

MICRO-MECHANICS (HOLDINGS) LTD

**Condensed Interim Financial Statements
For Fourth Quarter and Financial Year Ended
30 June 2024**

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 30 JUNE 2024

	Note	Group					
		Q4			Year-to-date		
		Apr to Jun 2024 S\$	Apr to Jun 2023 S\$	Change	Group FY2024 S\$	Group FY2023 S\$	Change
Revenue	E4	14,925,946	15,195,482	(1.8%)	57,888,378	67,021,993	(13.6%)
Cost of sales		(7,989,994)	(8,395,547)	(4.8%)	(30,702,288)	(35,832,351)	(14.3%)
Gross profit		6,935,952	6,799,935	2.0%	27,186,090	31,189,642	(12.8%)
Other income	E5	133,364	97,089	37.4%	413,618	515,742	(19.8%)
Distribution expenses		(707,950)	(763,683)	(7.3%)	(2,873,181)	(2,879,823)	(0.2%)
Administrative expenses		(2,413,486)	(2,154,387)	12.0%	(9,127,651)	(10,012,989)	(8.8%)
Other operating expenses		(927,077)	(1,127,450)	(17.8%)	(3,742,594)	(5,034,746)	(25.7%)
Results from operating activities		3,020,803	2,851,504	5.9%	11,856,282	13,777,826	(13.9%)
Finance income	E5	37,629	44,849	(16.1%)	193,393	169,325	14.2%
Finance expense	E5	(139,724)	(29,400)	375.3%	(516,063)	(318,355)	62.1%
Net finance expense		(102,095)	15,449	(760.9%)	(322,670)	(149,030)	116.5%
Profit before tax	E5	2,918,708	2,866,953	1.8%	11,533,612	13,628,796	(15.4%)
Tax expense	E6	(838,357)	(875,607)	(4.3%)	(3,495,496)	(3,858,316)	(9.4%)
Profit after tax		2,080,351	1,991,346	4.5%	8,038,116	9,770,480	(17.7%)
Non-controlling interests		-	-	-	-	-	-
Profit for the period/year		2,080,351	1,991,346	4.5%	8,038,116	9,770,480	(17.7%)
Profit for the period/year		2,080,351	1,991,346	4.5%	8,038,116	9,770,480	(17.7%)
Other comprehensive income							
<i>Item that is or may be reclassified subsequently to profit or loss:</i>							
Foreign currency translation differences from foreign operations		64,985	(421,362)	(115.4%)	(93,027)	(2,150,256)	(95.7%)
<i>Item that will not be reclassified to profit or loss:</i>							
Remeasurement on retirement benefits		27,182	(19,220)	(241.4%)	27,182	(19,220)	(241.4%)
Related tax		(864)	622	(238.9%)	(864)	622	(238.9%)
Other comprehensive income for the period/year, net of tax		91,303	(439,960)	(120.8%)	(66,709)	(2,168,854)	(96.9%)
Total comprehensive income for the period/year		2,171,654	1,551,386	40.0%	7,971,407	7,601,626	4.9%
Earnings per share:	E7						
Basic (in cents)		1.50	1.43	4.9%	5.78	7.03	(17.8%)
Diluted (in cents)		1.50	1.43	4.9%	5.78	7.03	(17.8%)

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group 30 Jun 24 S\$	Group 30 Jun 23 S\$	Company 30 Jun 24 S\$	Company 30 Jun 23 S\$
Non-current assets					
Property, plant and equipment	E9	22,299,885	25,445,458	-	-
Right-of-use assets		1,670,348	2,119,176	-	-
Investment property	E10	266,013	280,958	-	-
Subsidiaries		-	-	29,095,544	29,095,544
Trade and other receivables	E11	519,079	488,744	-	-
Deferred tax asset		19,795	22,072	-	-
		24,775,120	28,356,408	29,095,544	29,095,544
Current assets					
Inventories		3,905,905	4,323,055	-	-
Trade and other receivables	E11	11,610,943	11,244,667	1,155,110	1,546,791
Cash and bank balances		16,567,727	14,266,863	6,026,177	2,326,039
		32,084,575	29,834,585	7,181,287	3,872,830
Total assets		56,859,695	58,190,993	36,276,831	32,968,374
Shareholders' equity					
Share capital	E12	14,782,931	14,782,931	14,782,931	14,782,931
Reserves		31,288,616	31,659,119	20,728,191	17,467,364
		46,071,547	46,442,050	35,511,122	32,250,295
Non-current liabilities					
Deferred tax liabilities		1,429,220	1,591,500	239,363	206,203
Trade and other payables	E13	-	229,186	-	-
Provisions	E14	834,652	811,489	-	-
Lease liabilities		332,073	1,012,723	-	-
		2,595,945	3,644,898	239,363	206,203
Current liabilities					
Trade and other payables	E13	5,554,951	5,908,553	524,644	509,459
Lease liabilities		1,439,487	1,183,468	-	-
Current tax payable		1,197,765	1,012,024	1,702	2,417
		8,192,203	8,104,045	526,346	511,876
Total liabilities		10,788,148	11,748,943	765,709	718,079
Total equity and liabilities		56,859,695	58,190,993	36,276,831	32,968,374

C. CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share Capital	Foreign Currency Translation Reserve	Accumulated remeasure- ment on retirement benefits	Statutory reserve	Accumulated Profits	Total
	S\$	S\$	S\$	S\$	S\$	S\$
The Group						
As at 1 July 2022	14,782,931	144,547	27,959	1,263,008	42,086,442	58,304,887
Total comprehensive income for the year:						
Profit for the year	-	-	-	-	9,770,480	9,770,480
Other comprehensive income:						
Foreign currency translation differences	-	(2,149,301)	(955)	-	-	(2,150,256)
Remeasurement on retirement benefits	-	-	(18,598)	-	-	(18,598)
Total other comprehensive income for the year	-	(2,149,301)	(19,553)	-	9,770,480	7,601,626
Transactions with owners, recognised directly in equity						
Interim dividend of 6.0 cents per share (one-tier tax exempt) in respect of current financial year	-	-	-	-	(8,341,913)	(8,341,913)
Final dividend of 6.0 cents per share & special dividend of 2.0 cent per share (one-tier tax exempt) in respect of previous financial year	-	-	-	-	(11,122,550)	(11,122,550)
Total transactions with owners	-	-	-	-	(19,464,463)	(19,464,463)
As at 30 June 2023	14,782,931	(2,004,754)	8,406	1,263,008	32,392,459	46,442,050
As at 1 July 2023	14,782,931	(2,004,754)	8,406	1,263,008	32,392,459	46,442,050
Total comprehensive income for the year:						
Profit for the year	-	-	-	-	8,038,116	8,038,116
Other comprehensive income:						
Foreign currency translation differences	-	(91,856)	(1,171)	-	-	(93,027)
Remeasurement on retirement benefits	-	-	26,318	-	-	26,318
Total other comprehensive income for the year	-	(91,856)	25,147	-	8,038,116	7,971,407
Transactions with owners, recognised directly in equity						
Interim dividend of 3.0 cents per share (one-tier tax exempt) in respect of current financial year	-	-	-	-	(4,170,955)	(4,170,955)
Final dividend of 3.0 cents per share (one-tier tax exempt) in respect of previous financial year	-	-	-	-	(4,170,955)	(4,170,955)
Total transactions with owners	-	-	-	-	(8,341,910)	(8,341,910)
As at 30 June 2024	14,782,931	(2,096,610)	33,553	1,263,008	32,088,665	46,071,547

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	Share Capital S\$	Foreign Currency Translation Reserve S\$	Accumulated Profits S\$	Total S\$
The Company				
As at 1 July 2022	14,782,931	-	24,020,106	38,803,037
Total comprehensive income for the year:				
Net profit for the year	-	-	12,911,721	12,911,721
Total comprehensive income for the year	-	-	12,911,721	12,911,721
Transactions with owners, recognised directly in equity				
Interim dividend of 6.0 cents per share (one-tier tax exempt) in respect of current financial year	-	-	(8,341,913)	(8,341,913)
Final dividend of 6.0 cents per share & special dividend of 2.0 cent per share (one-tier tax exempt) in respect of previous financial year	-	-	(11,122,550)	(11,122,550)
Total transactions with owners	-	-	(19,464,463)	(19,464,463)
As at 30 June 2023	14,782,931	-	17,467,364	32,250,295
As at 1 July 2023	14,782,931	-	17,467,364	32,250,295
Total comprehensive income for the year:				
Net profit for the year	-	-	11,602,737	11,602,737
Total comprehensive income for the year	-	-	11,602,737	11,602,737
Transactions with owners, recognised directly in equity				
Interim dividend of 3.0 cents per share (one-tier tax exempt) in respect of current financial year	-	-	(4,170,955)	(4,170,955)
Final dividend of 3.0 cents per share (one-tier tax exempt) in respect of previous financial year	-	-	(4,170,955)	(4,170,955)
Total transactions with owners	-	-	(8,341,910)	(8,341,910)
As at 30 June 2024	14,782,931	-	20,728,191	35,511,122

**D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASHFLOW FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2024**

