively have strong financial management knowledge and experience to discharge their responsibilities. They keep abreast of relevant changes through regular updates from the external auditor, on changes to accounting standards and issues which have a direct impact on the financial statements.

CORPORATE GOVERNANCE REPORT

Authority and Duties of the AC

The AC reviews the scope and results of audit work, the cost effectiveness of the audit, and the independence and objectivity of the external auditor. The AC also undertakes annual review of the nature, extent and costs of non-audit services provided by external auditor, seeking to balance the maintenance of objectivity of the external auditor and their ability to provide value-for-money services.

The AC meets on a quarterly basis to review the integrity of the financial statements including the relevance and consistency of the accounting principles adopted. The CEO, CFO, VP (Business Development), Group Finance Manager and the external auditor were also in attendance. The AC reviews and recommends the financial statements and corresponding SGXNet announcements to the Board for approval.

The AC reviews and assesses the adequacy and effectiveness of Miyoshi's system of internal controls and regulatory compliance through discussions with management and the external auditor, at its quarterly AC meetings. The TOR of the AC are listed on page 36 of this Report.

Apart from the above functions, the AC will also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results or financial position. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Group. Each member of the AC will abstain from any deliberations and/or voting in respect of matters in which he is interested.

External Auditor

The Board is responsible for the initial appointment of external auditors. Shareholders then approve the appointment at Miyoshi's AGM. The external auditors hold office until their removal or resignation. The AC assesses the external auditors based on factors such as the performance and quality of their audit and the independence of the auditors, and recommends their appointment to the Board. Pursuant to the requirements of the SGX, an audit partner may only be in charge of a maximum of five consecutive annual audits and may then return after two years. BDO LLP has met this requirement, and the current BDO LLP audit partner for Miyoshi took over from the previous audit partner in respect of the financial year ended 31 August 2014. Miyoshi has complied with Rules 712 and 715 of the Listing Manual issued by SGX in relation to the appointment of its auditors.

For the financial year ended 31 August 2015, the AC met with the external auditors separately, without the presence of the Management, to discuss the reasonableness of the financial reporting process, and to review the adequacy of audit arrangements with particular emphasis on the observations and recommendations of the auditors, the scope and quality of their audits and the independence and objectivity of the auditors. Changes to accounting standards and accounting issues which have a direct impact on the financial statements were reported to the AC, and highlighted by the external auditors in their annual reviews with the AC. Where necessary, the AC may meet the internal auditors without presence of management.

The AC reviewed the independence and objectivity of the external auditor through discussions with them as well as a review of the volume and nature of non-audit services provided by the external auditor during the financial year under review. Based on this information, The AC is satisfied that the financial, professional and business relationships between Miyoshi and the external auditor will not prejudice their independence and objectivity. The AC, together with management, has evaluated their performance and concluded that BDO LLP has fulfilled its responsibilities as external auditor. The Board concurred with AC's endorsement. Accordingly, the Board recommends the re-appointment of BDO LLP at the coming AGM.

In the review of the financial statements for the financial year ended 31 August 2015, the AC discussed with management and the external auditor the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. Following the review and discussions, the AC recommended to the Board to approve the full-year financial statements.

CORPORATE GOVERNANCE REPORT

Whistleblowing Policy

Miyoshi has a whistleblowing policy in place which encourages employees and vendors to report malpractices and misconduct in the workplace. Miyoshi will protect employees, who have acted in good faith, from victimisation and harassment by their colleagues. Miyoshi will treat all information received confidentially and protect the identity and the interest of all whistle-blowers. Anonymous disclosures will be accepted and anonymity honoured. Reports can be lodged by via email at whistleblowing@sg.miyoshi.biz.

The policy allows a single, confidential line to report concerns about possible improprieties to the AC chairman in good faith and in confidence. The policy defines the processes clearly to ensure independent investigation of such matters and appropriate follow-up action, and provides assurance that staff will be protected from reprisals. Details of this policy have been disseminated and made available to all employees of the Group.

Exclusion from membership of AC

No former partner or director of the Company's existing auditing firm is a member of the AC.

Internal Audit

Principle 13

Internal Audit

On an annual basis, the Internal Audit function prepares and executes a robust risk-based audit plan, which complements that of the external auditor, so as to review the adequacy and effectiveness of the system of internal controls of Miyoshi. These include operational, financial, compliance and information technology controls. In addition, the external auditor will highlight any material internal control weaknesses which have come to their attention in the course of their statutory audit. All audit findings and recommendations made by the internal and external auditors are reported to the AC. Significant issues are discussed at AC meetings.

Line of Reporting and Activities

Internal Audit unit is an independent function within Miyoshi. The Internal Audit Executive reports directly to the Chairman of the AC and administratively to the CEO. The AC approves matters relating to the Internal Audit Charter, risk assessment and related audit plans and results and follows up on internal audit activities. The AC approves the hiring, removal, evaluation and compensation of Internal Audit Executive. The AC Chairman meets the Internal Audit Executive annually, without the presence of management. Internal Audit unit has unfettered access to all of Miyoshi's documents, records, properties and personnel including the Chairman and the AC.

Internal Audit unit operates within the framework stated in its Internal Audit Charter which is approved by the AC. The primary role is to assist the Board and management to meet the strategic and operational objectives of Miyoshi, by providing an independent and objective evaluation of the adequacy and effectiveness of risk management, controls and governance processes.

All audit reports are circulated to the AC, the CEO, the external auditor and relevant management representatives. The progress of corrective actions on outstanding audit issues is monitored. Information on outstanding issues is categorised according to severity and follow-up reports are sent to management and AC.

Adequacy of the Internal Audit Function

The annual plan of the Internal Audit unit is established in consultation with, but independent of management and is aligned with the risk management framework of Miyoshi. The plan is submitted to and approved by the AC. The AC is satisfied that the Internal Audit unit has adequate resources to perform its functions, and has appropriate standing within Miyoshi. The AC also reviews annually the adequacy and effectiveness of the Internal Audit unit.

Professional Standards and Competency

The Internal Audit Executive has the relevant qualifications and experience and carries out its function according to standards set by the Institute of Internal Auditors. A structured and customised training and development roadmap is also in place to ensure that the Internal Auditor Executive is equipped with technical knowledge and skillsets that are current, relevant and appropriate for the work.

The professional competence of the internal auditors is maintained or upgraded through training programmes, conferences and seminars that provide updates on auditing techniques, regulations, financial products and services. Internal Audit unit is staffed with suitably qualified experienced professionals with diverse operational and financial experience.

CORPORATE GOVERNANCE REPORT

Annual Review of the Adequacy and Effectiveness of the Internal Audit Function

Based on the internal controls established and maintained by the Group, work performed by the internal auditors and reviews performed by management and AC, the Board, with the concurrence of the AC, is satisfied that the Group's framework of internal controls and procedures is adequate as at 31 August 2015 to provide reasonable, but not absolute, assurance of achieving its internal control objectives and addressing financial, operational and compliance and information technology risks.

The Board is satisfied that problems are identified on a timely basis and follow-up actions are taken promptly to minimise unnecessary lapses. The Board, through the Board committees, is supported in these areas by the IA team of the Company.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14

Miyoshi's corporate governance practices promote fair and equitable treatment of all shareholders. To facilitate shareholders' ownership rights, Miyoshi ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNet. Miyoshi recognises that the release of timely and relevant information is central to good corporate governance and enables shareholders to make informed decisions in respect of their investments in Miyoshi.

Shareholders are entitled to attend the general meetings of shareholders and are afforded the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders are informed of the rules, including the voting procedures that govern the general meetings of shareholders.

Shareholders are informed of general meetings through notices published in the newspaper and the Company's announcement via SGXNET as well as through the notice of the general meeting dispatched to them, together with explanatory notes or a circular on items of special business, at least 14 calendar days before the meeting. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution.

The Board views the AGM and EGMs as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues and ask the directors or management questions regarding the Company and its operations.

Resolutions tabled at general meetings are passed through a process of voting by poll which procedures are clearly explained by the scrutineers at such general meetings.

The Board supports the Code's principle to encourage shareholder participation in the Company. The Articles allow a shareholder who is unable to attend the general meetings of the Company to appoint one or two proxies to attend the AGM and vote in place of the shareholder.

Communication with Shareholders

Principle 15

Miyoshi remains committed to delivering high standards of corporate disclosure and transparency through an open and non-discriminatory approach towards our communications with shareholders, the investment community and the media. Miyoshi provides regular and relevant information regarding the Group's performance, progress and prospects to aid shareholders and investors in their investment decisions.

Miyoshi makes timely disclosures of any new material information to the SGXNet. These filings are also posted on the Miyoshi website, allowing investors to keep abreast of strategic and operational developments. Miyoshi notifies investors in advance of the date of release of its annual results, through an SGXNet announcement.

In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Group's interactions with the investing community, an announcement will be released to the public via SGXNET.

CORPORATE GOVERNANCE REPORT

General meetings have been and are still the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues and ask the directors or management questions regarding the Company and its operations. They offer opportunities for directors and management to interact first-hand with shareholders, understand their views, gather feedback as well as address concerns. Enquiries by shareholders are dealt with as promptly as practicably possible.

To promote a better understanding of shareholders' views, the Board actively encourages shareholders to participate during the Company's general meetings. These meetings provide excellent opportunities for the Company to obtain shareholders' views on value creation. Further, management would meet analysts and fund managers as appropriate.

The Company is committed to achieving sustainable income and growth to enhance total shareholder return. The Group's policy aims to balance cash return to shareholders and investment for sustaining growth, while aiming for an efficient capital structure. The Company does not have a fixed policy on payment of dividends, instead the issue of the payment of dividends is deliberated seriously and at length by the Board annually having regard to various factors.

The Miyoshi Investor Relations (IR) website is a key resource of information for the investment community. It contains a wealth of investor-related information on Miyoshi, including results announcements, slide presentations, news releases, shareholdings information and annual reports. The following information can be accessed from our corporate website:

- a) Board of Directors and their profiles;
- b) Key management;
- c) Group structure;
- d) Recent events;
- e) Annual Reports;
- f) Letter/Circular to Shareholders;
- g) Company announcements;
- h) Press releases;
- i) Financial results; and
- j) Shareholdings.

The annual reports, financial results and company announcements are posted on the website following their release to the market, to ensure fair and equal dissemination to shareholders.

Miyoshi's website has a clearly dedicated 'Investor Relations' link, which features prominently the latest and past financial results and related information. The contact details of the IR team are available on the dedicated link, as well as in the AR, to enable shareholders to contact Miyoshi easily.

Conduct of Shareholder Meetings

Principle 16

Shareholders are informed of shareholders' meetings through published notices and reports or circulars sent to all shareholders. The general meetings of shareholders procedures provide shareholders the opportunity to ask questions relating to each resolution tabled for approval. Opportunities are given to shareholders to participate, engage, and openly communicate their views on matters relating to Miyoshi to the directors.

Shareholders are given the opportunity to vote at the general meetings of shareholders. However, as the authentication of shareholder identity information and other related security issues still remain a concern, Miyoshi has decided, for the time being, not to implement voting in absentia by mail, email or fax.

The Chairman of each of the AC, NC, RC, external auditor, management and corporate secretaries (where necessary), are also present to address shareholders' queries.

CORPORATE GOVERNANCE REPORT

Miyoshi provides for separate resolutions at general meetings on each distinct issue. All the resolutions at the general meetings are single item resolutions. Detailed information on each item in the AGM agenda is in the explanatory notes to the AGM Notice in the AR.

Where it is not possible to provide immediate answers, the Chairman will undertake to furnish the shareholder with a written answer after the AGM. The external auditors and legal advisors are also present to assist the Board as necessary.

The Company Secretary prepares minutes of shareholders' meetings which captures the essence of the comments and queries from shareholders and responses to them from the Board and management.

The Company disseminates information on general meetings through notices in its annual reports or circulars. These notices are also released via SGXNET, published in local newspapers of the meetings to give ample time for shareholders to review the documents. The full Annual Report is also available to all shareholders on the SGXNET or upon request.

The Company's Articles of Association allow all shareholders the right to appoint up to two proxies to attend general meetings and vote on their behalf. The Company also allows Central Provident Fund investors to attend general meetings as observers.

Appendix – Key Terms of Reference

Nominating Committee

1. Nomination of new directors to the Board and re-election/re-appointment of directors at regular intervals, having regard to provisions in the Articles of Association of the Company and the Code.
2. Review annually whether or not a director is independent, having regard to the guidelines of the Code and other factors that the NC considers salient.
3. Determine a suitable size of the Board which facilitates effective decision-making, after taking into consideration the scope and nature of the operations of the Company.
4. Develop and maintain internal guidelines to assess a director's ability and his/her performance in carrying out his/her duties as director of the Company. Review the directors' mix of skills, qualities and experiences that the Board requires to function competently and efficiently.
5. Recommend to the Board on appropriate internal guidelines to address the competing time commitments that are faced by directors serving on multiple boards.
6. Develop and maintain, as appropriate, a formal assessment process to evaluate the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board, as appropriate.
7. To rigorously review, as appropriate, the independence of any director who has served on the Board beyond nine years from the date of his/her first appointment.
8. Review the appointment and termination/dismissal of the Company's CEO and Company Secretary for recommendation to the Board for approval. In addition, review and approve the appointment and termination/dismissal of personnel occupying key positions in the Company such as the CFO, Chief Operation Officer, Vice President, Financial Controller, General Manager or its equivalent.

Remuneration Committee

1. Offer an independent perspective in assisting the Board in the establishment of a formal and transparent procedure for developing policy on remuneration matters for the directors and key management personnel of the Company.
2. Establish appropriate remuneration framework to motivate and retain directors and executives, and ensure that the Company is able to attract appropriate talent from the market in order to maximise value for shareholders.
3. Develop remuneration policy for the Executive Director and key management personnel (or executives of equivalent rank), structuring it to link rewards to Company and individual performance.

CORPORATE GOVERNANCE REPORT

4. Determine specific remuneration packages for the Executive Director and key management personnel (or executives of equivalent rank) and any relative of a director and/or substantial shareholder who is employed in a managerial position by the Company.
5. Review and approve the compensation of key management personnel.
6. Review the appropriateness and transparency of remuneration matters for disclosure to shareholders.
7. Have explicit authority to investigate any matter within its terms of reference including seeking expert advice within and/or outside the Company.

