Manufacturing Integration Technology Ltd

(Registration No. 199200075N)

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 2009

1(a)(i) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	S$' 000		%
	31/12/2009	31/12/2008	Increase/ -Decrease
Revenue	24,863	32,273	-23.0%
Cost of Sales	(20,536)	(23,086)	-11.0%
Gross Profit	4,327	9,187	-52.9%
Other Items of Income			
Interest Income	68	208	-67.3%
Dividend Income	51	15	NM
Other Credits	503	392	NM
Other Income	903	-	NM
Other Items of Expense			
Selling and Distribution Expenses	(2,892)	(3,942)	-26.6%
Administrative Expenses	(4,955)	(5,912)	-16.2%
Finance Costs	(88)	(73)	20.5%
Other Charges	(6,525)	(3,971)	64.3%
Loss before Tax	(8,608)	(4,096)	110.2%
Income Tax Credit	49	1,114	-95.6%
Loss Net of Tax	(8,559)	(2,982)	187.0%
Loss Attributable to Owners of the Parent, Net of Tax	(8,801)	(3,284)	168.0%
Loss Attributable to Non-Controlling Interests, Net of Tax	242	302	-19.9%
Loss Net of Tax	(8,559)	(2,982)	187.0%

NM: Not meaningful

Consolidated Statement Of Comprehensive Income

	Group		
	S$' 000		%
	31/12/2009	31/12/2008	Increase/ -Decrease
Loss Net of Tax	(8,559)	(2,982)	187%
Fair Value Adjustment of Available for Sale Financial Assets	96	(70)	NM
Exchange Differences on Translating Foreign Operations, Net of Tax	-	184	-100%
Total Comprehensive Income	(8,463)	(2,868)	195%
Total Comprehensive Income Attributable to Owners of the Parent	(8,705)	(3,170)	175%
Total Comprehensive Income Attributable to Non-Controlling Interests	242	302	-20%
Total Comprehensive Income	(8,463)	(2,868)	195%

NM: Not meaningful

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statements for the current financial period reported on and the corresponding period of the immediately preceding financial year.

The Group's profit from operating activities is arrived at after other items of income & (expenses) the following:-

	Group	
	S$'000	
	31/12/2009	31/12/2008
1)Other Income include, mainly:		
- Job Credit Payment	454	-
- Rental income	364	-
2)Other Credits include, mainly:		
- Reversal for impairment on inventories	105	-
- Compensation Received for Removal of Shanghai Plant	338	184
3)Other Charges include, mainly:		
- Inventories written down	(2,148)	(2,976)
- Impairment in value of intangible assets	(744)	-
- Loss on disposal of plant and equipment	(18)	(139)
- Amortisation of intangible assets	(140)	(97)
- Amortisation of research and development expenditure	(503)	(364)
- Provision for legal proceedings	(2,550)	-
4)Exchange Gain/(Loss)	(316)	15

1(a)(iii) Amount of any adjustment for under or overprovision of tax in respect of prior years.

There was an over-provision of tax in respect of prior years of S$40k in current financial year. (2008: $1.11m)

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
ASSETS	S$'000	S$'000	S$'000	S$'000
Non-Current Assets:				
Plant & equipment	2,934	2,768	479	835
Development projects	2,060	2,011	2,060	2,011
Other assets, non-current	43	43	43	43
Investments in subsidiaries	-	-	10,210	11,027
Other financial assets, non-current	1,100	1,004	1,265	1,169
Intangible assets	148	892	85	103
Total Non-Current Assets	6,285	6,718	14,142	15,188
Current Assets:				
Inventories	7,922	12,419	3,400	5,197
Trade and other receivables, current	8,460	10,177	14,752	15,419
Other assets, current	442	751	122	239
Cash and cash equivalents	19,662	18,218	12,656	11,532
Total Current Assets	36,486	41,565	30,930	32,387
Total Assets	42,771	48,283	45,072	47,575
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	45,768	45,768	45,768	45,768
Other reserves	27	(96)	92	(31)
Accumulated losses	(17,793)	(8,992)	(11,567)	(5,207)
Equity, Attributable to Owners of the Parent, Total	28,002	36,680	34,293	40,530
Non-controlling interests	2,168	1,987	-	-
Total Equity	30,170	38,667	34,293	40,530
Non-Current Liabilities:				
Other finance liabilities, non-current	37	77	37	77
Deferred tax liabilities	-	9	-	-
Total Non-Current Liabilities	37	86	37	77
Current Liabilities:				
Trade and other payables, current	11,290	8,017	10,536	6,808
Income tax payable, current	62	-	57	-
Other financial liabilities, current	1,086	1,369	40	40
Provisions, current	126	144	109	120
Total Current Liabilities	12,564	9,530	10,742	6,968
Total Liabilities	12,601	9,616	10,779	7,045
Total Equity and Liabilities	42,771	48,283	45,072	47,575