	Group FY2024 S\$	Group FY2023 S\$
Cash flows from operating activities		
Profit for the year	8,038,116	9,770,480
Adjustments for:		
Depreciation of property, plant and equipment	6,496,591	6,704,279
Depreciation of investment property	13,075	13,785
Property, plant and equipment written off	9,045	14,908
Gain on disposal of property, plant and equipment	(14,187)	(74,832)
Interest income	(193,393)	(169,325)
Interest expense on lease liabilities	170,526	95,866
Retirement benefits cost	60,227	54,513
Unwind of discount on reinstatement costs	18,450	13,585
Trade receivables written off	3,891	141
Inventories written off	214,437	75,843
Tax expense	3,495,496	3,858,316
Operating profit before changes in working capital	18,312,274	20,357,559
Inventories	196,750	981,313
Trade and other receivables	(396,128)	4,545,160
Trade and other payables	(63,683)	(2,920,575)
Cash generated from operations	18,049,213	22,963,457
Tax paid	(3,471,333)	(5,263,679)
Net cash generated from operating activities	14,577,880	17,699,778
Cash flows from investing activities		
Interest received	193,423	157,977
Payment of property, plant and equipment	(2,461,573)	(3,335,905)
Proceeds from disposal of property, plant and equipment	22,627	754,125
Net cash used in investing activities	(2,245,523)	(2,423,803)
Cash flows from financing activities		
Dividends paid	(8,341,910)	(19,464,463)
Interest paid	(170,526)	(95,866)
Deposit pledged	(13,827)	-
Payment of lease liabilities	(1,401,550)	(1,216,094)
Net cash used in financing activities	(9,927,813)	(20,776,423)
Net increase/(decrease) in cash and cash equivalents	2,404,544	(5,500,448)
Cash and cash equivalents at beginning of year	14,122,013	20,210,293
Effect of exchange rate fluctuations on cash held	(116,586)	(587,832)
Cash and cash equivalents at end of the year	16,409,971	14,122,013

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Note:

(i) Cash and cash equivalent is derived from:

	Group 30 Jun 24 S\$	Group 30 Jun 23 S\$
Cash and bank balances	16,567,727	14,266,863
Less: Pledged cash placed with bank	(157,756)	(144,850)
	16,409,971	14,122,013

E. SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

E1 Corporate information

Micro-Mechanics (Holdings) Ltd. (the Company) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the fourth quarter and the full year ended 30 June 2024 comprise the Company and its subsidiaries (collectively, the Group).

The Group is primarily involved in the manufacturing of precision tools and components.

E2 Basis of preparation

The condensed interim financial statements have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 30 June 2023.

Other than adoption of the amended standards as set out in E2.2, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 30 June 2023, which were in accordance with SFRS(I)s.

The condensed financial statements are prepared on the historical cost basis, except for certain financial instruments which are stated at fair value.

The condensed financial statements are presented in Singapore dollars which is the Company's functional currency.

E2.1 Use of estimates and judgements

The preparation of condensed financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

E2.2 Changes in accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 July 2023:

- SFRS(I) 17: Insurance Contracts
- Amendments to SFRS(I) 1-12: Deferred tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to SFRS(I) 1-12: International Tax Reform – Pillar Two Model Rules
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies
- Amendments to SFRS(I) 1-8: Definition of Accounting Estimates

The application of the above SFRS(I)s and amendments to SFRS(I)s is assessed to have no material financial effect on the results and financial position of the Group and of the Company for the financial year ended 30 June 2024.

Deferred tax related to assets and liabilities arising from a single transaction.

The Group has adopted Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction from 1 July 2023. The Group has recognised a separate deferred tax asset in relation

to its lease liabilities and deferred tax liability in relation to its right-of-use assets. There was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of SRFS (I) 1-12. There was also no impact on the opening retained earnings as at 1 July 2023 as a result of the change. The key impact for the Group related to the disclosure of the deferred tax assets and liabilities recognised.

E3 Seasonal operations

The Group's businesses were not affected significantly by seasonal or cyclical factors during the financial year.

E4 Revenue

Revenue of the Group represents the value of goods invoiced to third parties. Revenue comprises sale of precision tools and components.

Geographical Market

Country	Group									
	4QFY2024		4QFY2023		% change	FY2024		FY2023		% change
	SS	%	SS	%		SS	%	SS	%	
Singapore	1,377,158	9.2%	1,509,396	9.9%	(8.8%)	4,974,523	8.6%	8,080,268	12.1%	(38.4%)
Malaysia	2,422,514	16.2%	2,174,612	14.3%	11.4%	9,448,356	16.3%	9,578,082	14.3%	(1.4%)
Philippines	734,470	4.9%	1,139,809	7.5%	(35.6%)	3,202,591	5.5%	5,014,877	7.5%	(36.1%)
Thailand	340,320	2.3%	284,771	1.9%	19.5%	1,145,159	2.0%	1,184,076	1.8%	(3.3%)
China	5,065,599	33.9%	4,369,918	28.8%	15.9%	20,104,966	34.7%	18,520,241	27.6%	8.6%
USA	3,163,742	21.2%	3,810,037	25.1%	(17.0%)	11,640,813	20.1%	17,106,063	25.5%	(31.9%)
Europe	679,546	4.6%	713,029	4.7%	(4.7%)	2,706,480	4.7%	3,056,788	4.6%	(11.5%)
Japan	164,235	1.1%	197,788	1.3%	(17.0%)	787,650	1.4%	835,669	1.2%	(5.7%)
Taiwan	894,038	6.0%	917,883	6.0%	(2.6%)	3,474,354	6.0%	3,108,834	4.6%	11.8%
Rest of world	84,324	0.6%	78,239	0.5%	7.8%	403,486	0.7%	537,095	0.8%	(24.9%)
Total	14,925,946	100%	15,195,482	100%	(1.8%)	57,888,378	100%	67,021,993	100%	(13.6%)