Audit Committee

1. Assist the Board in fulfilling its responsibilities for the Company's financial reporting, management of financial and control risks and monitoring of the internal control systems. Review the financial reporting process, the system of internal controls and management of financial risks, the audit process, and the Company's process for monitoring compliance with laws and regulations and its own code of business conduct.
2. Ensure that arrangements are in place for the independent investigation of possible improprieties in matters of financial reporting or other matters that may be raised and that appropriate follow-up actions are taken.
3. Review and approve the external auditors' proposed audit plan, scope and approach and ensure no unjustified restrictions or limitations have been placed on the scope. Review of the nature and extent of non-audit services provided by the external auditors. Monitor and assess the independence of the external auditors and their performance. Ensure significant findings and recommendations made by the external auditors are received and discussed in a timely manner. Ensure that management responds to recommendations made by the external auditors. Nomination of external auditors for re-appointment.
4. Review the activities and organisational structure of the internal audit function and ensure that there are no unjustified restrictions and limitations. Review and approve the internal audit plan with regard to the complementary roles of the internal and external audit functions. Ensure significant findings and recommendations made by the internal auditors are received and discussed in a timely manner. Ensure that management responds to recommendations made by the internal auditors.
5. Satisfies itself that adequate countermeasures are in place to identify and mitigate any material business risks associated with the Company. Review the adequacy of the Company's internal financial controls, operational, compliance and information technology controls, and risk management policies and systems established by the management. Ensure that a review of the effectiveness of the Company's internal controls is conducted at least annually.
6. Evaluate how management is reviewing the principal business risks and assess the appropriateness of the mechanisms in place to identify, prevent and minimise these business risks. Ensure an appropriate system is established to identify and report areas of potential business risk promptly in order for remedial actions to be taken. Assess at least annually the effectiveness of the control and risk management systems. Recommend to the Board its findings and propose course of actions to be taken by management to ensure controls are put in place to address these risks. Management is responsible for the actions to be taken.
7. Review the relevance and consistency of the accounting standards used by the Company and the Group, significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance. Review of annual and interim financial statements and announcements prior to approving or recommending their release to the Board, as applicable.
8. Review and recommend for the Board's approval, all Interested Person Transactions, as specified under Chapter 9 of the SGX-ST Listing Manual.

CORPORATE GOVERNANCE REPORT

ADDITIONAL CORPORATE GOVERNANCE

The Company has in place internal codes of conduct and practices for its Board members and employees on securities transactions while in possession of price-sensitive information and their conduct of business activities. In addition, the Company has established a Whistle-blowing Policy.

DEALING IN SECURITIES – Listing Manual Rule 1207(19)

Securities Dealing

To guard against insider trading, Miyoshi's Code of Dealing in Securities (Code of Dealing) adopts a "black-out" policy that is consistent with what is prescribed in the Listing Manual. The Code of Dealing prohibits dealings in Miyoshi's securities by its directors and staff and their "related persons" for a period of two weeks before the announcement of its quarterly or half-yearly financial results, and one month before the announcement of its year-end results.

Miyoshi issues a quarterly notice to its directors and officers informing them that Miyoshi and its officers must not deal in Miyoshi securities during a black-out period and at any time they are in possession of unpublished material price-sensitive information.

Directors and staff are prohibited at all times from trading if they are in possession of material non-public information. Staff are also discouraged from dealing in Miyoshi securities on short-term considerations.

CODE OF CONDUCT AND PRACTICES

The Group recognises the importance of integrity, professionalism on the conduct of its business activities. Employees are expected to embrace, practice and adopt these values while performing their duties and always to act in the best interest of the Group and avoid situations that may create conflicts of interest.

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transaction with interested persons and has set out the procedures for review and approval if such transactions do occur. The Company ensures that all transactions with interested persons are reported in a timely manner to the AC and that transactions are conducted on an arm's length basis that is not prejudicial to the interests of the shareholders. When a potential conflict of interest occurs, the Director concerned will be excluded from discussions and will refrain from exercising any influence over other members of the Board. The details of the Interested Person Transactions for the year ended 31 August 2015 are as follows:

Name of Interested Person	Aggregate value of all Interested Person Transactions during the 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 shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	\$'000	\$'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.

CORPORATE GOVERNANCE REPORT

The AC and the Board have reviewed the transactions and were satisfied that the terms were fair and reasonable and were not prejudicial to the interests of the Company and its minority shareholders.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company or any of its subsidiaries with any director or controlling shareholder during the financial year ended 31 August 2015.

DIRECTORS' STATEMENT

The Directors present their statement 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 2015.

1. Opinion of the Directors

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 August 2015, and of the financial performance of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. 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 the Remuneration Committee ("RC").

a) Options granted

(i) 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 ordinary share with no discount. 2,940,000 options were accepted by the Participants. The options expired on 29 January 2014.

(ii) 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 ordinary share with no discount. 2,970,000 options were accepted by the Participants. The options expired on 29 January 2015.

(iii) 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 ordinary 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.

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.

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

As at 31 August 2015, there were no Participants who are Directors of the Company.

DIRECTORS' STATEMENT

2. Share options (Continued)

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	Lapsed	At end of year	Original exercise price (\$)	Adjusted exercise price (\$)	Exercise period
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 15
31 Jan 07	1,190,000	-	-	(655,000)	535,000	0.239	0.188	31 Jan 08 to 30 Jan 17
31 Jan 07	1,191,000	-	-	(656,000)	535,000	0.239	0.188	31 Jan 09 to 30 Jan 17
Total	<u>2,775,000</u>	-	-	<u>(1,705,000)</u>	<u>1,070,000</u>			

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 RC 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 2007 and pursuant to Rule 10 of Miyoshi Employees' Share Option Scheme, the exercise price had been adjusted.

3. Directors

The Directors of the Company in office at the date of this statement are as follows:

Mr Sin Kwong Wah, Andrew
Mr Masayoshi Taira
Mr Lim Thean Ee
Mr Wee Piew
Mr Pek Ee Perh, Thomas

4. Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' STATEMENT

5. Directors' interests in shares or 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, Chapter 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 or date of appointment, if later	At end of year	At beginning of year	At end of year
The Company	Number of ordinary shares			
Mr Sin Kwong Wah, Andrew	76,439,000 ⁽¹⁾	77,442,000 ⁽¹⁾	63,444,000 ⁽²⁾	62,944,000 ⁽²⁾
Mr Masayoshi Taira	–	–	89,509,290	69,509,290
Mr Lim Thean Ee	100,000	100,000	–	–
Mr Pek Ee Perh, Thomas	–	15,954,500	–	–

Name of Directors and company in which interests are held	Shareholdings registered in the name of the Directors	
	At beginning of year	At end of year
Subsidiaries	Ordinary shares of Philippine Peso 1,000 each	
- Miyoshi Technologies Phils., Inc.	Held in the name of Directors	
Mr Sin Kwong Wah, Andrew	1 ⁽³⁾	1 ⁽³⁾

(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) Mr Sin Kwong Wah, Andrew is deemed to have an interest in the 30,175,000 shares (2014: 30,175,000 shares) held by DBS Nominees Pte Ltd, 31,269,000 shares (2014: 31,269,000 shares) held by his spouse, Mdm Pek Yee Chew and 1,500,000 (2014: 2,000,000) shares held by his daughter, Sin Shi Min Andrea.

(3) Shares held in trust for the Company.

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of the Directors' Shareholdings, the Directors' interests as at 21 September 2015 in the shares or debentures of the Company and its related corporations have not changed from those disclosed as at 31 August 2015.

6. Audit committee

The members of the Audit Committee are:

Mr Wee Piew (Chairman)
Mr Lim Thean Ee
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;

DIRECTORS' STATEMENT

6. Audit committee (Continued)

- (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 financial statements and quarterly financial announcements to shareholders before submission to the Board of Directors for approval;
- (vi) Reviews interested person transactions;
- (vii) Nominates the internal and external auditors for re-appointment;
- (viii) Reviews the statement of financial position of the Company and the consolidated financial statements of the Group and external auditor's report on those financial statements before their submission to the Directors of the Company; and
- (ix) Reviews the co-operation and assistance given by the management to the Company's external auditor.

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

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

The Audit Committee has recommended to the Board of Directors the nomination of BDO 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 SGX-ST

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 the Audit Committee, Rules 712 and 715 of the Listing Manual of SGX-ST have been complied with.

On behalf of the Board of Directors

Sin Kwong Wah, Andrew
Director

Pek Ee Perh, Thomas
Director

Singapore
26 November 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MIYOSHI LIMITED (FORMERLY KNOWN AS MIYOSHI PRECISION LIMITED)

Report on the Financial Statements

We have audited the accompanying financial statements of Miyoshi Limited (formerly known as Miyoshi Precision Limited) (the "Company") and its subsidiaries (the "Group") as set out on pages 44 to 117 which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 August 2015, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 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 financial statements and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 financial position of the Group and of the Company as at 31 August 2015 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations 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
Chartered Accountants

Singapore
26 November 2015

STATEMENTS OF FINANCIAL POSITION

As at 31 August 2015

	Note	Group			Company		
		2015 \$'000	2014 \$'000	2013 \$'000	2015 \$'000	2014 \$'000	2013 \$'000
			(Restated)	(Restated)		(Restated)	(Restated)
ASSETS							
Current assets:							
Cash and bank balances	6	5,225	6,176	9,152	852	637	2,057
Fixed deposits	6	1,587	3,942	1,822	1,200	3,006	–
Trade receivables	7	13,292	12,303	16,582	4,491	4,660	4,946
Other receivables and prepayments	8	4,645	2,874	2,562	3,461	2,160	1,458
Inventories	9	7,321	6,807	7,555	180	412	2,708
		32,070	32,102	37,673	10,184	10,875	11,169
Non-current assets held for sale	10	–	1,924	3,908	–	–	1,943
Assets of a disposal group held for sale	13	–	–	24,188	–	–	–
Total current assets		32,070	34,026	65,769	10,184	10,875	13,112
Non-current assets:							
Investments in associates	11	–	–	70	–	–	52
Investment in joint venture	12	–	–	–	–	–	–
Subsidiaries	13	–	–	–	24,275	22,512	23,933
Available-for-sale financial assets	14	17	18	18	4	4	4
Property, plant and equipment	15	30,676	28,053	27,758	3,402	2,513	4,610
Investment properties	16	7,357	840	819	–	–	–
Intangible assets	17	2,883	–	–	–	–	–
Deferred tax assets	18	253	5	50	–	–	–
Other receivables	8	285	–	–	285	–	–
Total non-current assets		41,471	28,916	28,715	27,966	25,029	28,599
Total assets		73,541	62,942	94,484	38,150	35,904	41,711
LIABILITIES AND EQUITY							
Current liabilities:							
Bank overdraft	19	–	588	578	–	–	–
Trade payables	20	6,829	6,696	7,978	625	886	2,750
Other payables and accruals	21	1,832	3,728	4,316	522	886	1,161
Current income tax payable		56	20	32	–	–	–
Finance leases	22	–	21	97	–	21	97
Bank loans	23	3,381	1,352	4,865	1,055	–	4,742
		12,098	12,405	17,866	2,202	1,793	8,750
Liabilities of a disposal group held for sale	13	–	–	17,502	–	–	–
Total current liabilities		12,098	12,405	35,368	2,202	1,793	8,750

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 August 2015

	Note	Group			Company		
		2015 \$'000	2014 \$'000	2013 \$'000	2015 \$'000	2014 \$'000	2013 \$'000
		(Restated)	(Restated)		(Restated)	(Restated)	
Non-current liabilities:							
Finance leases	22	–	24	45	–	24	45
Bank loans	23	2,603	947	1,058	1,915	–	–
Other loan	24	–	332	337	–	–	–
Provisions	25	336	262	260	–	–	–
Deferred tax liabilities	26	421	–	–	–	–	–
Total non-current liabilities		3,360	1,565	1,700	1,915	24	45
Total liabilities		15,458	13,970	37,068	4,117	1,817	8,795
Equity:							
Share capital	27	39,309	37,389	37,389	39,309	37,389	37,389
Revaluation reserve	27	687	–	–	–	–	–
Treasury share reserve	27	–	–	(55)	–	–	(55)
Fair value reserve	27	(12)	(12)	(8)	–	–	–
Other reserve	27	727	753	1,063	–	–	–
Share options reserve	27	220	379	474	220	379	474
Currency translation reserve	27	(9,311)	(14,063)	(12,924)	(10,251)	(14,488)	(13,811)
Retained earnings	27	23,211	22,506	24,753	4,755	10,807	8,919
Equity attributable to owners of the parent		54,831	46,952	50,692	34,033	34,087	32,916
Non-controlling interests		3,252	2,020	6,724	–	–	–
Total equity		58,083	48,972	57,416	34,033	34,087	32,916
Total liabilities and equity		73,541	62,942	94,484	38,150	35,904	41,711

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 August 2015

	Note	2015 \$'000	2014 \$'000 (Restated)
Revenue	29	54,408	70,086
Other income	30	4,646	7,586
Raw materials, consumables used and changes in inventories		(30,182)	(40,529)
Employee benefit expenses	31	(12,482)	(15,696)
Depreciation and amortisation expenses		(3,970)	(4,423)
Other operating expenses	32	(10,904)	(16,468)
Finance costs	33	(285)	(337)
Share of results of associates		–	99
Profit before income tax		1,231	318
Income tax expense	34	(604)	(335)
Profit/(Loss) for the financial year	35	627	(17)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		4,733	(1,028)
Reclassification adjustment for translation reserve upon disposal of a subsidiary		–	(106)
		4,733	(1,134)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Actuarial gain on defined benefit plan		(26)	43
Revaluation of an investment property			
- fair value gain on investment property	16	724	–
- income tax relating to revaluation of an property	26	(37)	–
Other comprehensive income for the financial year, net of tax		5,394	(1,091)
Total comprehensive income for the financial year		6,021	(1,108)
Profit/(Loss) attributable to:			
Owners of the parent		546	474
Non-controlling interests		81	(491)
		627	(17)
Total comprehensive income attributable to:			
Owners of the parent		5,970	(511)
Non-controlling interests		51	(597)
		6,021	(1,108)
Earnings per share			
Basic (cents)	36	0.12	0.11
Diluted (cents)	36	0.12	0.11

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 August 2015

	Share capital \$'000	Revaluation 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 2014 (Restated)	37,389	-	(12)	753	379	(14,063)	22,506	46,952	2,020	48,972
Profit for the financial year	-	-	-	-	-	-	546	546	81	627
Other comprehensive income for the financial year:										
Actuarial loss on defined benefit plan	-	-	-	(26)	-	-	-	(26)	-	(26)
Fair value gain on investment property, net of tax	-	687	-	-	-	-	-	687	-	687
Foreign currency translation	-	-	-	-	-	4,763	-	4,763	(30)	4,733
Total other comprehensive income for the financial year	-	687	-	(26)	-	4,763	-	5,424	(30)	5,394
Total comprehensive income for the financial year	-	687	-	(26)	-	4,763	546	5,970	51	6,021
Transactions with owners of the parent recognised directly in equity										
Share options lapsed	-	-	-	-	(159)	-	159	-	-	-
Total transactions with owners of the parent recognised directly in equity	-	-	-	-	(159)	-	159	-	-	-
Contribution by and distribution to owners										
Acquisition of subsidiary	1,920	-	-	-	-	(11)	-	1,909	971	2,880
Total contribution by and distribution to owners	1,920	-	-	-	-	(11)	-	1,909	971	2,880
Others										
Additional shares interest subscribed by non-controlling interest	-	-	-	-	-	-	-	-	210	210
Balance at 31 August 2015	39,309	687	(12)	727	220	(9,311)	23,211	54,831	3,252	58,083