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/12/09		As at 31/12/08	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
40	1,046	40	1,329

Amount repayable after one year

As at 31/12/09		As at 31/12/08	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
37	-	77	-

Details of any collateral

1. Company's motor vehicles were financed under Hire Purchase.
2. Short term bank loan of RMB 5,100,000 to the wholly-owned subsidiary, MIT (Shanghai) Co., Ltd is guaranteed by the Company.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group (S$'000)	
Cash Flows from Operation Activities	31/12/2009	31/12/2008
Loss before tax	(8,608)	(4,096)
Adjustments for:-		
Depreciation of plant and equipment	1,220	1,221
Interest Income	(68)	(208)
Interest expense	88	73
Loss on disposal of plant and equipment	18	139
Development project expenses charged to cost of goods sold	1,011	412
Amortisation of development project expenses	503	364
Impairment in value of development expenditures	58	131
Reversal of impairment fordevelopment project expenses	(12)	-
Impairment in value of plant and equipment	-	52
Amortisation of intangible assets	46	46
Impairment in value of club membership	-	21
Impairment in value of intangible assets	744	-
Amortisation of patent	94	51
Share base payment	27	26
Operating cash flow before changes in working capital	(4,879)	(1,768)
Trade and other receivables, current	1,652	1,703
Other assets, current	309	(253)
Inventories	4,497	976
Trade and other payables, current	3,273	(5,570)
Provisions, current	(18)	(219)
Net effect of exchange rate changes in consolidation foreign operation	31	(30)
Net cash flow from/(used in) operations before interest and tax	4,865	(5,161)
Income tax refund/(paid)	166	(296)
Net cash flow from/(used in) operating activities	5,031	(5,457)
Cash Flows from Investing Activities:		
Addition of Patent	(138)	(154)
Purchase of plant and equipment	(1,503)	(367)
Disposal of plant and equipment	17	75
Development project expenses incurred	(1,609)	(1,540)
Purchase of preference shares	-	(1,000)
Interest received	68	208
Net cash flow used in investing activities	(3,165)	(2,778)
Cash Flows from Financing Activities		
Interest paid	(88)	(73)
(Decrease)/increase in short-term borrowings	(233)	360
Dividends paid	-	(547)
Dividend paid to non-controlling interest	(61)	(67)
Purchase of treasury shares	-	(460)
Decrease in finance leases	(40)	(40)
Net cash used in financing activities	(422)	(827)
Net increase/(decrease) in cash and cash equivalents	1,444	(9,062)
Cash and cash equivalents, statement of cash flows, beginning balance	18,218	27,280
Cash and cash equivalents, statement of cash flows, ending balance	19,662	18,218