A breakdown of sales and operating profit after tax

	Group FY2024	Group FY2023	(Decrease)/ increase
	SS	SS	
Sales reported for first half year	29,352,492	36,914,435	(20.5%)
Operating profit after tax before deducting non-controlling interest reported for first half year	4,113,506	6,143,648	(33.0%)
Sales reported for second half year	28,535,886	30,107,558	(5.2%)
Operating profit after tax before deducting non-controlling interest reported for second half year	3,924,610	3,626,832	8.2%

E5 Profit before tax

The following items have been included in arriving at the profit before tax:

	Q4			Year-to-date		
	Apr to Jun 2024 S\$	Apr to Jun 2023 S\$	Change	Group FY2024 S\$	Group FY2023 S\$	Change
Other Income:						
Gain on disposal of property, plant and equipment	4,664	10,915	(57.3%)	14,187	74,832	(81.0%)
Rental income	31,078	31,879	(2.5%)	124,484	129,847	(4.1%)
Government grant – Skill Redevelopment, Wage Credit and Capability Development Scheme	46,118	4,478	929.9%	70,006	53,065	31.9%
Others	51,504	49,817	3.4%	204,941	257,998	(20.6%)
Expenses:						
Trade receivables written off	-	-	n.m.	3,891	141	2,659.6%
Depreciation of - property, plant and equipment	1,232,562	1,353,224	(8.9%)	5,070,475	5,473,156	(7.4%)
- investment property	3,264	3,347	(2.5%)	13,075	13,785	(5.2%)
- right-of-use assets	362,130	313,456	15.5%	1,426,116	1,231,123	15.8%
Inventories written off	129,641	19,933	550.4%	214,437	75,843	182.7%
Property, plant and equipment written off	463	14,847	(96.9%)	9,045	14,908	(39.3%)
Finance income:						
Interest income from banks and others	37,629	44,849	(16.1%)	193,393	169,325	14.2%
Finance expense:						
Bank charges	22,197	9,254	139.9%	89,284	78,220	14.1%
Unwind of discount on restoration cost provision	4,707	4,457	5.6%	18,450	13,585	35.8%
Interest expense on lease liabilities	33,797	29,756	13.6%	170,526	95,866	77.9%
Foreign currency exchange losses/(gain), net	79,023	(14,067)	(661.8%)	237,803	130,684	82.0%

n.m. – not meaningful

E6 Tax expense

	Q4		Year-to-date	
	Apr to Jun 2024 S\$	Apr to Jun 2023 S\$	Group FY2024 S\$	Group FY2023 S\$
Current tax expenses				
Current period/year	1,060,017	1,183,522	3,752,208	3,756,329
Changes in estimates related to prior years	7,712	(26,115)	(98,100)	(50,080)
	1,067,729	1,157,407	3,654,108	3,706,249
Deferred tax expenses				
Origination and reversal of temporary differences	(229,364)	(273,236)	(169,366)	160,020
Changes in estimates related to prior years	(8)	(8,564)	10,754	(7,953)
	(229,372)	(281,800)	(158,612)	152,067
Tax expense	838,357	875,607	3,495,496	3,858,316

E7 Earnings per share

The calculation of the basic earnings per share is based on:

	Q4		Year-to-date	
	Apr to Jun 2024 S\$	Apr to Jun 2023 S\$	Group FY2024 S\$	Group FY2023 S\$
Profit for the period/year	2,080,351	1,991,346	8,038,116	9,770,480
Weighted average number of ordinary shares in issue for calculation of basic and diluted earnings per share	139,031,881	139,031,881	139,031,881	139,031,881
Basic earnings per share (cents)	1.50	1.43	5.78	7.03

There is no difference between the basic earnings per ordinary share and the diluted earnings per ordinary share as there are no potentially dilutive ordinary shares at the end of either financial year.