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 August 2015

	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 2013 (Restated)	37,389	(55)	(8)	1,063	474	(12,924)	24,753	50,692	6,724	57,416
Loss for the financial year	-	-	-	-	-	-	474	474	(491)	(17)
Other comprehensive income for the financial year:										
Actuarial gain on defined benefit plan	-	-	-	43	-	-	-	43	-	43
Foreign currency translation	-	-	(4)	-	-	(918)	-	(922)	(106)	(1,028)
Reclassification adjustment for translation reserve upon disposal of a subsidiary	-	-	-	-	-	(106)	-	(106)	-	(106)
Total other comprehensive income for the financial year	-	-	(4)	43	-	(1,024)	-	(985)	(106)	(1,091)
Total comprehensive income for the financial year	-	-	(4)	43	-	(1,024)	474	(511)	(597)	(1,108)
Transactions with owners of the parent recognised directly in equity										
Share options lapsed	-	-	-	-	(95)	-	95	-	-	-
Total transactions with owners of the parent recognised directly in equity	-	-	-	-	(95)	-	95	-	-	-
Contribution by and distribution to owners										
Disposal of treasury shares	-	55	-	-	-	(9)	(14)	32	-	32
Dividends	-	-	-	-	-	-	(3,155)	(3,155)	-	(3,155)
Total contribution by and distribution to owners	-	55	-	-	-	(9)	(3,169)	(3,123)	-	(3,123)
Transaction with non-controlling interests										
Disposal of subsidiary	-	-	-	(353)	-	(106)	353	(106)	(4,107)	(4,213)
Balance at 31 August 2014 (Restated)	37,389	-	(12)	753	379	(14,063)	22,506	46,952	2,020	48,972

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 August 2015

	2015 \$'000	2014 \$'000 (Restated)
Operating activities:		
Profit before income tax	1,231	318
Adjustments for:		
Allowance for impairment of plant and equipment	–	2,076
Allowance for doubtful trade receivables	–	20
Allowance for doubtful other receivables	67	–
Allowance for inventory obsolescence	131	175
Amortisation of intangible assets	203	–
Depreciation expense	3,767	4,423
Fair value gain on investment property	(1,095)	(21)
(Gain)/Loss on disposal of plant and equipment	(229)	307
Gain on disposal of assets held for sale	–	(5,132)
Gain on disposal of associate	–	(585)
Interest expense	285	337
Interest income	(67)	(146)
Reversal of impairment loss of disposal group	–	(643)
Plant and equipment written off	13	382
Share of results of associates	–	(99)
Unrealised exchange difference	(236)	(32)
Operating cash flows before changes in working capital	4,070	1,380
Trade receivables	(729)	3,658
Other receivables and prepayments	(1,588)	237
Inventories	(271)	573
Trade payables	(13)	(1,427)
Other payables and accruals	(1,985)	(236)
Cash generated (used in)/from operations	(516)	4,185
Interest paid	(285)	(337)
Interest received	67	146
Income tax paid	(348)	(248)
Dividend paid	–	(3,155)
Net cash (used in)/from operating activities	(1,082)	591

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 August 2015

	2015 \$'000	2014 \$'000 (Restated)
Investing activities:		
Acquisition of subsidiary (Note 13)	(48)	–
Addition of investment properties	(1,891)	–
Disposal of subsidiaries, net of cash disposed (Note 13)	–	(4,926)
Proceeds from disposal of assets held for sale	–	7,200
Proceeds from disposal of interest in associate	–	3,775
Proceeds from disposal of property, plant and equipment	406	942
Purchase of property, plant and equipment	(4,433)	(8,752)
Net cash used in investing activities	(5,966)	(1,761)
Financing activities:		
Proceeds from bank loans	4,725	1,220
Proceeds from disposal of treasury shares	–	32
Repayment of bank loans	(1,044)	(4,843)
Repayment of other loans	(128)	–
Repayment of finance leases	(45)	(97)
Net cash from/(used in) financing activities	3,508	(3,688)
Decrease in cash and cash equivalents	(3,540)	(4,858)
Effect of exchange rate changes on cash and cash equivalents	840	(42)
Cash and cash equivalents at beginning of financial year	9,379	14,279
Cash and cash equivalents at end of financial year (Note 6)	6,679	9,379

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

1. General corporate information

Miyoshi 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 198703979K. Its principal place of business and registered office is at No. 5 Second Chin Bee Road, Singapore 618772.

With effect from 31 December 2014, the name of the Company was changed from Miyoshi Precision Limited to Miyoshi Limited.

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 2015 were authorised for issue by the Board of Directors on 26 November 2015.

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, Chapter 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 and all values are rounded to the nearest thousand (\$’000) except where otherwise indicated as the Company is listed on the Singapore Exchange Securities Trading Limited, and management is of the opinion that the Singapore dollar is the currency which would best facilitate trading in its shares.

The Group had a cash outflow of \$1,082,000 used in operating activities for the financial year ended 31 August 2015. The management is of the opinion that the use of going concern basis to prepare the Group’s financial statements is appropriate as the Group is profitable in the current financial year with the restructuring of the Group’s operations and the ongoing cost cutting measures. In assessing whether the Group can meet its debt obligations for the ensuing twelve months, the management had prepared cash flow forecasts which was approved by the Board. The cash flows were derived from the financial budget for the financial year ending 31 August 2016 where it indicates that the Group is able to pay its debts as and when they fall due.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the Group’s application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates. Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

During the financial year, the Group and the Company adopted the new or revised FRS and Interpretations of FRS ("INT FRS") that are relevant to their operations and effective for the current financial year. Changes to the Group's and the Company's accounting policies have been made as required in accordance with the relevant transitional provisions in the respective FRS and INT FRS. The adoption of the new or revised FRS and INT FRS did not result in any substantial changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current and prior financial years, except as detailed below:

FRS 110 Consolidated Financial Statements and FRS 27 (Revised) Separate Financial Statements

FRS 110 introduces a single new control model, as the basis for determining which entities are consolidated in the Group's financial statements. Under FRS 110, control exists when the Group has:

- power over an investee;
- exposure, or rights, to variable returns from the investee; and
- the ability to use its power over an investee to affect the Group's returns from the investee.

As part of the initial adoption of FRS 110, the Group reassessed the control conclusion for its investees as at 1 September 2014. As a consequence, the Group has changed its control conclusion in respect of its investment in Miyoshi International Philippines Inc ("MIP"), which was previously accounted for as an investment in associate using equity method. Although the Group legally owns less than half of the voting power of the investee, management has determined that the Group has control over the investee. Due to the land ownership restriction in the Philippines, the remaining 60% equity interest are held in trust by employees on behalf of the Company. Accordingly, the Group has now consolidated MIP at 40% equity interests and restated the relevant amounts. Comparative information has been restated to conform with the requirements of FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors as disclosed in Note 40 to the financial statements.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 prescribes comprehensive disclosure requirements for all types of interests in other entities. It requires an entity to disclose information that helps users to assess the nature and financial effects of relationships with subsidiaries, associates, joint arrangements and unconsolidated structured entities. As the new standard affects only disclosure, there is no effect on the Group's financial position or performance. Certain new disclosures are included in these financial statements following adoption of FRS 112 on 1 September 2014.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS that are relevant to the Group were issued but not yet effective, and have not been adopted early in these financial statements:

		Effective date (annual periods beginning on or after)
FRS 1	: Amendments to FRS 1 – Disclosure Initiative	1 January 2016
FRS 16 and FRS 38	: Amendments to FRS 16 and FRS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
FRS 27	: Amendments to FRS 27 – Equity Method in Separate Financial Statements	1 January 2016
FRS 109	: Financial Instruments	1 January 2018
FRS 110 and FRS 28	: Amendments to FRS 110 and FRS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
FRS 111	: Amendments to FRS 111 – Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
FRS 115	: Revenue from Contracts with Customers	1 January 2018
Improvements to FRSs 2014 (November 2014)		1 January 2016

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

Except as disclosed below, management anticipates that the adoption of the above FRS in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

FRS 109 Financial Instruments

FRS 109 supersedes FRS 39 Financial Instruments: Recognition and Measurement with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual. The Group had a cash outflow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group will have a choice to recognise the gains and losses in other comprehensive income. A third measurement category has been added for debt instruments – fair value through other comprehensive income. This measurement category applies to debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets.

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS issued but not yet effective (Continued)

FRS 109 Financial Instruments (Continued)

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment provisions as well as interest revenue. For financial assets at amortised cost or fair value through other comprehensive income, the Group will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.

FRS 109 also introduces a new hedge accounting model designed to allow entities to better reflect their risk management activities in their financial statements.

The Group plans to adopt FRS 109 in the financial year beginning on 1 September 2018 with retrospective effect in accordance with the transitional provisions. There may be a potentially significant impact on the accounting for financial instruments on initial adoption. The Group is in the process of making a detailed assessment of the impact of this standard and the Group will be required to reassess the classification and measurement of financial assets, particularly those currently classified as available for sale and the new impairment requirements are expected to result in changes for impairment provisions on trade receivables and other financial assets not measured at fair value through profit or loss.

FRS 115 Revenue from Contracts with Customers

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

On initial adoption of this standard there may be a potentially significant impact on the timing and profile of revenue recognition of the Group. The Group is in the process of making a detailed assessment of the impact of this standard. The Group plans to adopt the standard in the financial year beginning on 1 September 2018 with either full or modified retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

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 Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is obtained by the Group up to the effective date on which control is lost, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indicator of the asset concerned.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

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 relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statements of comprehensive income, financial position and changes in equity.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation 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.

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 it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. 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 investments 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.

In the separate financial statements of the Company, investments in subsidiaries, associates and joint ventures are carried at cost, less any impairment loss that has been recognised in profit or loss.

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for 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. Consideration also includes the fair value of any contingent consideration. Contingent consideration classified as a financial liability is remeasured subsequently to fair value through profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

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.

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.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at 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 acquisition-date fair value amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

If, after reassessment, 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 statements of financial position when the Group becomes a party to the contractual provisions of the instrument.

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

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

All financial assets 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.4 Financial instruments (Continued)

Financial assets (Continued)

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.

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, except for impairment losses on equity instruments at cost which are not reversed.

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.

On derecognition, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.4 Financial instruments (Continued)

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.

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 reserve 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 retained earnings 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. 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 2015

2. Summary of significant accounting policies (Continued)

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 and the Company as lessees

(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 statements 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 (net of any incentives given to lessees) 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 costs 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.

2.7 Non-current assets (or disposal group) classified as 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. The assets are not depreciated or amortised while classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

2. Summary of significant accounting policies (Continued)

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 and bank overdraft.

2.9 Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost. Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure on an item of property, plant and equipment is added to the carrying amount of the item if it is probable that the future economic benefits associated with the item will flow to the Group and the Company and the cost can be reliably measured. All other costs of servicing are recognised in profit or loss when incurred.

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

Freehold land is not depreciated. Depreciation is charged so as to write off the cost or valuation of assets, other than freehold land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	-	20 to 40 years
Buildings improvements	-	5 years
Leasehold land and buildings	-	8 to 50 years (over remaining terms of lease with effect from date of purchase)
Plant and equipment	-	5 to 10 years
Office furniture and equipment	-	3 to 8 years
Motor vehicles	-	4 to 5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.9 Property, plant and equipment (Continued)

Construction-in-progress represents buildings and plant and equipment under construction, which is stated at cost. Cost comprises the direct costs incurred during the period of construction. Construction-in-progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use. No depreciation is provided on construction in-progress. Depreciation commences when the asset is ready for its intended use.

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

2.10 Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the financial year in which they arise.

Investment properties are subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvement are charged to profit or loss when incurred.

Transfers are made to or from investment properties only when there is a change in use.

If an investment property becomes owner-occupied, it is classified as property, plant and equipment and its fair value at the date of reclassification become its cost of accounting purposes.

If an owner-occupied property becomes an investment property, the property is remeasured to fair value. Any revaluation increase arising from the revaluation of such property is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such property is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognised in profit or loss in the financial year of retirement or disposal. The revaluation surplus in the revaluation reserve relating to that asset is transferred to retained earnings directly.

2.11 Intangible assets

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred (see Note 2.3), the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previously held equity interest in the acquiree over the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.11 Intangible assets (Continued)

Goodwill (Continued)

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

When goodwill relates to a cash-generating unit but has not been allocated to that unit, the unit is tested for impairment, whenever there is an indication that the unit may be impaired, by comparing the unit's carrying amount, excluding any goodwill, with its recoverable amount. Impairment loss, if any, is allocated to reduce the carrying amount of the assets of the unit: first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and then, to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of gain or loss on disposal.

Other intangible assets

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.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit and loss when the asset is derecognised.

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
Technology know-how	-	5 years

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at the end of each financial year. The effects of any revisions are recognised in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.12 Joint arrangements

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries (Note 2.2). The Group classifies its interests in joint arrangements as either:

- Joint ventures: where the Group has rights to only the net assets of the joint arrangement; or
- Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures in the same manner as investments in associates (i.e. using the equity method) as described in Note 2.13 below.

2.13 Associates and joint ventures

An associate is an entity over which the Group has significant influence. 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.

Associates and joint ventures are initially recognised in the consolidated statement of financial position at cost, and subsequently accounted for using the equity method less any impairment losses. Any premium paid for an associate or a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is included in the carrying amount of the investment in associate or joint venture.

Under the equity method, the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of comprehensive income. Post-acquisition changes in the Group's share of net assets of associates or joint ventures and distributions received are adjusted against the carrying amount of the investments.

Losses of an associate or a joint venture in excess of the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment) are not recognised, unless the Group has incurred legal or constructive obligations to make good those losses or made payments on behalf of the associate or joint venture.

Where the Group transacts with an associate or a joint venture, unrealised profits are eliminated to the extent of the Group's interest in the associate or joint venture. Unrealised losses are also eliminated, but only to the extent that there is no impairment.

Investments in associates and joint venture in the Company's statement of financial position are carried at cost less any impairment that has been recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.14 Impairment of non-financial assets excluding goodwill

At the end of each financial year, the Group reviews the carrying amounts of its non-financial 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.

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

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

2.15 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.

2.16 Share-based payments

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.17 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 and scrap

Revenue from the sale of goods and scrap are 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.

2.18 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.

2.19 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 net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.19 Employee benefits (Continued)

- (i) Retirement benefit costs (Continued)

Defined benefit plans (Continued)

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

- service cost;
- net interest on the net defined benefit liability or asset; and
- remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or assets. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in other reserve within equity and are not reclassified to profit or loss in subsequent periods.

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.

2.20 Income tax

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

Current income tax

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported in the 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 (and tax laws) that have been enacted or substantively enacted in countries where the subsidiaries operate by the end of the financial year, and any adjustment to income tax payable in respect of previous financial years.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

2. Summary of significant accounting policies (Continued)

2.20 Income tax (Continued)

Deferred tax

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 differences arise 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 on taxable temporary differences arising on investments in subsidiaries, 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.

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 based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities, except for investment properties at fair value which are presumed to be recovered through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination is taken into account in calculating goodwill on acquisition.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchase of assets or services is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

2. Summary of significant accounting policies (Continued)

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 Company and 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 are recognised initially in other comprehensive income and accumulated in the Group's currency translation reserve.

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.

On disposal of a foreign operation, the accumulated currency translation reserve relating to that operation is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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 executive director who makes strategic decisions.

