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NEWS RELEASE

Micro-Mechanics Posts Net Profit of S\$3.4 Million in 1Q17

- Net profit in 1Q17 grew 19.4% from 4Q16, but was slightly down from S\$3.6 million in 1Q16
- Gross profit margin maintained at healthy 57.3% in 1Q17
- Strong financial position with cash of S\$23.7 million and zero borrowings

Singapore, 28 October 2016 – Micro-Mechanics (Holdings) Ltd. (“Micro-Mechanics” or the “Group”), a manufacturer of high precision tools and parts for the semiconductor and other high technology industries, has reported a net profit of S\$3.4 million for the three months ended 30 September 2016 (“1Q17”). While this was a slight decline of 5.9% from S\$3.6 million in 1Q16, the Group’s net profit grew 19.4% from S\$2.8 million in 4Q16.

On a sequential basis, the Group’s revenue rose for the third straight quarter since 2Q16 to S\$13.4 million in 1Q17 and nearly matched the record quarterly performance of S\$13.6 million that it set in 1Q16.

CEO of Micro-Mechanics, Mr Chris Borch said, “The Group’s revenue in 1Q17 softened marginally from the same quarter a year ago due to slower demand conditions in the global chip industry, as well as the translational impact from the depreciation of the Reminbi, Philippine Peso and US Dollar when translated to our reporting currency in Singapore Dollars.”

While sales in China declined 15.9% to S\$3.5 million in 1Q17, it remained as the Micro-Mechanics’ largest geographical market with a 26% contribution to revenue. Sales from the Group’s second largest market, Malaysia increased 12.7% to S\$3.0 million to account for 23% of revenue. Sales from the Group’s other markets were generally lower in 1Q17 compared to 1Q16, reflecting the sluggish market conditions.

“Despite the difficult operating environment, we were able to maintain our gross profit margin at 57.3% in 1Q17 due to our continuing focus on various strategies, such as *24/7 Machining*, IT automation and department integration to improve productivity and operational efficiency. We also continue to keep a tight rein on overhead expenses amid escalating cost pressures in many of the markets where we operate. As a result, the Group’s net profit margin remained relatively resilient at 25.3% in 1Q17.

At the beginning of 1Q17, we consolidated the engineering, development and investment efforts of the Group’s five factories into a single business unit that will focus on manufacturing parts and tools for process-critical applications, primarily for the semiconductor industry. We believe this product and industry specific approach is the right strategy for the Group going forward,” said Mr Borch.

As at 30 September 2016, Micro-Mechanics remained in a sound financial position with a balance sheet that had total assets of S\$62.9 million, shareholders’ equity of S\$53.5 million, cash and cash equivalents of S\$23.7 million and no bank borrowings.

This news release should be read in conjunction with the Group’s financial statements posted on the SGX website on 28 October 2016.

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About Micro-Mechanics

Micro-Mechanics designs, manufactures and markets high precision parts and tools used in process-critical applications for the semiconductor and other high technology industries.

The Group serves a worldwide base of customers from five manufacturing facilities located in Singapore, Malaysia, China, the Philippines and the USA, and a direct sales presence in Taiwan, Indonesia, and Europe. Micro-Mechanics' strategy is to relentlessly pursue product and operational improvements while providing fast, effective and local support to its customers worldwide.

In addition to designing and manufacturing a market-leading range of consumable tools and parts used in the assembly and testing of semiconductors, the Group also engages in the contract manufacturing of precision parts and tools used in process-critical applications for the semiconductor wafer-fabrication and other high-technology industries.

Since listing on the Singapore Exchange in June 2003, Micro-Mechanics has won over 20 awards in recognition of its high standards of corporate governance, quality of disclosure, transparency and investor relations.

For more information, please visit the Group's website at www.micro-mechanics.com