E8 Net Asset Value

	Group 30 Jun 24	Group 30 Jun 23	Company 30 Jun 24	Company 30 Jun 23
Net Asset Value per ordinary share (cents)	33.14	33.40	25.54	23.20

The net asset value per ordinary share is calculated based on net assets of S\$46.1 million (30 June 2023: S\$46.4 million) and 139,031,881 (30 June 2023: 139,031,881) shares in issue at the end of the current financial year reported on/immediately preceding financial year.

E9 Property, plant and equipment

During the financial year ended 30 June 2024, the Group acquired S\$2,025,095 (30 June 2023: S\$3,955,606) of property, plant and equipment. The amount of property, plant and equipment disposed during the financial year ended 30 June 2024 was S\$17,485 (30 June 2023: S\$694,201).

E10 Investment Property

	Group 30 Jun 24 S\$	Group 30 Jun 23 S\$
<i>Cost</i>		
Beginning of financial year	759,986	828,719
Translation differences	(4,984)	(68,733)
End of financial year	755,002	759,986
<i>Accumulated depreciation and impairment losses</i>		
Beginning of financial year	479,028	507,970
Depreciation charge for the year	13,075	13,785
Translation difference on consolidation	(3,114)	(42,727)
End of financial year	488,989	479,028
<i>Carrying amounts</i>		
End of financial year	266,013	280,958
The fair value of the investment property	2,878,000	2,897,000

The property is an industrial building located in Malaysia. The fair value of the investment property as at 30 June 2024 was S\$2,878,000 (30 June 2023: S\$2,897,000). The fair value of investment property was determined annually by an external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

E11 Trade and other receivables

	Group 30 Jun 24 S\$	Group 30 Jun 23 S\$	Company 30 Jun 24 S\$	Company 30 Jun 23 S\$
Trade receivables	10,848,092	10,643,097	–	–
Other receivables	16,145	19,764	2,934	–
Deposits	416,488	409,694	–	–
Amount due from a subsidiary (non-trade)	–	–	1,134,410	1,533,843
Financial assets at amortised cost	11,280,725	11,072,555	1,137,344	1,533,843
Advances to suppliers	133,288	107,228	–	–
Prepayments	675,659	505,126	17,766	12,948
GST receivables	39,597	44,102	–	–
Forward exchange contracts	753	4,400	–	–
Trade and other receivables	12,130,022	11,733,411	1,155,110	1,546,791
Comprise of:				
Non-current	519,079	488,744	–	–
Current	11,610,943	11,244,667	1,155,110	1,546,791
	12,130,022	11,733,411	1,155,110	1,546,791

The Company provides customers with credit terms that range from between 30 days to 90 days. There was no change in the Group's business activities or its credit terms during the financial year.

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There were no trade receivables classified under non-current assets as at 30 June 2024. The amount classified as non-current of S\$519,079 (30 June 2023: \$488,744) comprised of mainly deposits for factory rental, utilities and advances to suppliers for the purchase of plant and equipment.

The aging profile of the Group's trade receivables and the Company's non-trade amount due from a subsidiary as at 30 June 2024 were as follows:

	Group 30 Jun 24 S\$	Group 30 Jun 23 S\$	Company 30 Jun 24 S\$	Company 30 Jun 23 S\$
Current	8,646,126	8,405,838	–	1,395,320
Past due 1-30 days	1,796,958	1,810,298	–	–
Past due 31-60 days	362,561	287,123	–	–
Past due more than 60 days	42,447	139,838	1,134,410	138,523
	10,848,092	10,643,097	1,134,410	1,533,843

During the financial year ended 30 June 2024, the Group registered trade receivables written off amounted to S\$3,891 (30 June 2023: S\$141). The outstanding amounts over 90 days in past years have been generally minimal. The Group's finance team has been conscientiously engaging customers to ensure timely collection of payment.

The Board has no immediate concern on the recoverability of the trade and other receivables balances as at 30 June 2024.

E12 Share Capital

	30 June 2024		30 June 2023	
	Number of shares	S\$	Number of shares	S\$
Fully paid ordinary shares with no par value At 1 July and 30 June	139,031,881	14,782,931	139,031,881	14,782,931

There was no change in the issued and paid-up capital of the Company.

There were no outstanding convertibles as at 30 June 2024(30 June 2023: Nil).

The Company did not hold any treasury shares as at 30 June 2024 (30 June 2023: Nil). There was no sale, transfer, disposal, cancellation and use of treasury shares during the financial year ended 30 June 2024.