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Total Equity	Attributable to Parent Sub-total	Share Capital	Accumulated Losses	Other Reserves	Translation Reserves	Share Option Reserve	Non-Controlling Interests
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Current Year :								
Opening balance at 1 January 2009	38,667	36,680	45,768	(8,992)	(70)	(65)	39	1,987
Total comprehensive income for the year	(8,463)	(8,705)	-	(8,801)	96	-	-	242
Expiry of share options	(6)	(6)	-	-	-	-	(6)	-
Issue of share options	33	33	-	-	-	-	33	-
Dividends paid	(61)	-	-	-	-	-	-	(61)
Closing balance at 31 December 2009	30,170	28,002	45,768	(17,793)	26	(65)	66	2,168
Previous Year :								
Opening balance at 1 January 2008	42,581	40,829	46,228	(5,162)	-	(249)	12	1,752
Total comprehensive income for the year	(2,868)	(3,170)	-	(3,284)	(70)	184	-	302
Expiry of share options	-	-	-	1	-	-	(1)	-
Issue of share options	28	28	-	-	-	-	28	-
Dividends paid	(614)	(547)	-	(547)	-	-	-	(67)
Purchase of treasury shares	(460)	(460)	(460)	-	-	-	-	-
Closing balance at 31 December 2008	38,667	36,680	45,768	(8,992)	(70)	(65)	39	1,987

Company	Total Equity	Share Capital	Accumulated losses	Other Reserves	Share Option Reserves
	S$'000	S$'000	S$'000	S$'000	S$'000
Current Year :					
Opening balance at 1 January 2009	40,530	45,768	(5,207)	(70)	39
Total comprehensive income for the year	(6,264)	-	(6,360)	96	-
Expiry of share options	(6)	-	-	-	(6)
Issue of share options	33	-	-	-	33
Closing balance at 31 December 2009	34,293	45,768	(11,567)	26	66
Previous Year :					
Opening balance at 1 January 2008	45,922	46,228	(318)	-	12
Total comprehensive income for the year	(4,413)	-	(4,343)	(70)	-
Expiry of share options	-	-	1	-	(1)
Issue of share options	28	-	-	-	28
Dividends paid	(547)	-	(547)	-	-
Purchase of treasury shares	(460)	(460)	-	-	-
Closing balance at 31 December 2008	40,530	45,768	(5,207)	(70)	39

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

No ordinary shares were issued during the year.

Share Options

The Company had granted 150,000 new options under the Company Employees Share Option Scheme (1999) ("ESOS") on 8 September 09. As at 31 December 2009, Options to subscribe for 6,082,000 ordinary shares were remained unexercised. (31 December 2008: 6,284,000)

Treasury Shares

As at 31 December 2009, 3,437,000 ordinary shares are held as Treasury Shares (31 December 2008: 3,437,000). No shares were bought back by the Company during the year.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Group & Company	
	as at 31/12/09	as at 31/12/08
Total number of issued shares	221,016,870	221,016,870
Less : Treasury Shares	3,437,000	3,437,000
Total number of issued shares (excluding treasury shares)	217,579,870	217,579,870

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfer, disposal, cancellation and/or use of treasury shares as at 31 December 2009.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group and Company have applied the same accounting policies and method of computation in the financial statement for the current reporting period compared with the Audited Financial Statements as at 31 December 2008, except for the adoption of accounting standards (and their consequential amendments) and interpretations applicable to the financial period beginning 1 January 2009.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	31/12/09	31/12/08
Earnings per ordinary share of the group, after deducting any provision for preference dividends (in cents):		
(a) Based on weighted average number of ordinary shares on issue; and	-4.04	-1.50
(b) On a fully diluted basis	-4.04	-1.50

a) Earnings per ordinary share on existing issued share capital is computed based on the weighted average number of shares in issue during the year.

b) Earnings per ordinary share on a fully diluted basis is computed based on the weighted average number of shares during the period adjusted to assume conversion of all dilutive ordinary shares.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Company		Group	
	31/12/09	31/12/08	31/12/09	31/12/08
Net asset value per ordinary share based on issued share capital at the end of (in cents):	15.76	18.63	12.87	16.86

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Turnover

Group Revenue in FY2009 declined by 23% to S$24.9m from S$32.3m in the previous corresponding financial year. The decline is mainly due to the acute slowdown in the semiconductor and other related industries.

Earnings

The Group recorded a lower Gross Margin of 17% in FY2009 as compared with 28% in FY2008 largely attributable to the lower revenue base during the current financial year.