3. Critical accounting judgements and key sources of estimation uncertainty

3.1 Critical judgements in applying the 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.

Impairment of investments in subsidiaries and receivables from subsidiaries

The Company follows the guidance of FRS 36 and FRS 39 in determining whether an investment in subsidiary or receivables from subsidiaries are impaired. This determination requires significant judgement. The Company evaluates, among other factors, the duration and extent to which the recoverable amount of an investment in subsidiary or the fair value of a financial asset is less than its carrying amount and the financial health of and near-term business outlook for the financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

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.

Impairment and depreciation of property, plant and equipment

The Group assesses whether there are any indicators of impairment for its property, plant and equipment at each reporting date. Property, plant and equipment are tested for impairment when there are indicators that the carrying amount may not be recoverable.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as disclosed in Note 2.9 of the financial statements. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets.

The carrying amounts of the Group's and the Company's property, plant and equipment as at 31 August 2015 were \$30,676,000 (2014: \$28,053,000) and \$3,402,000 (2014: \$2,513,000) 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 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 aggregate carrying amounts of the Group's and the Company's trade receivables and other receivables as at 31 August 2015 were \$18,099,000 (2014: \$14,815,000) and \$8,208,000 (2014: \$6,750,000) respectively.

Net realisable value of 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 2015, the carrying amounts of the Group's and the Company's inventories were \$7,321,000 (2014: \$6,807,000) and \$180,000 (2014: \$412,000) respectively.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis and as and when there is an indication that goodwill may be impaired. This determination requires significant judgement. Whenever there is an indication that the cash-generating unit to which the goodwill was allocated may be impaired, the cash-generating unit is tested for impairment by comparing its carrying amount, excluding any goodwill, with its recoverable amount. The carrying amount of the Group's goodwill as at 31 August 2015 was \$1,733,000 (2014: \$Nil).

Impairment of technical know-how

Technical know-how is amortised on a straight-line method over the estimated useful life of 5 years. Changes in the expected level of benefits to be derived from the intangible asset could impact the economic useful life and the residual value of the intangible asset and therefore, future amortisation charges may be revised. The carrying amount of the Group's technical know-how intangible asset as at 31 August 2015 was \$1,150,000 (2014: \$Nil).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

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. Certain deferred tax assets have not been recognised as there is uncertainty to whether there will be sufficient future taxable profit to realise the future benefits. As at 31 August 2015, the Group's deferred tax assets, deferred tax liabilities and current income tax payable were \$253,000 (2014: \$5,000), \$421,000 (2014: \$Nil) and \$56,000 (2014: \$20,000) respectively. Details of the aggregate unutilised tax losses and the unabsorbed losses of the Group and the Company are provided in Note 34 to the financial statements.

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

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group and the Company perform ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

The Group's and Company's major classes of financial assets are cash and cash equivalents and trade and other receivables.

The Group and Company do not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics.

Cash and cash equivalents are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies.

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

4. Financial instruments, financial risks and capital management (Continued)

4.1 Credit risk (Continued)

The Group's and Company's trade receivables which are past due and not considered to be impaired are as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Past due < 3 months	7,343	6,407	75	832
Past due 3 to 6 months	95	611	120	96
Past due over 6 months	231	56	2,913	2,018

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

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Past due over 6 months	64	68	4,301	3,864

4.2 Market risks

Foreign exchange risk

The Group transacts in various foreign currencies, including United States dollar (USD), Singapore dollar (SGD), Japanese yen, Philippine peso, Malaysia ringgit, Thailand baht and Hong Kong dollar and therefore is exposed to foreign exchange risk.

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

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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
		(Restated)		
United States dollar	2,953	3,549	–	–
Singapore dollar	(401)	2,641	4,808	7,366
Japanese yen	15	11	181	188
Philippine peso	(787)	78	–	–
Malaysia ringgit	(635)	(1,434)	–	–
Thailand baht	–	4	–	1,388
Hong Kong dollar	769	–	–	–

The Group and the Company are mainly exposed to USD and SGD.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

4. Financial instruments, financial risks and capital management (Continued)

4.2 Market risks (Continued)

The following table details the Group's sensitivity to a 10% (2014: 5%) change in USD and SGD against Chinese renminbi (RMB) and USD respectively, which are functional currencies of certain Group entities. The sensitivity analysis assumes an instantaneous 10% (2014: 5%) 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 USD and SGD are included in the analysis.

Foreign currency sensitivity analysis

	← Gain/(Loss) →			
	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
USD				
Strengthens against RMB	238	121	–	–
Weakens against RMB	(238)	(121)	–	–
SGD				
Strengthens against USD	40	132	481	368
Weakens against USD	(40)	(132)	(481)	(368)

Interest rate risk

The Group's exposure to interest rate risk mainly arises from bank overdraft and bank loans. Their interest rates and terms of repayment are disclosed in Notes 19 and 23 to the financial statements respectively.

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

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
	Bank overdraft	–	588	–
Bank loans	5,984	2,299	2,970	–
	5,984	2,887	2,970	–

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 100 basis points from the end of the financial year, with all other variables held constant, the interest expense of the Group would increase/decrease by approximately \$60,000 (2014: \$29,000), while the interest expense of the Company would increase/decrease by approximately \$30,000 (2014: \$Nil).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

4. Financial instruments, financial risks and capital management (Continued)

4.3 Liquidity risk (Continued)

Corporate guarantees (Continued)

The table below shows the contractual maturity of the Company's financial guarantees. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	1 year or less	
	2015 \$'000	2014 \$'000
Company		
Financial guarantees	967	1,806

4.4 Capital management policies and objectives

The Group manages capital to ensure that it is able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. 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.

The capital structure of the Group consists of equity attributable to owners of the parent, comprising issued capital, reserves and retained earnings.

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:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
		(Restated)		
Trade payables	6,829	6,696	625	886
Other payables and accruals	1,832	3,728	522	886
Bank loans	5,984	2,299	2,970	–
Other loan	–	332	–	–
Finance leases	–	45	–	45
Less: Cash and cash equivalents	(6,679)	(9,379)	(2,052)	(3,643)
Net debt/(cash)	7,966	3,721	2,065	(1,826)
Equity attributable to owners of the parent	54,831	46,952	34,033	34,087
Total Capital	62,797	50,673	36,098	32,261
Gearing ratio	12.7%	7.3%	5.7%	n.m.

n.m. – not meaningful as the Company's cash and cash equivalents exceeded its liabilities as above.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

4. Financial instruments, financial risks and capital management (Continued)

4.4 Capital management policies and objectives (Continued)

The Group's audit committee reviews the capital structure on a semi-annual basis. As a part of this review, the committee considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the committee, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

As disclosed in Note 27 to the financial statements, the Group's subsidiaries in the People's Republic of China and Thailand are required by local regulations to contribute to and maintain a non-distributable statutory reserve fund.

The Group and the Company are in compliance with the externally imposed capital requirements for the financial years ended 31 August 2015 and 2014.

The Group's overall strategy remains unchanged from 2014.

4.5 Fair value of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below classifies the non-financial assets that are measured at fair value using the level of fair value hierarchy:

	Fair value measurement using:		
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Group			
2015			
<u>Non-financial asset</u>			
Investment properties	–	–	7,357
2014			
<u>Non-financial asset</u>			
Investment properties (Restated)	–	–	840

The basis of determining the fair value of investment property for disclosure at the end of the financial year is disclosed in Note 16 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

4. Financial instruments, financial risks and capital management (Continued)

4.5 Fair value of financial assets and financial liabilities (Continued)

Fair value of financial instruments that are not carried at fair value

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 the Group's non-current financial liabilities in relation to finance leases, bank loans and other loan are disclosed in Notes 22, 23 and 24 to the financial statements respectively. These have been determined using discounted cash flow pricing models and are considered level 3 fair value measurements. Significant inputs to the valuation include adjustments to the discount rate for credit risk associated with the Group.

The fair values of financial assets that are not carried at fair value in relation to non-current other receivables and other receivables from subsidiaries are disclosed in Note 8 and Note 13 to the financial statements respectively and are carried at cost less allowance for impairment loss because it is not practicable to determine the fair value due to the lack of fixed repayment term and the assumptions used in valuation models to value these instruments cannot be reliably measured.

4.6 Categories of financial instruments

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
	(Restated)			
Financial assets				
Loans and receivables				
Cash and bank balances	5,225	6,176	852	637
Fixed deposits	1,587	3,942	1,200	3,006
Trade receivables	13,292	12,303	4,491	4,660
Other receivables	4,807	2,512	3,717	2,090
	<u>24,911</u>	<u>24,933</u>	<u>10,260</u>	<u>10,393</u>
Available-for-sale financial assets	17	18	4	4
Financial liabilities				
Other financial liabilities, at amortised cost				
Bank overdraft	–	588	–	–
Trade payables	6,829	6,696	625	886
Other payables and accruals	1,832	3,728	522	886
Finance leases	–	45	–	45
Bank loans	5,984	2,299	2,970	–
Other loan	–	332	–	–
	<u>14,645</u>	<u>13,688</u>	<u>4,117</u>	<u>1,817</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

5. Significant related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

During the year, in addition to the information disclosed elsewhere in these financial statements, the Group entities and the Company entered into the following transactions with related parties at rates and terms agreed between the parties:

	Company	
	2015	2014
	\$'000	\$'000
With subsidiaries		
Sales	2,199	4,273
Disposal of fixed assets	746	1,613
Management fee charged	261	258
Payment on behalf of	161	289
Purchases	975	1,257

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	
	2015	2014
	\$'000	\$'000
Short-term benefits	1,257	1,403
Post-employment benefits	57	42
	<u>1,314</u>	<u>1,445</u>

	Group	
	2015	2014
	\$'000	\$'000
Directors' remuneration		
- of the Company	418	466
- of the subsidiaries	124	233
	<u>542</u>	<u>699</u>

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

6. Cash and cash equivalents

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
	(Restated)			
Cash and bank balances	5,225	6,176	852	637
Fixed deposits	1,587	3,942	1,200	3,006
Bank overdraft (Note 19)	–	(588)	–	–
Restricted cash	(133)	(151)	–	–
	<u>6,679</u>	<u>9,379</u>	<u>2,052</u>	<u>3,643</u>

The Group's and the Company's fixed deposits earn interest ranging from 0.72% to 3.35% (2014: 0.42% to 3.15%) and 0.72% (2014: 0.42%) per annum respectively and are for a tenor ranging from 90 to 365 (2014: 165 to 365) days and 90 (2014: 165) days respectively.

Restricted cash pertains to fixed deposits of a subsidiary pledged with bank as securities for banking facilities granted.

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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
	(Restated)			
Singapore dollar	1,883	3,397	1,883	3,397
United States dollar	863	1,341	–	–
Hong Kong dollar	769	–	–	–
Malaysia ringgit	304	493	–	–
Philippine peso	123	131	–	–
Japanese yen	21	22	21	22
Thailand baht	–	4	–	4

7. Trade receivables

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Third parties	13,301	12,363	1,434	1,575
Subsidiaries	–	–	7,305	6,949
Related parties	55	8	53	–
	<u>13,356</u>	<u>12,371</u>	<u>8,792</u>	<u>8,524</u>
Allowance for doubtful receivables	(64)	(68)	(4,301)	(3,864)
	<u>13,292</u>	<u>12,303</u>	<u>4,491</u>	<u>4,660</u>

Trade receivables from third parties are non-interest bearing and are generally on a 30 to 90 (2014: 30 to 60) days credit terms. The amounts owing from subsidiaries and related parties are unsecured, interest-free and are generally on a 30 to 60 (2014: 30 to 60) days.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

7. Trade receivables (Continued)

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

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
At beginning of financial year	68	292	3,864	6,581
Bad receivables written off	(9)	(271)	–	(271)
Charge/(Credit) to profit or loss	–	20	–	(2,330)
Currency realignment	5	27	437	(116)
At end of financial year	64	68	4,301	3,864
Comprising:				
- third parties	64	68	–	–
- subsidiaries	–	–	4,301	3,864
	64	68	4,301	3,864

As at 31 August 2015, the Group and the Company have determined trade receivables of \$64,000 (2014: \$68,000) and \$4,301,000 (2014: \$3,864,000) respectively as individually impaired. Based on this assessment, impairment loss of \$Nil (2014: \$20,000) has been recognised by the Group respectively in profit or loss under "other operating expenses". The impaired trade receivables are due from debtors experiencing financial difficulties.

In the previous financial year, the Company reversed allowance for doubtful receivables of \$2,330,000 to profit or loss in view of the improvement of the relevant subsidiary's financial position and financial performance.

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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
United States dollar	2,917	3,049	–	–
Malaysia ringgit	90	117	–	–
Singapore dollar	115	39	90	39
Philippine peso	4	4	–	–

8. Other receivables and prepayments

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
		(Restated)		
Current				
Third parties	5,710	3,759	1,398	564
Subsidiaries	–	–	5,352	4,411
	5,710	3,759	6,750	4,975
Allowance for doubtful receivables	(1,065)	(885)	(3,289)	(2,815)
	4,645	2,874	3,461	2,160
Non-current				
Third parties	285	–	285	–
	4,930	2,874	3,746	2,160

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

8. Other receivables and prepayments (Continued)

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

The Group's and the Company's prepayments amounted to \$123,000 (2014: \$362,000) and \$29,000 (2014: \$70,000) respectively.

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand. The carrying amounts of other receivable from third parties approximate their fair values.

A part of the Group's and the Company's current non-trade receivables from third parties of \$120,000 (2014: \$Nil) and the total non-current non-trade receivables from third parties represents loan to employees which bore interest ranging from 6.90% to 7.00% per annum, unsecured and expected to be repaid within 5 years. The carrying amount of the non-current non-trade receivables approximate their fair value.

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

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
	(Restated)			
At beginning of financial year	885	994	2,815	3,294
Charge/(Credit) to profit or loss	67	–	108	(413)
Bad receivables written off	–	(89)	–	–
Currency realignment	113	(20)	366	(66)
At end of financial year	1,065	885	3,289	2,815
Comprising:				
- third parties	1,065	885	–	–
- subsidiaries	–	–	3,289	2,815
	1,065	885	3,289	2,815

As at 31 August 2015, the Group and the Company have recognised an impairment of \$67,000 (2014: \$Nil) and \$108,000 (2014: \$Nil) respectively in profit or loss under "other operating expenses" subsequent to a debt recovery assessment performed by the management.

In the previous financial year, the Company reversed allowance for doubtful other receivables of \$413,000 to profit or loss in view of the improvement of the relevant subsidiary's financial position and financial performance.

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

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
	(Restated)			
Philippine peso	245	853	–	–
Singapore dollar	1,238	293	1,434	1,769
Malaysia ringgit	104	126	–	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

9. Inventories

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Finished goods	4,571	3,468	150	258
Work-in-process	1,207	555	17	39
Raw materials	1,543	2,784	13	115
Total inventories at lower of cost and net realisable value	7,321	6,807	180	412

The Group's cost of inventories recognised as expense during the financial year amounted to \$30,182,000 (2014: \$40,529,000).

Allowance for inventory obsolescence of \$131,000 (2014: \$175,000) was recognised in profit or loss under "raw materials, consumables used and changes in inventories" after a review of the realisability of the inventories conducted at the end of the financial year.

