



Micro-Mechanics Net Profit Up 32% to S\$1.0M in 2Q13

- Group revenue grew 6.4% to S\$9.3 million in 2Q13
- Net profit growth driven by significantly higher GP margin of 48.6%, from 44.4% in 2Q12
- Group to pay an interim dividend of 1.0 cent per share (one-tier tax exempt)

Singapore, 26 January 2013 – Mainboard-listed **Micro-Mechanics (Holdings) Ltd.** (“Micro-Mechanics” or the “Group”), a manufacturer of high precision tools, parts and assemblies for high technology industries, today reported a 31.5% gain in net profit to S\$1.0 million for the three months ended 31 December 2012 (“2Q13”), from S\$0.7 million in the same quarter last year.

Net profit in 2Q13 rose at a faster pace than revenue, which grew 6.4% to S\$9.3 million, driven by the Group’s ongoing initiatives to boost productivity and the efficiency of its manufacturing operations. This translated into a significant 4.2 percentage point expansion of its gross profit (GP) margin to 48.6% from 44.4% in 2Q12.

For the six months ended 31 December 2012 (“1H13”), the Group’s net profit increased 8.4% to S\$2.2 million from S\$2.0 million in 1H12 on stable revenue of S\$19.2 million. As a result, net profit margin in 1H13 expanded to 11.3% from 10.4% in 1H12.

In line with Micro-Mechanics’ long-held philosophy to share its financial performance with shareholders, the Group has declared an interim dividend of 1.0 cent per share (one-tier tax exempt) amounting to S\$1.4 million. The dividend will be paid on 20 February 2013 to shareholders on record as at 4 February 2013. The Group has paid interim and final dividends totaling 3.0 cents per share for each of its last three financial years.

Said Mr Chris Borch, CEO of Micro-Mechanics, “The Group’s higher GP margin in 2Q13 reflects our continual focus on cost, productivity and cycle time improvements as our efforts to raise the level of automation and strengthen manufacturing processes have enabled us to gradually streamline manpower requirements. While the GP margin of our semiconductor tooling business expanded from 52.5% to 55.5% in 2Q13, the Group’s performance would have been even better if not for tough conditions at our Custom Machining & Assembly business which was affected by sluggish demand in the capital equipment market.

As we begin a new year, the operating environment for the Group is likely to stay challenging as markets are expected to remain unpredictable, volatile and cost-competitive. Hence, we will continue strengthening our focus on our customers while working to improve the Group’s GP margin and keep a tight rein on distribution, administrative and other expenses.”

As at 31 December 2012, the Group’s balance sheet had total assets of S\$42.8 million, shareholders’ equity of S\$36.2 million, cash and cash equivalents of S\$7.1 million and no bank borrowings.

This news release is to be read in conjunction with the Group’s financial statements posted on the SGX website on 26 January 2013.

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About Micro-Mechanics

Micro-Mechanics designs, manufactures and markets high precision tools, parts and assemblies for the semiconductor, medical, aerospace and other high technology industries.

The Group serves a worldwide base of customers from six manufacturing facilities located in Singapore, Malaysia, China, Thailand, the Philippines and the USA. Together with its direct sales presence in Taiwan, Indonesia, and Europe, the Group's strategy is to relentlessly pursue product and operational improvement while providing its global customers with fast, effective and local support.

In addition to a market-leading range of precision tools, parts and consumable products used in the assembly and testing of semiconductors, the Group also manufactures precision parts and assemblies on a contract basis for tier-one equipment, aerospace, medical and other industries.

Micro-Mechanics has won wide recognition for its high standard of corporate governance and quality of disclosure, corporate transparency and communications with investors. At the Singapore Corporate Awards 2012, the Group won the Gold award for the Best Managed Board Award (small cap category). It is also a three time recipient of the Best Investor Relations Award (small cap category) at the Singapore Corporate Awards 2012, 2011 and 2010. In addition, the Group has received six awards from the Securities Investors Association Singapore for its corporate transparency and governance practices, and was twice voted 'Best for Shareholders Rights and Equitable Treatment in Singapore' in the Asiamoney Corporate Governance Polls in 2009 and 2010.

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