Interest Income in FY2009 decreased to S$0.07m compared to S$0.2m in previous year as a result of lower interest rate for Singapore Dollars fixed deposits.

Dividend Income received from UOB Preferences Shares, which were purchased in FY2008, contributed to the increase in the Dividend Income by S$0.04m.

Other Credits slightly increased from S$0.4m in FY2008 to S$0.5m in FY2009 due to reversal for impairment on inventories and removal compensation received from the Chinese authorities over the relocation of our Shanghai plant.

Other Income mainly included the jobs credit payments from the Singapore Government and rental of equipment during the year.

In line with the lower revenue base and slower business activities, the Selling and Distribution Expenses as well as the Administrative Expenses were lower by 27% and 16% respectively. Manpower costs were lower due to reduced headcount and pay reductions that were administered since July 2008.

The increase in Finance Costs was due to a higher Short Term Borrowings used to fund MIT Shanghai's working capital needs.

Other Charges increased 64% from S$4.0m to S$6.5m mainly because of Impairment in the value of Intangible Assets as a result of the written down of Goodwill and provisions arising from legal proceedings. The Exchange Loss was mainly due to the Depreciation of USD and RMB against SGD during the current financial year.

There was an over-provision of tax in respect of prior years of S$40k with a deferred tax of S$9k in current financial year.

After taking into account of the above, the Group recorded a Net Loss of S$8.6m in FY2009, compared to a Net Loss of S$3.0m in the previous corresponding financial year.

After deducting Non-Controlling Interests, the Net Loss attributable to Owner of the Parent, Net of Tax in FY2009 was S$8.8m.

Assets and Liabilities

The increase in Plant and Equipment was mainly due to an expansion of production capacity by our Shanghai operations. We had made an additional investment of S$0.9m in Machinery and Tools for new businesses secured.

The Other Financial Assets, Non-current increased by S$0.1m due to adjustment in fair value of our investment in UOB Preference Shares.

After impairment in value of Goodwill and amortisation of Patent, the Group's Intangible Assets reduced from S$0.9m to S$0.1m as at the end of this financial year.

The Group's inventory (net of impairment) reduced to S$7.9m compared to S$12.4m recorded as at the end of last financial year. The Group made a one-off provision of S$2.1m for slow moving stocks.

The Trade and Other Receivables, Current of the Group reduced by S$1.7m during this financial year in line with the lower revenue. In addition, we also stepped up our collection efforts during this difficult time. Subsequent to the year end, a further sum of S$2.6m was received to-date.

Other Assets decreased to S$0.4m, mainly due to lower prepayment and deposits compared to S$0.8m as at the end of last financial year.

The higher amount in Trade and Other Payables, Current was as a result of additional materials purchased towards the end of FY2009. This was done in anticipation for an upturn in business for FY2010. Also, there were provisions made for legal proceedings.

The decrease in Other Finance Liabilities, Current was due to a partial repayment of short term loan made by MIT Shanghai.

Lower provision for installation and warranty, as a result of lower revenue base, contributed to the lower Provision, Current recorded in this financial year end.

Cash Flow

Cash and cash equivalent at the end of the year was S$19.7m, a slight increase of 8% compared to the end of FY2008. Despite the dour economic conditions, the Group managed to record a positive cashflow due mainly to stringent cost controls and aggressive collections.

The Group continued to invest in the facilities in its Shanghai operations (S$1.4m) as well as in funding development projects (S$1.6m), particularly for our new solar business.

