



## **Miyoshi Precision Limited**

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

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### **CLARIFICATION OF 2009 HALF YEAR FINANCIAL RESULTS**

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With regards to our results announcement for the half year ended 28 February 2009 published on 13 April 2009; the SGX has sought clarification on an item appearing on page 2, note 1(a)(iii), "allowance for inventory obsolescence". SGX notes that allowance for inventory obsolescence has increased from S\$65,000 in half year ended 29 Feb 2008 ("1HFY2008") to S\$1,187,000 in half year ended 28 Feb 2009 ("1HFY2009"); and that the increase is significant in comparison to the profit for 1HFY2008. As such they request that we elaborate on the circumstances giving rise to this provision as well as to give details on the type of inventory under which the provision was made.

The higher charge of allowance for inventory obsolescence in 1HFY2009 as compared with 1HFY2008 was due to higher provisions for potential inventory obsolescence made in view of the prevailing business uncertainty. Revenue for 1HFY2009 fell 30.2% on-year; with the decline accelerating significantly in the second quarter of 1HFY2009 as compared with the first quarter. New purchase orders from customers had declined and customers' forecasts of purchases from the Group has been revised downwards. News on the macro-economic front was predominantly negative with expectations that the business downturn may worsen and last for an extended period. The severity of the fall in current demand and uncertainty of future demand raised the possibility that our inventory may become obsolete, for which the allowance for inventory obsolescence was made. Specifically, Hewlett Packard, one of our significant customers is undergoing a major exercise to realign its contract manufacturers (CM), and this exercise could potentially lead to premature end-of-life at the affected CM's product lines, which will in turn render our stocks (stamped metal parts in the form of work-in-progress and finished goods) obsolete.

By Order of the Board

Sin Kwong Wah Andrew  
Chief Executive Officer  
**15 April 2009**