10. Non-current assets held for sale

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Property	–	1,924	–	–

In the financial year 2011, the Group entered into a sale and purchase agreement to sell its 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. Owing to circumstances beyond the Group's control, the sale of the asset was not completed in the previous financial years.

In February 2015, the sales and purchases agreement in relation to the property was terminated by the buyer as certain condition precedent under the sale and purchase agreement cannot be fulfilled. The property was derecognised as asset held for sale and was transferred to property, plant and equipment at a carrying amount of \$1,336,000 (Note 15) which included prior years depreciation adjustment of \$568,000.

11. Investments in associates

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
		(Restated)		(Restated)
Unquoted equity shares at cost	3,753	3,753	70	70
Currency realignment	194	74	–	–
Share of post-acquisition accumulated losses	(1,129)	(1,009)	–	–
Allowance for impairment loss	(2,818)	(2,818)	(70)	(70)
	–	–	–	–

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Year ended 31 August 2015

11. Investments in associates (continued)

Associate	Principal activities	Country of incorporation and operations	Effective equity interest held by the Group	
			2015 %	2014 %
				(Restated)
iNovuus Technologies Pte Ltd ⁽¹⁾ ("iNovuus")	System integration service provider, application and development solutions and e-commerce web development services	Singapore	29.43	29.43
Galaxy Pte Ltd ⁽²⁾	Dormant	British Virgin Islands	42.86	42.86
SPN International Pte Ltd ⁽³⁾	Dormant	Singapore	42.86	42.86

Notes:

- (1) Audited by J. Tan & Co., Singapore. The associate is not considered a significant associate as defined under Rule 718 of the Listing Manual of the Singapore Exchange Securities Trading Limited.
- (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) In the progress of winding up under the High Court of Singapore since April 2012.

The Group has not recognised losses relating to iNovuus where its share of losses exceed the Group's carrying amount of its investment in the iNovuus. The Group's cumulative share of unrecognised losses were \$115,000 (2014: \$55,000). The Group has no obligation in respect of those losses.

The following table summarises, in aggregate, the Group's share of profit and other comprehensive income of the Group's individually immaterial associate companies accounted for using the equity method:

	2015 \$'000	2014 \$'000
		(Restated)
Profit from continuing operations, representing total comprehensive income	–	100

Disposal of associate

In relation to the dilution of the Company's equity interest in Giken as disclosed in Note 13 to the financial statements, the Company has accounted for Giken as an associate. In the previous financial year, the Company disposed of its remaining 26.58% equity interest in Giken Sakata (S) Limited ("Giken") for cash consideration of \$3,775,000. Accordingly, equity interests in the subsidiaries of Giken namely, Changzhou Giken Precision Co., Ltd, PT Giken Precision Indonesia, and Giken Precision Vietnam (HCMC) Co, Ltd. were also disposed of.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

12. Investment in joint venture

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

Joint venture	Principal activities	Country of incorporation and operations	Effective equity interest held by the Group	
			2015	2014
			%	%
Miyoshi FL Systems, Inc.	Dormant	Philippines	51	51

The Group's share in the assets and liabilities of the joint venture as at 31 August 2015 and 31 August 2014 have not been disclosed as these are negligible in view of the cessation of the joint venture's operation in 2012.

The summarised financial information of joint venture is as follow:

	Group	
	2015 \$'000	2014 \$'000
Loss from continuing operations, representing total comprehensive income	–	(1)

13. Subsidiaries

	Company	
	2015 \$'000	2014 \$'000
		(Restated)
Unquoted equity shares, at cost	23,303	19,554
Loans deemed as investments in subsidiaries	25,752	22,140
Currency alignment	(683)	(3,123)
	48,372	38,571
Allowance for impairment losses	(24,097)	(16,059)
	24,275	22,512

The management had performed a review on the recoverable amount of its investment in subsidiaries as at the end of the financial year. The recognition of impairment loss on investments in subsidiaries of \$4,925,000 (2014: \$1,457,000) and loans deemed as investments in subsidiaries of \$759,000 (2014: \$Nil) has been recognised based on value-in-use calculations ("VIU") from cash flows forecasts derived from the most recent financial budgets approved by the management in view of the operating losses sustained by certain subsidiaries and negative cash flows projected. In the previous financial year, a reversal of an impairment loss on loans deemed as investments in subsidiaries of \$520,000 was recognised in view of the improvement in the relevant subsidiary's financial position and financial performance.

The key assumptions used for the VIU calculations include annual growth in revenue, operating costs and others. Future cash flows are discounted using a discount rate of 9.30% (2014: 8.30%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

13. Subsidiaries (Continued)

In the current financial year, the Company has renegotiated the terms of its loans to its subsidiaries and agreed not to demand repayment of such loans. Owing to the change in the terms of the loans, management has deemed these loans as investments in subsidiaries.

The loans deemed as investments in subsidiaries are unsecured.

In current financial year, loans of \$1,384,000 has been fully repaid through cash payment of \$555,000 and \$829,000 by way of exchange for 200,000 new ordinary shares of Miyoshi Hi-Tech Co., Ltd.

Significant restrictions

Cash and cash equivalents of \$2,627,000 (2014: \$2,036,000) held in People's Republic of China are subject to local exchange control regulations. These regulations place restrictions on exporting capital out of the country other than through dividends and thus significantly affect the Group's ability to access or use assets, and settle liabilities, of the Group.

Movements in the allowance for impairment losses in investments in subsidiaries are as follows:

	Company	
	2015	2014
	\$'000	\$'000
		(Restated)
At beginning of financial year	7,275	5,976
Addition during the financial year	4,925	1,457
Currency realignment	1,189	(159)
At end of financial year	13,389	7,274

Movements in the allowance for impairment losses in loans deemed as investments in subsidiaries are as follows:

	Company	
	2015	2014
	\$'000	\$'000
At beginning of financial year	8,785	9,495
Reversal of impairment loss during the financial year	–	(520)
Addition during the financial year	759	–
Currency realignment	1,164	(190)
At end of financial year	10,708	8,785

The amount provided for is recognised in the Company's profit or loss and reported under the subsidiaries' business segments as follows:

	Company	
	2015	2014
	\$'000	\$'000
Data storage	2,388	717
Consumer electronics	2,216	160
Automotive and others	1,080	60
	5,684	937

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

13. Subsidiaries (Continued)

The Company's loans deemed as investments in subsidiaries that are not denominated in the functional currency of the Company are as follows:

	Company	
	2015 \$'000	2014 \$'000
Singapore dollar	5,158	4,330
Japanese yen	160	166
Thailand baht	–	1,384

Details of the Company's subsidiaries are as follows:

Name of company (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interest	
		2015 %	2014 %	2015 %	2014 %
			(Restated)		(Restated)
Miyoshi Saitoh Pte Ltd ⁽¹⁾ (Singapore)	Investment holding and trading of machine	100	100	–	–
Miyoshi Precision (Malaysia) Sdn. Bhd. ⁽²⁾ (Malaysia)	Metal stamping, fabrication of parts and components of machine tools	100	100	–	–
Miyoshi Technologies Phils., Inc. ⁽³⁾ (Philippines)	Metal stamping, fabrication of parts and components of machine tools	100	100	–	–
Miyoshi International Philippines, Inc. ⁽³⁾⁽⁴⁾ (Philippines)	Property holding	40	40	60	60
Miyoshi Hi-Tech Co., Ltd ⁽⁵⁾ (Thailand)	Metal stamping	80	80	20	20
Wuxi Miyoshi Precision Co., Ltd. ⁽⁶⁾ (People's Republic of China)	Metal stamping and plastic injection moulding	100	100	–	–
Miyoshi Precision Huizhou Co., Ltd ⁽⁶⁾ (People's Republic of China)	Metal stamping and assembly of electronic components	100	100	–	–
Cerise Group Limited ⁽⁷⁾ (British Virgin Islands)	Dormant	100	100	–	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

13. Subsidiaries (Continued)

Name of company (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interest	
		2015	2014	2015	2014
		%	%	%	%
			(Restated)		(Restated)
Green Galaxy Limited ⁽⁶⁾ (Hong Kong Special Administrative Region of the People's Republic of China)	Investment holding	55	–	45	–
Green Galaxy New Energy (Jiangxi) Co., Ltd ⁽⁶⁾ (People's Republic of China)	Sale of Light Electric Vehicle (LEV)	55	–	45	–
Huizhou Miyoshi Green Galaxy Trading Co., Ltd ⁽⁹⁾ (People's Republic of China)	Dormant	100	–	–	–
Miyoshi Investment (Yingtian) Co., Ltd ⁽⁹⁾ (People's Republic of China)	Dormant	100	–	–	–
Suqian Miyoshi Trading Co., Ltd ⁽⁹⁾ (People's Republic of China)	Dormant	55	–	45	–

Notes:

- (1) Audited by BDO LLP, Singapore.
- (2) Audited by BDO, Malaysia.
- (3) Audited by BDO Alba Romeo & Co., Philippines.
- (4) Deemed to be a subsidiary as the Company has the ability to direct relevant activities of the entity.
- (5) Audited by BDO Limited, Thailand.
- (6) Audited by BDO China Shu Lun Pan Certified Public Accountants, People's Republic of China, for consolidation purposes.
- (7) Not considered as a significant subsidiary as defined under Rule 718 of the Listing Manual of the Singapore Exchange Securities Trading Limited.
- (8) Audited by BDO LLP, Singapore, for consolidation purposes.
- (9) Incorporated during the financial year and not considered as a significant subsidiary as defined under Rule 718 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

13. Subsidiaries (Continued)

Non-controlling interests

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiary	Profit/(Loss) allocated to NCI		Total comprehensive income attributable to NCI		Accumulated NCI	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Miyoshi Hi-Tech Co., Ltd	110	(618)	110	(660)	2,348	2,028
Green Galaxy Limited*	(385)	–	(408)	–	563	–
Miyoshi International Philippines, Inc.	356	37	349	–	341	(8)
Other**	–	90	–	63	–	–
Total	81	(491)	51	(597)	3,252	2,020

* Green Galaxy Limited represents the consolidated financial position and financial performance of Green Galaxy Limited which include its subsidiaries of Green Galaxy New Energy (Jiangxi) Co., Ltd and Suqian Miyoshi Trading Co., Ltd.

** Other represents two-month financial performance of Giken Sakata (S) Limited before the date of deemed disposal as disclosed in Note 13 to the financial statements.

Summarised financial information in respect of each of the Group's subsidiaries that has material NCI is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Miyoshi Hi-Tech Co., Ltd		Green Galaxy Limited*		Miyoshi International Philippines, Inc.	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets and liabilities						
Non-current assets	6,833	7,109	1,247	–	5,048	2,131
Current assets	7,358	8,847	2,497	–	176	133
Non-current liabilities	–	(1,105)	–	–	(2,638)	(1,532)
Current liabilities	(2,450)	(4,712)	(2,493)	–	(792)	(681)
Net assets	11,741	10,139	1,251	–	1,794	51
Revenue	20,689	24,562	303	–	2,681	143
Expenses	(20,135)	(27,651)	(955)	–	(958)	(50)
Profit/(Loss) for the year, representing total comprehensive income	554	(3,089)	(652)	–	1,723	93
Net cash inflow (outflow) from operating activities	593	(973)	(1,717)	–	(257)	(104)
Net cash inflow (outflow) from investing activities	(604)	(423)	(109)	–	–	–
Net cash inflow (outflow) from financing activities	(1,658)	(26)	2,189	–	–	–

* Green Galaxy Limited represents the consolidated financial position and financial performance of Green Galaxy Limited which include its subsidiaries of Green Galaxy New Energy (Jiangxi) Co., Ltd and Suqian Miyoshi Trading Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

13. Subsidiaries (Continued)

Acquisition of new subsidiary

On 28 November 2014, the Company completed the acquisition of Green Galaxy Limited (“GGL”), a company incorporated in Hong Kong Special Administrative Region of the People’s Republic of China by acquiring 4,490 existing shares and subscribing 2,245 new shares of GGL which represents 55% equity interest in GGL, for a total consideration of \$2,920,000 which was satisfied as follows:

- (i) \$1,000,000 by way of cash; and
- (ii) \$1,920,000 by way of issuance of 32,000,000 new ordinary shares of the Company.

As a result of this acquisition, GGL became a subsidiary of the Company.

The Group acquired GGL to access the rechargeable automotive business in China and the synergies expected to be achieved from collaborating technologies capabilities of the Group with those of GGL.

The fair values of the identifiable assets and liabilities of GGL as at the date of acquisition were:

	Group 2015 \$'000
Other receivables	418
Inventory	374
Cash and cash equivalent	952
Property, plant and equipment	12
Intangible asset (Note 17)	1,353
Trade payables	(257)
Other payables	(694)
Net identifiable assets at fair value	2,158
Less: Non-controlling interest	(971)
Goodwill arising from acquisition (Note 17)	1,733
Purchase consideration	<u>2,920</u>

The effects of the acquisition of subsidiary on the consolidated statement of cash flows are as follows:

	2015 \$'000
Purchase consideration	2,920
Less: Non-cash consideration of shares issuance	(1,920)
Consideration settled in cash	1,000
Less: Bank balances of GGL	(952)
Net cash outflow on acquisition	<u>48</u>

Transaction costs related to the acquisition of \$54,000 have been recognised in the “other operating expenses” line item in the Group’s profit or loss for the year ended 31 August 2015.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

13. Subsidiaries (Continued)

Incorporation of new subsidiaries

- (i) On 25 September 2014, the Company's subsidiary, Miyoshi Precision Huizhou Co., Ltd incorporated a wholly-owned subsidiary, Huizhou Miyoshi Green Galaxy Trading Co., Ltd., a company incorporated in People's Republic of China, with a registered share capital of RMB300,000 (equivalent to \$66,000).
- (ii) On 15 February 2015, the Company's subsidiary, Miyoshi Precision Huizhou Co., Ltd incorporated a wholly-owned subsidiary, Miyoshi Investment (Yingtian) Co., Ltd., a company incorporated in People's Republic of China, with a registered share capital of RMB300,000 (equivalent to \$66,000).
- (iii) On 24 July 2015, the Company's subsidiary, Green Galaxy New Energy (Jiangxi) Co., Ltd incorporated a wholly-owned subsidiary, Suqian Miyoshi Trading Co., Ltd., a company incorporated in People's Republic of China, with a registered share capital of RMB500,000 (equivalent to \$110,000).

Deemed disposal of a subsidiary

Assets of disposal group held for sale

On 23 August 2013, the Company's subsidiary, Giken Sakata (S) Limited ("Giken") entered into a placement agreement with DMG & Partners Securities Pte Ltd in relation to a proposed placement of up to 55,234,000 new ordinary shares in the capital of Giken ("New Giken Shares") ("Proposed Placement"), and a subscription agreement with Roots Capital Asia Limited in relation to a proposed subscription of 76,275,000 New Giken Shares ("Proposed Subscription"). Upon completion of the Proposed Placement and Proposed Subscription, the Company's equity interest in Giken would be diluted from 53.16% to 26.58% based on the enlarged issued share capital of Giken.