The Group still remains in a relatively strong financial position with Cash per Share of 8.9 cents, which accounts for almost 69% of the Group's Net Assets.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The results are in line with the prospect statement disclosed in the previous results announcement.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Commentary

a. The Group believes that it has emerged stronger from the global recession of last year, despite experiencing a second year of losses. This optimism is buoyed by the following:

i. It has successfully developed and marketed equipment for the solar industry. Solar is a new high growth industry that is more resilient against economic volatilities, unlike the vagaries of semiconductor industry. The Group is currently in negotiation with repeat and potential customers for sizeable orders of its solar equipment. Apart from laser scribers, the Group expects to widen its product offerings such as laser ablation and other equipment for the crystalline silicon market.

ii. The Group has a leaner operating cost structure from the hard and decisive measures taken last year. It has further strengthened its balance sheet with a higher cash balance of $19.7m, lower receivables and inventory as well as lesser borrowings.

b. The semiconductor equipment industry is also expected to grow in FY2010. In one of Gartner's report on 11 December 2009, it stated that "Worldwide semiconductor equipment spending is forecast to end the year with a 42.6 percent decline in 2009, but the market is now in the midst of a very strong growth spurt. Gartner expects semiconductor equipment spending to increase 45.3 percent in 2010."

c. The Singapore Court of Appeal has on 23 February 2010 returned judgement in favour of the Appellant (the other party) in a legal proceeding which it took against the Company in 2007 (refer to our announcement dated 24 March 2009). MIT had earlier won the trial in the High Court in 2008.

The Group does not expect any significant forward impact on our semiconductor business from this judgement. The infringement of the one device in question is confined to a particular model of our Caerus product line. The Group has already progressed to introduce new generation and higher performance models without incorporating the said device and they have already been sold in the market as per our earlier announcement on 19 November 2009.

While it is too early to determine the financial impact of this judgement, the Group has, for prudency reasons, made provisions in our FY2009 accounts.

Barring unforeseen developments such as a second dip in the macro-economic environment, the Group expects a better performance in FY2010.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not Applicable.

(d) Books closure date

Not Applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended for the full year ended 31 December 2009.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Business Segments

	Manufacturing		Distribution		Consolidated	
	2009	2008	2009	2008	2009	2008
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Segment revenue:-						
Sales to external customers	21,298	27,168	3,565	5,105	24,863	32,273
Segment result	(7,986)	(4,375)	(622)	279	(8,608)	(4,096)
Operating Profit before taxation					(8,608)	(4,096)
Income Tax					49	1,114
Operating Profit after taxation					(8,559)	(2,982)
Minority interests					(242)	(302)
Net Profit					(8,801)	(3,284)
Other segment information:						
Segment assets	38,564	43,218	4,207	4,822	42,771	48,040

Geographical Segments

	Singapore		Asia		Europe & USA		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Segment revenue:-								
Sales to external customers	5,641	5,748	14,153	14,823	5,069	11,702	24,863	32,273
Segment result	(2,307)	(554)	(4,848)	(2,769)	(1,453)	(773)	(8,608)	(4,096)
Other geographical information:-								
Segment assets	38,788	45,240	3,983	2,800	-	-	42,771	48,040

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Segment Result

The Group's total sales turnover from manufacturing activities declined 22% from S$27.2m to S$21.3m mainly due to the low demand in the semiconductor equipment industry. Distribution activities recorded a decrease of 30% from S$5.1m to S$3.6m in the current financial year.

Asia (including Singapore) remains the Group's key market which accounted for 80% of the total revenue. The shipment to this region has maintained at S$20m for both FY2008 and FY2009. The Sales to customers in Europe & USA decreased 57% to S$5.1m compared to the previous financial year.

15. A breakdown of sales.

		Group		
		S$'000		%
		31.12.2009	31.12.2008	Increase/ (Decrease)
a	Sales reported for first half year	9,381	14,028	-33.1%
b	Operating Profit/(Loss) after tax before deducting minority interests reported for first half year	(2,419)	(4,047)	-40.2%
c	Sales reported for second half year	15,482	18,245	-15.1%
d	Operating Profit/(Loss) after tax before deducting minority interests reported for second half year	(6,140)	1,065	NM

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Latest Full Year (S$)	Previous Full Year (S$)
Interim Dividend	-	-
Final Dividend	-	-
Total annual dividend after tax (S$)	-	-

ON BEHALF OF THE BOARD

Kwong Kim Mone
Chairman and Managing Director
26 February 2010