E13 Trade and other payables

	Group 30 Jun 24 S\$	Group 30 Jun 23 S\$	Company 30 Jun 24 S\$	Company 30 Jun 23 S\$
Trade payables	924,392	726,583	–	–
Other payables	837,131	1,442,220	32,544	31,182
Accrued expenses	3,703,769	3,854,680	492,100	478,277
Advances from customers	68,469	75,661	–	–
Forward exchange contracts	21,190	38,595	–	–
	5,554,951	6,137,739	524,644	509,459
Comprise of :				
Non-current	–	229,186	–	–
Current	5,554,951	5,908,553	524,644	509,459
	5,554,951	6,137,739	524,644	509,459

E14 Provisions

	Group 30 Jun 24 S\$	Group 30 Jun 23 S\$
Non-current		
Reinstatement costs	345,541	327,091
Retirement benefits	489,111	484,398
	834,652	811,489

The Group has made a provision in respect of the Group's obligation to reinstate the right-of-use assets to the original condition at end of the lease term. The provision is due within 1 to 2 years (2023: 2 to 3 years) and is classified as non-current liabilities.

E15 Borrowings

The Group does not have any bank borrowings for the financial year ended 30 June 2024 and 30 June 2023.

E16 Financial assets and financial liabilities

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
<i>Financial assets measured at amortised cost</i>				
Trade and other receivables **	11,280,725	11,072,555	1,137,344	1,533,843
Cash and bank balances	16,567,727	14,266,863	6,026,177	2,326,039
	27,848,452	25,339,418	7,163,521	3,859,882
<i>Financial assets measured at fair value</i>				
Forward exchange contracts – asset	753	4,400	–	–
	753	4,400	–	–

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	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
<i>Financial liabilities measured at amortised cost</i>				
Trade and other payables *	(2,822,081)	(2,825,108)	(524,644)	(509,459)
<i>Financial liabilities measured at fair value</i>				
Forward exchange contracts – liability	(21,190)	(38,595)	–	–

* Excluding advances from customers, payroll related accruals, withholding tax payables and forward exchange contracts

** Excluding advances to suppliers, prepayments, GST receivables and forward exchange contracts.

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E17 Segment reporting

Operating Segments FY2024

	Singapore	Malaysia	The Philippines	USA	China	Elimination	Consolidated
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Total revenue from external customers	14,672,468	10,129,200	3,406,669	10,161,470	19,518,571	-	57,888,378
Inter-segment revenue	5,161,268	1,167,055	430,118	1,455	-	(6,759,896)	-
Total revenue	19,833,736	11,296,255	3,836,787	10,162,925	19,518,571	(6,759,896)	57,888,378
Segment profit before tax	3,616,093	4,444,245	388,710	(2,154,121)	6,273,585	212,886	12,781,398
Finance income	-	62,320	195	100,510	5,346	25,022	193,393
Finance expense	(234,069)	(27,221)	(19,722)	(97,015)	(41,051)	(96,985)	(516,063)
Unallocated expenses							(925,116)
Profit from operations							11,533,612
Income tax expense							(3,495,496)
Net profit for the year							8,038,116
Segment assets	15,673,943	9,667,985	2,503,635	11,107,842	12,192,897	(333,486)	50,812,816
Unallocated assets:							6,046,879
Others							56,859,695
Total assets							56,859,695
Segment liabilities	2,621,046	621,499	800,868	1,534,178	1,941,360	117,567	7,636,518
Unallocated liabilities:							2,626,985
Income tax	1,622,517	400,132	18,191	-	345,080	241,065	524,645
Others							10,788,148
Total liabilities							10,788,148
Other segment information:							
Capital expenditure	589,891	297,882	472,698	322,509	342,115	-	2,025,095
Depreciation	2,170,151	692,045	501,924	2,204,851	951,505	(10,810)	6,509,666
Non-current assets	9,518,595	3,996,332	1,599,309	6,373,303	3,375,655	(88,074)	24,775,120

Major customers

Revenues of major customers of the reportable segments are as follows:

	Singapore	Malaysia	The Philippines	USA	China	Total
	S\$	S\$	S\$	S\$	S\$	S\$
FY2024						
Revenue	-	2,684,329	2,430,674	8,550,872	2,242,545	15,908,420
Number of customers	-	2	4	4	1	11

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Operating Segments FY2023

	Singapore	Malaysia	The Philippines	USA	China	Elimination	Consolidated
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Total revenue from external customers	14,943,595	10,502,604	5,205,755	18,468,037	17,902,002	-	67,021,993
Inter-segment revenue	5,278,900	1,339,690	383,547	3,895	-	(7,006,032)	-
Total revenue	20,222,495	11,842,294	5,589,302	18,471,932	17,902,002	(7,006,032)	67,021,993
Segment profit before tax	3,502,945	4,659,596	1,638,096	(1,456,445)	6,155,458	22,489	14,522,139
Finance income	-	78,696	239	10,620	23,550	56,220	169,325
Finance expense	(200,433)	(12,163)	(11,309)	(32,371)	34,052	(96,131)	(318,355)
Unallocated expenses							(744,313)
Profit from operations							13,628,796
Income tax expense							(3,858,316)
Net profit for the year							9,770,480
Segment assets	17,209,802	10,593,263	3,036,710	13,102,224	12,384,413	(474,407)	55,852,005
Unallocated assets							2,338,988
Others							58,190,993
Total assets							
Segment liabilities	3,539,037	657,222	1,189,762	1,370,117	1,879,821	-	8,635,959
Unallocated liabilities							
Income tax	1,505,196	510,118	28,014	-	351,576	208,620	2,603,524
Others							509,460
Total liabilities							11,748,943
Other segment information:							
Capital expenditure	1,651,240	1,061,532	360,959	684,062	303,272	(105,459)	3,955,606
Depreciation	2,297,863	728,739	500,494	2,223,061	987,573	(19,666)	6,718,064
Non-current assets	11,027,703	4,453,909	1,745,751	7,391,724	3,836,206	(98,885)	28,356,408