As at 31 August 2013, in view of the probable dilution of the Company's equity interest in Giken and expected loss of control, the Group has accounted for Giken and its subsidiaries as a disposal group held for sale.

The disposal group does not represent a separate major line of business or geographical area of operations and is not part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations. Hence, the disposal group's operations were not considered as discontinued operations.

The major classes of assets and liabilities comprising the above disposal group classified as held for sale as at 1 September 2013 are as follows:

	2013
	\$'000
Assets	
Property, plant and equipment	4,920
Inventories	5,151
Trade receivables	9,509
Other receivables and prepayments	582
Cash and bank balances	4,026
Total assets of a disposal group classified as held for sale	<u>24,188</u>
Liabilities	
Trade and other payables	14,611
Provisions	510
Finance leases	467
Bank loans	1,914
Total liabilities of a disposal group classified as held for sale	<u>17,502</u>
Net assets	<u><u>6,686</u></u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

13. Subsidiaries (Continued)

Deemed disposal of a subsidiary (Continued)

Assets of disposal group held for sale (Continued)

In the financial year 2013, the following assets were pledged as collateral for bank loans granted to certain entities of the disposal group:

	2013 \$'000
Cash and cash equivalents	1,362
Trade receivables	9,509
Other receivables	390
Inventories	3,543

In the financial year 2013, the finance lease liabilities of \$467,000 were secured on the plant and equipment purchased under the finance lease arrangements.

Deemed disposal of equity interest in Giken Sakata (S) Limited

On 23 October 2013, the Proposed Placement and Proposed Subscription were completed resulting in the dilution of the Company's equity interest in Giken from 53.16% to 26.58% based on the enlarged issued share capital of Giken. The dilution was considered a deemed disposal of its interest in Giken and accordingly, the Group has accounted for Giken as an associate since that date.

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

	Carrying amounts Giken 2014 \$'000
Property, plant and equipment	4,790
Trade and other receivables	13,568
Inventories	5,347
Cash and cash equivalents	4,926
	28,631
Less:	
Trade and other payables	14,799
Deferred revenue	-
Bank loans and finance leases	2,057
Net identifiable assets disposed	11,775

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

13. Subsidiaries (Continued)

Deemed disposal of a subsidiary (Continued)

Deemed disposal of equity interest in Giken Sakata (S) Limited (Continued)

The effects of the disposal of subsidiaries on the consolidated statement of cash flows are as follows:

	2014 \$'000
Net identifiable assets disposed (as above)	11,775
Transferred to investment in associate	(3,055)
Non-controlling interest	(4,107)
Impairment of disposal group recognised in the financial year 2013	(2,100)
Reversal of impairment of disposal group in the financial year 2014	643
Placement of shares by disposal group	(3,156)
Cash proceeds from disposal	–
Cash and cash equivalents	(4,926)
Cash flow on disposal, net of cash disposed	(4,926)

14. Available-for-sale financial assets

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<i>Unquoted equity shares, at cost</i>				
At beginning of financial year	18	18	4	4
Currency realignment	(1)	–	–	–
At end of financial year	17	18	4	4

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

15. Property, plant and equipment

	Freehold land \$'000	Buildings and improvements \$'000	Leasehold land and buildings \$'000	Plant and equipment \$'000	Office furniture and equipment \$'000	Motor vehicles \$'000	Construction- in-progress \$'000	Total \$'000
Group								
Cost:								
At 1 September 2013 (Restated)	3,177	10,653	8,340	46,986	2,590	1,466	780	73,992
Currency realignment	(30)	(152)	(209)	(862)	(37)	(46)	(13)	(1,349)
Additions	–	398	4,362	1,707	268	56	1,961	8,752
Transfer from construction- in-progress	–	10	116	1,055	–	–	(1,181)	–
Disposals/Write-offs	–	(15)	(27)	(4,616)	(329)	(95)	(143)	(5,225)
At 31 August 2014 (Restated)	3,147	10,894	12,582	44,270	2,492	1,381	1,404	76,170
Currency realignment	195	867	1,279	3,013	259	129	167	5,909
Additions	–	177	412	2,201	106	102	1,435	4,433
Acquisition of subsidiary	–	–	–	–	12	–	–	12
Transfer from construction- in-progress	–	–	233	84	–	–	(317)	–
Transfer from asset held for sale (Note 10)	–	–	2,100	–	–	–	–	2,100
Transfer to investment property	–	–	(2,100)	–	–	–	(1,284)	(3,384)
Disposals/Write-offs	–	(94)	(1)	(4,367)	(393)	(479)	–	(5,334)
At 31 August 2015	3,342	11,844	14,505	45,201	2,476	1,133	1,405	79,906

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Year ended 31 August 2015

15. Property, plant and equipment (Continued)

	Freehold land \$'000	Buildings and improvements \$'000	Leasehold land and buildings \$'000	Plant and equipment \$'000	Office furniture and equipment \$'000	Motor vehicles \$'000	Construction- in-progress \$'000	Total \$'000
Group								
Accumulated depreciation and impairment:								
At 1 September 2013 (Restated)	–	4,194	2,955	37,414	590	1,081	–	46,234
Currency realignment	–	(67)	(130)	(765)	(38)	(22)	–	(1,022)
Depreciation for the financial year	–	557	295	3,121	238	212	–	4,423
Disposals/Write-offs	–	(6)	(28)	(3,156)	(323)	(81)	–	(3,594)
Impairment loss	–	–	–	2,039	12	25	–	2,076
At 31 August 2014 (Restated)	–	4,678	3,092	38,653	479	1,215	–	48,117
Currency realignment	–	477	256	2,327	183	115	–	3,358
Depreciation for the financial year	–	647	604	1,401	285	66	–	3,003
Depreciation for item transferred from asset held for sale (Note 10)	–	–	764	–	–	–	–	764
Transfer to investment property	–	–	(868)	–	–	–	–	(868)
Disposals/Write-offs	–	(95)	–	(4,206)	(392)	(451)	–	(5,144)
At 31 August 2015	–	5,707	3,848	38,175	555	945	–	49,230
Net carrying value:								
At 1 September 2013 (Restated)	3,177	6,459	5,385	9,572	2,000	385	780	27,758
At 31 August 2014 (Restated)	3,147	6,216	9,490	5,617	2,013	166	1,404	28,053
At 31 August 2015	3,342	6,137	10,657	7,026	1,921	188	1,405	30,676

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Year ended 31 August 2015

15. Property, plant and equipment (Continued)

	Leasehold land and buildings \$'000	Plant and equipment \$'000	Furniture and equipment \$'000	Motor vehicles \$'000	Construction- in-progress \$'000	Total \$'000
Company						
Cost:						
At 1 September 2013	4,694	8,439	1,088	687	128	15,036
Currency realignment	(95)	(167)	(20)	(14)	(3)	(299)
Additions	20	180	1	–	402	603
Transfer from construction-in-progress	116	28	–	–	(144)	–
Disposals/Write-offs	(27)	(3,157)	(293)	(58)	(88)	(3,623)
At 31 August 2014	4,708	5,323	776	615	295	11,717
Currency realignment	601	489	81	69	90	1,330
Additions	–	4	13	–	1,030	1,047
Transfer from construction-in-progress	10	–	–	–	(10)	–
Disposals/Write-offs	–	(3,699)	(388)	(190)	–	(4,277)
At 31 August 2015	5,319	2,117	482	494	1,405	9,817
Accumulated depreciation and impairment:						
At 1 September 2013	2,868	6,089	934	535	–	10,426
Currency realignment	(59)	(128)	(18)	(11)	–	(216)
Depreciation for the financial year	144	392	76	122	–	734
Disposals/Write-offs	(27)	(2,301)	(291)	(58)	–	(2,677)
Impairment loss	–	937	–	–	–	937
At 31 August 2014	2,926	4,989	701	588	–	9,204
Currency realignment	381	460	72	67	–	980
Depreciation for the financial year	159	51	64	29	–	303
Disposals/Write-offs	–	(3,494)	(388)	(190)	–	(4,072)
At 31 August 2015	3,466	2,006	449	494	–	6,415
Net carrying value:						
At 31 August 2014	1,782	334	75	27	295	2,513
At 31 August 2015	1,853	111	33	–	1,405	3,402

During the financial year, the Group acquired property, plant and equipment amounting to \$4,433,000 (2014: \$8,752,000) of which cash payments of \$4,433,000 (2014: \$8,752,000) were made to purchase the property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

15. Property, plant and equipment (Continued)

At the end of the financial year, included in the Group's and the Company's plant and equipment and motor vehicles are items with aggregate net carrying value of \$Nil (2014: \$27,000) and \$Nil (2014: \$27,000) respectively purchased under finance lease arrangements.

As at 31 August 2015, the Group's and Company's leasehold land and buildings with carrying amount of \$10,140,000 (2014: \$3,231,000) and \$1,853,000 (2014: \$Nil) respectively are held as security for certain bank loans (Note 23).

At the end of the financial year, the Group and the Company carried out a review of the recoverable amounts of their property, plant and equipment in view of the operating losses sustained by certain subsidiaries and negative cash flows projected for the next five years. The review led to the recognition by the Group and the Company of impairment loss amounting to \$Nil (2014: \$2,076,000) and \$Nil (2014: \$937,000) respectively in profit or loss under "other operating expenses".

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 which expired on 16 August 2010. Lease has been extended for another 30 years to 16 August 2040.)	A two-storey factory cum office building
Lot B1-5 Carmelray Industrial Park II, Barangay Tulo, Calamba, Laguna 4027, Philippines	Freehold	A two-storey factory 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
No.108 Hongda Road, Hongshan Town ,Wuxi City, Jiangsu, China	Leasehold (50 years from 25 December 2006)	A factory cum office building

During the year, the Group made a prior year adjustment to reverse an impairment provision of approximately S\$3.0 million which was previously recorded to fully impair the land and buildings held by Miyoshi Precision (Malaysia) Sdn. Bhd. ("MPM"), based on recoverable amount determined with reference to value-in-use. In accordance with FRS 36, the recoverable amount of an asset is based on the higher of the fair value less cost of disposal or value in use. During the year, it has come to the Group's attention that a valuation report performed by an independent valuer in 2013 indicated that the fair value of the land and building was approximately S\$3.3 million and higher than its carrying amount (net of depreciation) as at 31 August 2013 had no impairment loss been recognised for the asset in prior years. Comparative information has been restated to conform with the requirements of FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors as disclosed in Note 40 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

16. Investment properties

	Group	
	2015	2014
	\$'000	\$'000
		(Restated)
At fair value		
At beginning of financial year	840	819
Additions through subsequent expenditure	1,891	–
Transfer from property, plant and equipment (Note 15)	2,516	–
Net fair value gain recognised in profit or loss (Note 30)	1,095	21
Net fair value gain recognised in other comprehensive income	724	–
Currency realignment	291	–
At end of financial year	7,357	840

In January 2015, in view that the newly-constructed building on the freehold land in Philippines was being held to earn rentals income, the carrying amount of \$1,284,000 had been transferred from property, plant and equipment to investment property. The carrying amount of the property approximated the fair value of the property as at the date of transfer.

In August 2015, in view that a freehold land and building was being held for capital appreciation and to earn rentals income, the property has been reclassified from property, plant and equipment to investment property. An amount of \$724,000 was recognised in other comprehensive income under “revaluation reserve” which represents the fair value gain from the carrying amount of the property of \$1,232,000 as at the date of change in classification.

As at 31 August 2015, included in the additions through subsequent expenditure of \$1,891,000 was pertaining to the cost of another newly-constructed building on the freehold land in Philippines.

The Group’s investment properties were valued as at 31 August 2015 and 31 August 2014 by certain independent professional valuation firms with recent experience in the location and category of the investment properties held by the Group. The valuations were arrived at by using:

- (i) the sales comparison approach whereby sale prices of comparable properties in similar locations are adjusted for unobservable inputs such as tenure, age, size, design, floor level, condition and standard of finishes amongst other factors. The most significant unobservable input into this valuation approach is selling price per square metre.
- (ii) the cost approach whereby value of the property or another asset that consider as a substitute for the purchase of a given property, the possibility of constructing another property that is equivalent to the original or one that could furnish equal utility with no undue cost resulting from delay. The most significant unobservable input into this valuation approach is reproduction or replacement cost of the subject property or asset, less total (accrued) depreciation.

As at 31 August 2015 and 31 August 2014, the valuation is based on the asset’s highest and best use, which is in line with its actual use. The resulting fair value of investment property is considered level 3 recurring fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

16. Investment properties (Continued)

The following table presents the valuation technique and key input that was used to determine the fair value of investment property categorised under Level 3 of the fair value hierarchy:

Country	Description	Fair value at 31 August	Valuation technique	Unobservable input	Relationship of unobservable input to fair value
2015					
Philippines	Industrial	\$1,990,000	Sales comparison approach	Selling price per square metre	The higher the selling price per square metre, the higher the fair value, vice versa
Malaysia	Industrial	\$2,026,000	Sales comparison approach	Selling price per square metre	The higher the selling price per square metre, the higher the fair value, vice versa
Philippines	Industrial	\$3,341,000	Cost approach	Replacement cost of each replaceable asset Accrued depreciation Extent, character and utility of the property	The higher the replacement cost, the higher the fair value, vice versa
2014					
Philippines	Industrial	\$840,000	Sales comparison approach	Selling price per square metre	The higher the selling price per square metre, the higher the fair value, vice versa

There were no changes to the valuation techniques during the year.

The Directors have exercised their judgement in relying on the valuation reports and are satisfied that the fair values are reflective of current market situations.

The following amounts are recognised in profit or loss:

	Group	
	2015 \$'000	2014 \$'000
Rental income from investment properties	112	–
Direct operating expenses (including repairs and maintenance) arising from rental-generating investment properties	6	–

The Group's land and buildings comprise the following:

Location	Title	Description
PLO 122, Jalan Cyber 5, Senai III Industrial Estate 81400 Senai, Johor, Malaysia	Leasehold (30 years from 23 August 1995, expiring in August 2025 with an option to extend by another 30 years)	A factory cum office building
Lot B1-4 Carmelray Industrial Park II, Barangay Tulo, Calamba, Laguna 4027, Philippines	Freehold	Two factory buildings

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

17. Intangible assets

	Customer list \$'000	Trade name and know-how \$'000	Technology know-how \$'000	Goodwill \$'000	Total \$'000
Group					
Cost:					
At 1 September 2013	633	654	–	–	1,287
Write-off	(633)	(654)	–	–	(1,287)
At 31 August 2014	–	–	–	–	–
Additions	–	–	1,353	1,733	3,086
At 31 August 2015	–	–	1,353	1,733	3,086
Group					
Accumulated amortisation:					
At 1 September 2013	633	654	–	–	1,287
Write-off	(633)	(654)	–	–	(1,287)
At 31 August 2014	–	–	–	–	–
Amortisation	–	–	203	–	203
At 31 August 2015	–	–	203	–	203
Net carrying value:					
At 31 August 2014	–	–	–	–	–
At 31 August 2015	–	–	1,150	1,733	2,883

Customer list, trade name and know-how

Customer list, trade name and know-how were acquired through the acquisition of Giken. These were written off in prior year upon the disposal of Giken.

