

NEWS RELEASE

Micro-Mechanics Posts 23.5% Jump in Net Profit to S\$3.4 Million in 2Q17

- Group revenue increased 16.3% to reach a record S\$14.2 million in 2Q17
- Net profit margin improved to 23.7%
- Paying a higher interim dividend of 3 cents per share on 27 February 2017
- Maintains sound financial position with cash of S\$21.0 million and zero borrowings

Singapore, 6 February 2017 – Micro-Mechanics (Holdings) Ltd. (“Micro-Mechanics” or the “Group”), a manufacturer of high precision parts and tools used in process-critical applications for the semiconductor industry, today reported a 23.5% jump in its net profit to S\$3.4 million for the three months ended 31 December 2016 (“2Q17”).

The strong bottom line performance in 2Q17 was achieved on the back of the Group’s highest ever quarterly revenue of S\$14.2 million which increased 16.3% year-on-year, driven mainly by higher sales in Singapore, Malaysia and the USA.

In line with Micro-Mechanics’ long-held practice of rewarding shareholders, the Group will be paying a higher interim dividend of 3 cents per share (one-tier tax exempt) on 27 February 2017, compared to its interim dividend of 2 cents per share paid in February 2016.

CEO of Micro-Mechanics, Mr Chris Borch said, “The Group is beginning to realize the benefits of the strategic decision we made at the beginning of FY2017 to focus the engineering, development and investment efforts of our five factories on serving the semiconductor industry. We believe this industry specific focus and dedication to developing and manufacturing parts and tools used in process-critical applications for semiconductor wafer-fabrication and assembly is the right strategy for the Group.”

As a result of its realignment and sharper focus on the semiconductor industry, the Group witnessed improved sales in all its geographical markets in 2Q17, with the exception of Europe. Notwithstanding the 7% depreciation of the Chinese Renminbi against the Singapore Dollar, sales in China still rose 3.8% to remain as the Group’s largest market with a 25% contribution to revenue. Its second largest market in Malaysia saw a sales increase of 21.5% to account for 21% of Group revenue while sales to customers in Singapore and the USA improved 74.3% and 27.5% respectively in 2Q17.

“Despite ongoing cost and selling price pressures, the Group’s continuous efforts to enhance manufacturing processes, productivity and cost structure enabled us to hold our gross profit margin steady at 55.4% in 2Q17. Coupled with our tight rein on overhead expenses, the Group improved our net profit margin to 23.7% in 2Q17 from 22.3% in 2Q16,” said Mr Borch.

As at 31 December 2016, Micro-Mechanics continued to exhibit a sound balance sheet with total assets of S\$61.4 million, shareholders’ equity of S\$51.4 million, cash and cash equivalents of S\$21.0 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 6 February 2017.

About Micro-Mechanics

Micro-Mechanics designs, manufactures and markets high precision parts and tools used in process-critical applications for the wafer-fabrication and assembly processes of the semiconductor industry.

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 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 industry.

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