Major customers

Revenues of major customers of the reportable segments are as follows:

	Singapore S\$	Malaysia S\$	The Philippines S\$	USA S\$	China S\$	Total S\$
FY2023						
Revenue	2,139,841	2,743,510	3,967,263	17,135,180	2,800,914	28,786,708
Number of customers	1	2	4	4	1	12

E18 Subsequent events

There were no known subsequent events which have led to adjustments to this set of condensed interim financial statements.

F. OTHER INFORMATION REQUIRE BY APPENDIX LISTING RULE 7.2

F1 Review

The condensed interim consolidated statement of financial position of Micro-Mechanics (Holdings) Ltd and its subsidiaries as at 30 June 2024 and the related condensed interim consolidated profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the period then ended and certain explanatory notes have not been audited or reviewed.

F1.1 Where the figures have been audited or reviewed, the auditors’ report (including any qualifications or emphasis of a matter).

Not applicable.

F1.2 Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—

(a) Updates on the efforts taken to resolve each outstanding audit issue.

The audited financial statements for the year ended 30 June 2023 was not subjected to an adverse opinion, qualified opinion or disclaimer of opinion.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

F2 Review of Group Performance

Group Revenue

		1Q	2Q	3Q	4Q	Full Year
REVENUE	FY2024	S\$15,850,106	S\$13,502,386	S\$13,609,940	S\$14,925,946	S\$57,888,378
	FY2023	S\$20,193,798	S\$16,720,637	S\$14,912,076	S\$15,195,482	S\$67,021,993
	% growth	(21.5%)	(19.2%)	(8.7%)	(1.8%)	(13.6%)

For the 12 months ended 30 June 2024 (“FY2024”), the Group’s revenue decreased 13.6% to S\$57.9 million from S\$67.0 million in FY2023. This decline was primarily due to the global semiconductor industry working through excess inventory accumulated during the recent downturn, with a notable slowdown in the Wafer-Fabrication Equipment (WFE) sector. This impact was particularly evident in the USA subsidiary (“MMUS”) where sales dropped to S\$10.2 million in FY2024 from S\$18.5 million in FY2023. Meanwhile, the Group’s subsidiaries in Asia, which focus on process-critical consumable tools for chip packaging, experienced a slight sales decline of 1.7% to S\$47.7 million.

For the three months ended 30 June 2024 (“4QFY2024”), revenue decreased 1.8% year-on-year (“yoy”) to S\$14.9 million from S\$15.2 million in 4QFY2023. On a quarter-on-quarter basis however, Group revenue improved 9.7% from S\$13.6 million in 3QFY2024.

Revenue breakdown by Geographical Market

Country	Group										
	3Q24 S\$ m	4QFY2024 S\$ m	%	4QFY2023 S\$ m	%	% change	FY2024 S\$ m	%	FY2023 S\$ m	%	% change
Singapore	1.4	1.3	9.2%	1.5	9.9%	(8.8%)	5.0	8.6%	8.1	12.1%	(38.4%)
Malaysia	2.2	2.4	16.2%	2.2	14.3%	11.4%	9.5	16.3%	9.6	14.3%	(1.4%)
Philippines	0.8	0.7	4.9%	1.1	7.5%	(35.6%)	3.2	5.5%	5.0	7.5%	(36.1%)
Thailand	0.3	0.3	2.3%	0.3	1.9%	19.5%	1.1	2.0%	1.2	1.8%	(3.3%)
China	4.7	5.1	33.9%	4.4	28.8%	15.9%	20.1	34.7%	18.5	27.6%	8.6%
USA	2.2	3.2	21.2%	3.8	25.1%	(17.0%)	11.6	20.1%	17.1	25.5%	(31.9%)
Europe	0.7	0.7	4.6%	0.7	4.7%	(4.7%)	2.7	4.7%	3.1	4.6%	(11.5%)
Japan	0.2	0.2	1.1%	0.2	1.3%	(17.0%)	0.8	1.4%	0.8	1.2%	(5.7%)
Taiwan	1.0	0.9	6.0%	0.9	6.0%	(2.6%)	3.5	6.0%	3.1	4.6%	11.8%
Rest of world	0.1	0.1	0.6%	0.1	0.5%	7.8%	0.4	0.7%	0.5	0.8%	(24.9%)
Total	13.6	14.9	100%	15.2	100%	(1.8%)	57.9	100%	67.0	100%	(13.6%)

Based on geographical markets, the Group registered higher yoy sales in China and Taiwan which partially buffered the decreased sales in other markets in FY2024.