Technology know-how

Technology know-how was acquired through the acquisition of Green Galaxy Limited and was valued by an independent professional valuation firm. At the end of the financial year, the remaining amortisation period of technology know-how is 4.25 years. Amortisation expense of this intangible asset of \$203,000 (2014: \$Nil) was included in included in “depreciation and amortisation expenses” line item in profit or loss.

Goodwill

Goodwill arising on acquisition of Green Galaxy Limited is attributable mainly to access to rechargeable automotive business in China and the synergies expected to be achieved from collaborating technologies capabilities of the Group with those of Green Galaxy Limited. Goodwill arising from the business combination was allocated to a single cash-generating unit (“CGU”).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

17. Intangible assets (Continued)

Goodwill (Continued)

Impairment testing of goodwill

The recoverable amount of the Group's goodwill has been determined based on value-in-use calculations, using management-approved discounted cash flow projections covering a period of 5 years. The key assumptions for the value-in-use calculations are based on a discount rate at 25% and average industry growth rate of 7% to 10%.

With regards to the assessment of value in use for the goodwill, management believes that no reasonably possible changes in any key assumptions would cause the carrying value of the CGU to materiality exceed its recoverable amount.

Growth rate are based on detailed data for the industry and taking into account the development plans of the CGU approved by management. The discount rate represents current market assessment of the time value of money and derived with reference to the weighted average cost of capital ("WACC") of the CGU, adjusted for the risks specific to the CGU.

Based on management's review, no impairment charge was recognised during the financial year.

18. Deferred tax assets

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

	Unutilised tax losses \$'000	Others \$'000	Total \$'000
Group			
At 1 September 2013	28	22	50
Currency realignment	–	(1)	(1)
Charge to profit or loss	–	(44)	(44)
At 31 August 2014	28	(23)	5
Currency realignment	(5)	–	(5)
Credit to profit or loss	253	–	253
At 31 August 2015	276	(23)	253

19. Bank overdraft

	Group	
	2015 \$'000	2014 \$'000
Secured	–	588

In the previous financial year, the bank overdraft bears interest at 7.63% per annum and was secured by legal charges over the freehold 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 bank overdraft was fully repaid in the current financial year.

The Group's bank overdraft is denominated in Malaysia ringgit.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

20. Trade payables

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Third parties	6,823	6,685	428	671
Subsidiaries	–	–	197	215
Related party	6	11	–	–
	6,829	6,696	625	886

Trade payables to third parties are non-interest bearing and are normally settled on 30 to 90 (2014: 30 to 60) days terms.

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

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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Philippine peso	1,159	910	–	–
United States dollar	827	841	–	–
Singapore dollar	158	476	283	431
Malaysia ringgit	60	53	–	–
Japanese yen	6	11	–	–

21. Other payables and accruals

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
	(Restated)			
Accrued wages and salaries	434	624	163	369
Other accrued expenses	720	1,382	116	200
Third parties	674	1,690	227	236
Subsidiaries	–	–	12	49
Associate	3	3	3	3
Related parties	1	29	1	29
	1,832	3,728	522	886

Other payables to subsidiaries, associate and related parties 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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
	(Restated)			
Malaysia ringgit	263	449	–	–
Singapore dollar	510	830	505	813

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

22. Finance leases

	Group and Company			
	Minimum lease payments		Present value of minimum lease payments	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
<u>Amounts payable under finance leases</u>				
Within one year	–	23	–	21
In the second to fifth year inclusive	–	24	–	24
Less: Future finance charges	–	(2)	–	–
Present value of lease obligations	–	45	–	45
Less: Current portion			–	(21)
Non-current portion			–	24

The finance lease term was 7 years.

In the previous financial year, the rate of interest for the Group and the Company was 4.15% 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 finance lease was fully repaid in the current financial year.

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 and Company	
	2015	2014
	\$'000	\$'000
Singapore dollar	–	45

23. Bank loans

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Secured				
Bank loan I	320	426	–	–
Bank loan II	490	653	–	–
Bank loan III	–	1,220	–	–
Bank loan IV	441	–	–	–
Bank loan V	1,101	–	–	–
Bank loan VI	662	–	–	–
Bank loan VII	2,970	–	2,970	–
	5,984	2,299	2,970	–
Current portion	(3,381)	(1,352)	(1,055)	–
Non-current portion	2,603	947	1,915	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

23. Bank loans (Continued)

Bank loan I bears interest at 7.15% (2014: 6.55%) 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.

Bank loan II bears interest at 7.15% (2014: 6.61%) 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 III bears interest at 6.90% (2014: 6.90%) per annum and was fully repaid in the current financial year. It was secured by legal charges over the leasehold land and buildings of a subsidiary at Tongqiao Industrial Base Huicheng District Huizhou, Guangdong China 516001.

Bank loan IV bears interest at 6.90% (2014: 6.90%) per annum and is repayable in January 2016. It is secured by legal charges over the leasehold land and buildings of a subsidiary at Tongqiao Industrial Base Huicheng District Huizhou, Guangdong China 516001.

Bank loan V bears interest at 6.60% (2014: Nil) per annum and is repayable in November 2015. It is secured by legal charges over the leasehold land and buildings of a subsidiary at No.108 Hongda Road, Hongshan Town, Wuxi City, Jiangsu, China.

Bank loan VI bears interest at 6.60% (2014: Nil) per annum and is repayable in March 2016. It is secured by legal charges over the the leasehold land and buildings of a subsidiary at No.108 Hongda Road, Hongshan Town, Wuxi City, Jiangsu, China.

Bank loan VII bears interest at 5.37% (2014: Nil) per annum and is repayable in 34 monthly instalments commencing September 2015. It is secured by legal charges over the freehold land and buildings of the Company at No. 5, Second Chin Bee Road, Singapore 618772.

The carrying amounts of the bank loans approximate their fair values due to frequent repricing of interest rates.

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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Malaysia ringgit	810	1,079	–	–
Singapore dollar	2,970	–	2,970	–

24. Other loan

Other loan is repayable as follows:

	Group	
	2015 \$'000	2014 \$'000
After one year but within five years	–	332

Other loan represents loan from a non-controlling shareholder of a subsidiary, Miyoshi Hi-Tech Co., Ltd which is unsecured, bears interest of 3.08% (2014: 3.08%) per annum. This loan has been fully repaid during the financial year through cash payment of \$122,000 and \$210,000 by way of exchange for 50,000 new ordinary shares of Miyoshi Hi-Tech Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

25. Provisions

	Group	
	2015	2014
	\$'000	\$'000
Provision for employee service entitlement benefits	336	262

	Group	
	2015	2014
	\$'000	\$'000
<u>Defined benefit plan</u>		
Present value of defined benefit obligation	335	268
Currency alignment	1	(6)
Net benefit liability	336	262

The amount recognised in profit or loss in respect of these employee benefits are as follows:

	Group	
	2015	2014
	\$'000	\$'000
Current services	32	28
Interest costs	15	23
Total	47	51

The amount included in the statement of financial position are as follows:

	Group	
	2015	2014
	\$'000	\$'000
At beginning of financial year	262	260
Charged to profit or loss	47	51
Net actuarial loss/(gain) recognised	26	(43)
Present value of unfunded obligations	335	268
Currency realignment	1	(6)
At end of financial year	336	262

The cost of providing for employee benefits is calculated by independent actuaries. The actuarial valuations were carried out using the following key assumptions:

	Group	
	2015	2014
Annual discount rate	4%	5%
Annual salary growth rate	3%	5%
Normal retirement age	60 years	55-60 years
Projected retirement benefit	22.5 days	22.2 days

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

25. Provisions (Continued)

Significant actuarial assumptions for the determination of the defined obligation are annual discount rate and annual salary growth. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by \$59,000 (increase by \$74,000).
- If the salary growth rate increases (decreases) by 100 basis points, the defined benefit obligation would increase by \$71,000 (decrease by \$58,000).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

26. Deferred tax liabilities

	Group 2015 Revaluation of property \$'000
<hr/>	
Group	
At 1 September 2013 and 1 September 2014	–
Currency realignment	3
Charge to	
- profit or loss	381
- other comprehensive income	37
At 31 August 2015	421

As at the end of the financial year, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is \$2,223,000 (2014: \$11,906,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

27. Share capital and reserves

Share capital

	Group and Company			
	2015		2014	
	Number of ordinary shares '000	\$'000	Number of ordinary shares '000	\$'000
<hr/>				
Issued and fully paid:				
Share capital	420,670	37,389	420,670	37,389
Issued during the year	32,000	1,920	–	–
	452,670	39,309	420,670	37,389

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

27. Share capital and reserves (Continued)

Share capital (Continued)

- (i) On 28 November 2014, the Company allotted and issued 32,000,000 ordinary shares at the exercise price of \$0.06 as part of the consideration for acquisition of 55% equity interest in Green Galaxy Limited (Note 13).

The newly issued shares rank pari passu in all respects with the existing ordinary shares.

- (ii) During the 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. All ordinary shares carry one vote per share without restriction. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company.

- (iii) In the previous financial year, the Company disposed the entire treasury shares.

Reserves

The amounts of the Group's reserves and the movements therein for the financial year ended 31 August 2015 are presented in the consolidated statement of changes in equity of the financial statements.

- (a) Revaluation reserve

Revaluation reserve arises when an owner-occupied property becomes an investment property and the property is remeasured to fair value which results in a revaluation of such property.

- (b) Fair value reserve

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

- (c) Other reserve comprises:

- (i) Statutory reserve of subsidiaries in the following countries:

- 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.

- 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.

- (ii) Actuarial gains/losses on defined benefit plan

The Group operates a non-contributory defined benefit plan for all qualifying employees of a subsidiary to comply with local statutory requirements. The Group has recognised the actuarial gains/losses on remeasuring defined benefit obligations in other comprehensive income, rather than profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

27. Share capital and reserves (Continued)

Reserves (Continued)

(d) Share options reserve

Share options reserve represents the equity-settled share options granted to employees (Note 28). The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options.

(e) 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.

28. Share-based payments

The Company has a share options scheme for certain employees 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 2015

28. Share-based payments (Continued)

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

	Group and Company			
	2015		2014	
	Number of share options	Weighted average exercise price \$	Number of share options	Weighted average exercise price \$
Outstanding at beginning of financial year	2,775,000	0.223	4,254,000	0.234
Lapsed during the financial year	(1,705,000)	0.220	(1,479,000)	0.255
Outstanding at end of financial year	<u>1,070,000</u>	0.228	<u>2,775,000</u>	0.223
Exercisable at end of financial year	<u>1,070,000</u>		<u>2,775,000</u>	

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 1.42 (2014: 2.72) 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.

29. Revenue

	Group	
	2015 \$'000	2014 \$'000
Sales of goods	49,000	65,830
Revenue from services rendered	5,408	4,256
	<u>54,408</u>	<u>70,086</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

30. Other income

	Group	
	2015 \$'000	2014 \$'000
		(Restated)
Fair value gain on investment property	1,095	21
Gain on disposal of asset held for sale	–	5,132
Gain on disposal of plant and equipment	229	–
Gain on disposal of interest in associate	–	585
Gain on foreign exchange, net	90	13
Income from sales of scrap	2,743	710
Interest income from bank deposits	67	146
Rental income	112	–
Reversal of impairment loss of disposal group	–	643
Miscellaneous income	310	336
	4,646	7,586

31. Employee benefit expenses

	Group	
	2015 \$'000	2014 \$'000
Short-term benefits	11,607	14,649
Post-employment benefits	875	1,047
	12,482	15,696

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

32. Other operating expenses

	Group	
	2015 \$'000	2014 \$'000
		(Restated)
Allowance for doubtful trade receivables	–	20
Allowance for doubtful other receivables	67	–
Allowance for inventory obsolescence	131	175
Allowance for impairment of property, plant and equipment	–	2,076
Loss on disposal of plant and equipment	–	307
Repairs and maintenance	687	930
Professional fees	603	955
Plant and equipment written off	13	382
Supplies and services	4,739	5,796
Transportation and travelling	1,097	1,245
Utilities	2,457	3,129
Others	1,110	1,453
	10,904	16,468

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

33. Finance costs

	Group	
	2015	2014
	\$'000	\$'000
Interest expense on:		
- bank loans	265	287
- bank overdraft	19	44
- finance leases	1	6
	285	337

34. Income tax expense

	Group	
	2015	2014
	\$'000	\$'000
		(Restated)
Current tax		
- Current year	198	172
- Under provision in prior years	-	48
	198	220
Deferred tax- current year	128	44
Withholding tax	278	71
	604	335

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	
	2015	2014
	\$'000	\$'000
		(Restated)
Profit before income tax	1,231	318
Income tax calculated at statutory tax rate of 17%	209	54
Effect of different tax rates of overseas operations	162	(212)
Expenses not deductible for income tax purposes	607	767
Income not subject to tax	(221)	(668)
Income tax exemptions	(49)	(218)
Deferred tax assets not recognised in profit or loss	-	518
Under provision of current income tax in prior years	-	48
Utilisation of deferred tax assets not recognised in prior financial years	(438)	-
Withholding tax	278	71
Other items	56	(25)
	604	335

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

34. Income tax expense (Continued)

The amount of unutilised tax losses and unabsorbed capital allowance for which no deferred tax assets is recognised is as follows:

	Group	
	2015	2014
	\$'000	\$'000
Unabsorbed capital allowance	6,855	5,969
Unutilised tax losses	15,859	19,279
	22,714	25,248
Deferred tax benefits not recognised	3,861	4,292

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

The future income tax benefits of the Group's unutilised tax losses as at 31 August 2015 are available for an unlimited future period, except for unutilised tax losses amounting to \$463,000 (2014: \$1,310,000) which will expire in 2018 to 2020 (2014: 2019), and are subject to the conditions imposed by law including the retention of majority shareholders.

35. Profit/(Loss) for the financial year

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

	Group	
	2015	2014
	\$'000	\$'000
		(Restated)
Audit fees:		
Auditors of the Company	70	86
Other auditors	77	65
Non-audit fees:		
Auditors of the Company	–	20
Other auditors	14	20
Directors' remuneration:		
Directors of the Company	355	404
Other directors of the subsidiaries	122	186
Directors' fees:		
Directors of the Company	63	63
Other directors of the subsidiaries	2	53

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

36. Earnings per share

(a) Basic earnings per share

Basic earnings per share are 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	
	2015	2014
		(Restated)
Profit attributable to owners of the parent (\$'000)	546	474
Weighted average of ordinary shares in issue ('000)	444,867	420,560
Basic earnings per share (cents per share)	0.12	0.11

(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 scheme.

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).

The share options did not have dilutive effect on the Group's earnings per share in the current and previous financial year because the yearly average market price per ordinary share of the Company was below the exercise price of the share option granted.

37. Dividends

	Group	
	2015	2014
	\$'000	\$'000
Interim tax-exempt dividend paid of \$0.0035 per share in respect of the financial year ended 31 August 2014	–	1,472
Final tax-exempt dividend paid of \$0.0040 per share in respect of the financial year ended 31 August 2013	–	1,683
Total	–	3,155

The Company did not recommend any dividend in respect of the financial year ended 31 August 2015.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

38. Operating lease arrangements

The Group and the Company as lessees

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
	(Restated)			
Minimum lease payments under operating leases included in profit or loss	168	320	168	160

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

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Within one year	147	173	147	151
After one year but within five years	573	624	573	577
After five years	2,720	2,863	2,720	2,863
	3,440	3,660	3,440	3,591

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 2 years, with an option to renew the lease after that date. Lease payments are usually increased upon renewals to reflect market rates.

The Group as lessor

The Group rents out its investment properties in Malaysia and Philippines under operating leases. Property rental income earned during the year was \$112,000 (2014: nil).

The investment property is expected to generate rental yields of 8% on an ongoing basis. The properties held have committed tenants for the next three to nine years.

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	Group	
	2015 \$'000	2014 \$'000
Within one year	770	–
After one year but within five years	2,732	–
After five years	753	–
	4,255	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

39. Group segmental information

39.1 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 operating profit or loss which is similar to the accounting profit or loss.

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 and liabilities: Segment assets include all operating assets used by a reportable segment and consist principally of property, plant and equipment, investment properties, available-for-sale financial assets, inventories and operating receivables, net of allowances and provisions. Segment liabilities include all operating liabilities and consist principally of trade and other payables and borrowings.

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

(i) Data Storage

Manufacture of metal semi-finished components for hard disk drives and removable storage devices.

(ii) Consumer Electronics

Manufacture of metal semi-finished components for photocopiers, scanners and printers.

(iii) Medical

Manufacture and assembly of finished products and semi-finished components for the medical industry. Revenue from medical segment were only from Giken Sakata (S) Limited.

(iv) Automotive, Microshaft and Others

Manufacture of finished products of light electric vehicles and semi-finished metal components for motor vehicles, the manufacture of semi-finished components, including high precision microshafts and turned parts including fan motor shafts, AC/DC motor shafts, tension rollers for digital colour copiers, fan shafts for air conditioners, slide shafts for optical drives.

The Group adopts these four business segments for segment reporting.

The revenue from two major customers of the Group's data storage segment represents \$15,859,000 (2014: \$20,294,000).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

39. Group segmental information (Continued)

39.1 Analysis by Business Segments (Continued)

	Data Storage		Consumer Electronics		Medical		Automotive, Microshaft and others			Unallocated		Group	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Revenue													
External sales	27,071	34,341	22,460	28,796	-	668	4,877	6,281	-	-	54,408	70,086	
Results													
Segment results	1,123	1,482	(451)	(433)	-	144	777	(783)	-	-	1,449	410	
Interest expense	-	-	-	-	-	-	-	-	(285)	(337)	(285)	(337)	
Interest income	-	-	-	-	-	-	-	-	67	146	67	146	
Share of results of associates	-	-	-	-	-	-	-	-	-	99	-	99	
Profit before income tax	1,123	1,482	(451)	(433)	-	144	777	(783)	(218)	(92)	1,231	318	
Income tax expense											(604)	(335)	
Profit/(Loss) for the financial year											627	(17)	
Allowance for impairment of:													
- trade receivables	-	-	-	20	-	-	-	-	-	-	-	20	
- other receivables	-	-	-	-	-	-	67	-	-	-	67	-	
- plant and equipment	-	1,595	-	74	-	-	-	407	-	-	-	2,076	
(Reversal of)/Allowance for inventory obsolescence	(129)	86	299	72	-	-	(39)	17	-	-	131	175	
Amortisation of intangible asset	-	-	-	-	-	-	203	-	-	-	203	-	
Depreciation	1,277	2,891	2,300	1,215	-	1	190	316	-	-	3,767	4,423	
Fair value gain on investment property	-	-	-	-	-	-	-	-	(1,095)	(21)	(1,095)	(21)	
Plant and equipment written off	8	250	4	99	-	-	1	-	-	33	13	382	
Segment assets	21,939	23,461	32,141	30,513	-	-	11,834	8,105	7,627	863	73,541	62,942	
Segment assets include:													
Non-current assets held for sale	-	-	-	-	-	-	-	-	-	1,924	-	1,924	
Additions to:													
- capital expenditure	3,152	4,289	2,616	3,596	-	83	568	784	-	-	6,336	8,752	
Segment liabilities	1,614	1,136	4,563	7,795	-	-	4,139	2,712	5,142	2,327	15,458	13,970	

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

39. Group segmental information (Continued)

39.2 Analysis by Geographical Segments

Revenue is analysed by the location of the customers. Non-current assets excluding available-for-sale financial assets, deferred tax assets and other receivables are analysed by the location of the assets:

	External sales		Non-current assets	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
				(Restated)
Philippines	17,556	15,277	13,680	8,547
Thailand	15,553	19,341	3,922	4,263
China	14,632	13,317	11,174	10,127
Singapore	2,580	14,501	7,165	2,970
Malaysia	1,658	1,350	4,975	2,986
Indonesia	145	3,138	–	–
Japan	41	295	–	–
Germany	–	998	–	–
Others	2,243	1,869	–	–
	54,408	70,086	40,916	28,893

40. Restatements and comparative figures

The comparative figures were restated due to:

- The Group's reassessment of the control conclusion for its investees, as disclosed in Note 2.1 to the financial statements; and
- A prior year adjustment to reverse an impairment provision which was previously recorded to fully impair the land and buildings held by Miyoshi Precision (Malaysia) Sdn. Bhd., as disclosed in Note 15 to the financial statements.

As a result of the above, certain items have been amended in the financial statements as follows:

Consolidated statement of financial position as at 31 August 2014:

	As previously reported S\$'000	FRS 110 adjustments S\$'000	Reversal of impairment adjustments S\$'000	As restated S\$'000
Group				
Assets				
Cash and bank balances	6,148	28	–	6,176
Other receivables and prepayments	2,868	6	–	2,874
Investments in associates	20	(20)	–	–
Property, plant and equipment	23,672	1,395	2,986	28,053
Investment properties	–	840	–	840
Loans receivable	2,291	(2,291)	–	–
Liability				
Other payables and accruals	(3,724)	(4)	–	(3,728)
Equity				
Currency translation reserve	(13,965)	(103)	5	(14,063)
Retained earnings	19,460	65	2,981	22,506
Non-controlling interests	2,028	(8)	–	2,020

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

40. Restatements and comparative figures (Continued)

Consolidated statement of financial position as at 1 September 2013:

	As previously reported S\$'000	FRS 110 adjustments S\$'000	Reversal of impairment adjustments S\$'000	As restated S\$'000
Group				
Assets				
Cash and bank balances	9,127	25	–	9,152
Other receivables and prepayments	2,559	3	–	2,562
Investments in associates	53	17	–	70
Property, plant and equipment	23,316	1,394	3,048	27,758
Investment properties	–	819	–	819
Loans receivable	2,313	(2,313)	–	–
Liability				
Other payables and accruals	(4,313)	(3)	–	(4,316)
Equity				
Currency translation reserve	(12,840)	(88)	4	(12,924)
Retained earnings	21,634	75	3,044	24,753
Non-controlling interests	6,769	(45)	–	6,724

Statement of financial position as at 31 August 2014:

	As previously reported S\$'000	FRS 110 adjustments S\$'000	As restated S\$'000
Company			
Assets			
Subsidiaries	20,221	2,291	22,512
Loan receivable	2,291	(2,291)	–

Statement of financial position as at 1 September 2013:

	As previously reported S\$'000	FRS 110 adjustments S\$'000	As restated S\$'000
Company			
Assets			
Investment in associates	120	(68)	52
Subsidiaries	21,552	2,381	23,933
Loan receivable	2,313	(2,313)	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2015

40. Restatements and comparative figures (Continued)

Consolidated statement of comprehensive income for the year ended 31 August 2014:

	As previously reported S\$'000	FRS 110 adjustments S\$'000	Reversal of impairment adjustments S\$'000	As restated S\$'000
Other income	7,575	11	–	7,586
Depreciation expense	(4,360)	–	(63)	(4,423)
Other operating expenses	(16,521)	53	–	(16,468)
Share of results of associates	136	(37)	–	99
Income tax expense	(334)	(1)	–	(335)
Profit/(Loss) for the financial year	20	26	(63)	(17)
Foreign currency translation	(1,015)	(13)	–	(1,028)
Total comprehensive income for the financial year	(1,058)	13	(63)	(1,108)
Loss attributable to:				
Owners of the parent	547	(10)	(63)	474
Non-controlling interests	(527)	36	–	(491)
	20	26	(63)	(17)
Total comprehensive income attributable to:				
Owners of the parent	(424)	(24)	(63)	(511)
Non-controlling interests	(634)	37	–	(597)
	(1,058)	13	(63)	(1,108)

Consolidated statement of cash flows as at 31 August 2014:

	As previously reported S\$'000	FRS 110 adjustments S\$'000	As restated S\$'000
Net cash from operating activities	585	6	591
Net cash used in investing activities	(1,761)	–	(1,761)
Net cash used in financing activities	(3,688)	–	(3,688)
Decrease in cash and cash equivalents	(4,864)	6	(4,858)

Earnings Per Share:

	As previously reported S\$'000	FRS 110 adjustments S\$'000	Reversal of impairment adjustments S\$'000	As restated S\$'000
Profit attributable to owners of the parent	547	(10)	(63)	474
Weighted average number of ordinary shares in issue ('000)	420,560	–	–	420,560
Basic earnings per share (cents per share)	0.13	–	–	0.11

STATISTICS OF SHAREHOLDINGS

As at 18 November 2015

Class of equity securities	:	Ordinary Shares
No. of equity securities	:	452,669,490
Voting Rights	:	One vote per share

As at 18 November 2015, the Company does not hold any treasury share.

DISTRIBUTION OF SHAREHOLDINGS

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
100 --- 1,000	247	8.91	139,186	0.03
1,001 --- 10,000	1,040	37.53	5,800,049	1.28
10,001 --- 1,000,000	1,455	52.51	107,409,631	23.73
1,000,001 AND ABOVE	29	1.05	339,320,624	74.96
	2,771	100.00	452,669,490	100.00

LIST OF SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
Substantial shareholders				
Miyoshi Industry Co., Ltd	69,509,290	15.36	–	–
Masayoshi Taira	–	–	69,509,290	15.36
Sin Kwong Wah Andrew	80,946,000	17.88	62,944,000	13.91
Pek Yee Chew	31,269,000	6.91	112,621,000	24.88

Notes:

- 1 Mr Masayoshi Taira is deemed to have an interest in the 69,509,290 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 1,500,000 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 2015

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES HELD	%
1	SIN KWONG WAH ANDREW	80,946,000	17.88
2	MIYOSHI INDUSTRY CO LTD	69,509,290	15.36
3	DBS NOMINEES PTE LTD	51,047,089	11.28
4	PEK YEE CHEW	31,269,000	6.91
5	LOW HUAT YEOW	22,432,600	4.96
6	PEK EE PERH THOMAS	15,954,500	3.52
7	LIM YUH PING	11,920,500	2.63
8	YIP CHUN KWAN	10,000,000	2.21
9	MAYBANK KIM ENG SECURITIES PTE LTD	5,441,200	1.20
10	LEOW BENG LEE (LIAO MINGLI)	4,206,400	0.93
11	PHILLIP SECURITIES PTE LTD	3,128,045	0.69
12	LIM LEE ENG	3,099,500	0.69
13	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,984,200	0.66
14	KHOO THIAM HIM	2,500,000	0.55
15	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,420,500	0.53
16	WONG SIN TIN	2,190,000	0.48
17	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,125,000	0.47
18	KEH NGEN FATT	2,000,000	0.44
19	CHEANG CHEE MING	1,978,800	0.44
20	WONG BARK CHUAN DAVID	1,950,000	0.43
		327,102,624	72.26

As at 18 November 2015, 52.86% 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 (“AGM”) of **Miyoshi Limited** (the “Company”) will be held at 5 Second Chin Bee Road, Singapore 618772 on 23 December 2015 at 10.00 a.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 2015 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect the following Directors of the Company who retire by rotation in accordance with Article 89 of the Company’s Articles of Association and who, being eligible, offer themselves for re-election:

Mr Masayoshi Taira **(Resolution 2)**
Mr Lim Thean Ee **(Resolution 3)**

Mr Masayoshi Taira will, upon his re-election as director of the Company, remain as a member of the Audit Committee and the Remuneration Committee and will be considered non-independent.

Mr Lim Thean Ee will, upon his re-election as director of the Company, remain as a member of the Audit Committee and Chairman of the Nominating Committee and the Remuneration Committee and will be considered independent.
3. To approve the payment of Directors’ fees of S\$106,000 for the year ended 31 August 2015 (2014: S\$62,500). **(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 resolution as Ordinary Resolutions, with or without amendments:-

6. Authority to issue shares

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the “Act”) and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “SGX-ST”), authority be and is hereby given to the Directors of the Company to:-

- (a) (i) allot and issue shares in the capital of 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) warrants, debentures or other instruments exchangeable into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors 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 Instrument made or granted by the Directors 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 convertible securities;
 - (b) new Shares arising from exercising of share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed 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 prevailing 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)

By Order Of The Board

Khoo Boo Han
Company Secretary

7 December 2015
Singapore

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.

Notes:

1. A Member entitled to attend and vote at the AGM 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 AGM.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

MIYOSHI LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 198703979K)

IMPORTANT:

1. For investors who have used their CPF monies to buy Miyoshi 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

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, _____

of _____

being a member / members of **MIYOSHI 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 him/her, the Chairman of the Annual General Meeting of the Company (the "Meeting") as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Meeting to be held at 5 Second Chin Bee Road, Singapore 618772 on Wednesday, 23 December 2015 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be 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:	To be used on a show of hands		To be used in the event of a poll	
		For	Against	No. of Votes For	No. of Votes Against
1	Directors' Report and the Audited Accounts for the financial year ended 31 August 2015				
2	Re-election of Mr Masayoshi Taira as a Director				
3	Re-election of Mr Lim Thean Ee as a Director				
4	Approval of Directors' fees amounting to S\$106,000				
5	Re-appointment of BDO LLP as Auditors				
6	Authority to issue new shares				
7	Authority to issue shares under the prevailing Miyoshi Employees Share Option Scheme				

Dated this _____ day of _____ 2015

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



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 the Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf.
- 3 Where a member appoints two proxies, he shall specify the percentage of his shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.
- 4 A proxy need not be a member of the Company.
- 5 The instrument appointing a proxy or proxies together with the letter of power of attorney, if any, under which it is signed or a duly certified copy thereof, must be deposited at the Company's registered office at 5 Second Chin Bee Road, Singapore 618772 at least 48 hours before the time appointed for the Meeting.
- 6 A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.
- 7 Please indicate with an "✓" in the spaces provided whether you wish your vote(s) to be for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Meeting.
- 8 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.
- 9 In the case of a member whose shares are entered against his name 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.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 7 December 2015.



A TOMORROW-FOCUSED MANUFACTURER

Miyoshi Limited

Company Registration No.: 198703979K
5 Second Chin Bee Road Singapore 618772
Tel: (65) 6265 5221
Fax: (65) 6265 2058
Website: www.miyoshi.biz