Sales in China grew 8.6% yoy to S\$20.1 million in FY2024 on the back of stable domestic sales that was driven by demand from the electric vehicle and mobile phone sectors. China remained as the Group's largest geographical market with a 34.7% contribution to Group revenue in FY2024.

Sales in the USA decreased 31.9% to S\$11.6 million in FY2024 in tandem with the subdued conditions in the WFE sector. The USA market remained as our second largest market which accounted for 20.1% of Group revenue in FY2024.

In Malaysia, the Group registered a slight decrease in sales of 1.4% to S\$9.5 million in FY2024 which constituted 16.3% of Group revenue. Sales in Singapore decreased 38.4% to S\$5.0 million in FY2024, due mainly to lower sales of WFE products. The Singapore market made up 8.6% of Group revenue in FY2024.

Sales in the Philippines market decreased 36.1% to S\$3.2 million in FY2024 primarily as a result of a slow-down in the automotive-related market segment of the chip industry which many of our customers there support.

Capacity Utilisation

Capacity Utilisation		1Q	2Q	3Q	4Q	Full Year
	FY2024		50%	41%	40%	43%
FY2023		61%	55%	50%	50%	54%

The Group's average capacity utilisation rate decreased to 44% in FY2024 as compared to 54% in FY2023 in tandem with the reduction in the Group's sales.

The Group aims to achieve average capacity utilisation rate of 50 – 65%, which allows capturing sudden surges in industry or customer demand which is typical for the semiconductor industry.

Gross Profit (GP) Margin

Group GP Margin		1Q	2Q	3Q	4Q	Full Year
	FY2024		48.8%	45.9%	46.4%	46.5%
FY2023		51.0%	45.2%	43.8%	44.7%	46.5%

The Group's gross profit decreased by 12.8% to S\$27.2 million in FY2024 from S\$31.2 million in FY2023. As the cost structure of the Group's operations is largely fixed in nature, any significant reduction in our revenue would have an adverse impact on the Group's GP margin due to operating deleverage. Notwithstanding the lower revenue in FY2024, the Group's GP margin improved marginally from 46.5% in FY2023 to 47.0% in

FY2024, attributed mainly to the difference in sales mix as well as our ongoing financial discipline efforts to control costs.

Other income, Distribution Expenses, Administrative Expenses, Other Operating Expenses and Net Finance Expense

<i>Other income, Distribution Expenses, Administrative Expenses, Other Operating Expenses and Net Finance Expense</i>		1Q	2Q	3Q	4Q	Full Year
	FY2024	S\$3,982,469	S\$3,921,439	S\$3,731,326	S\$4,017,244	S\$15,652,478
	% of sales	25.1%	29.0%	27.4%	26.9%	27.0%
FY2023	S\$4,651,508	S\$4,787,796	S\$4,188,560	S\$3,932,982	S\$17,560,846	
% of sales	23.0%	28.6%	28.1%	25.9%	26.2%	

Other income declined by 19.8% to S\$414k in FY2024 from S\$516k in FY2023 due mainly to reduced gain from disposal of fixed assets and lower scrap sales.

The Group continues to exercise vigilance on cost management. Distribution expenses remained stable at S\$2.9 million in both FY2024 and FY2023. Administrative expenses decreased by 8.8% from S\$10.0 million in FY2023 to S\$9.1 million in FY2024 due to the lower staff expenses as a result of the decrease in overall headcount. Similarly, other operating expenses decreased by 25.7% from S\$5.0 million in FY2023 to S\$3.7 million in FY2024 with the relevant manpower optimization initiatives put in place at MMUS. Finance expense increased by 62.1% from S\$318k to S\$516k due mainly to the foreign currency loss from depreciation of US dollar against Singapore dollar.

In line with the Group's ongoing efforts to control costs and to operate with environmentally responsible facilities, the Group has increased its reliance on solar energy at MMUS in FY2024 as compared to FY2023. The solar system generated 1,143,366 kWh during the financial year (FY2023: 918,323 kWh), representing approximately 71.08% (FY2023: 50.61%) of MMUS's total energy consumption at the cost of US\$0.18 per kWh. In contrast, the Group paid almost US\$0.44 per kWh for electricity from the grid. This has translated to cost savings of US\$0.26 per kWh of consumption utilizing energy generated by solar in FY2024.

Overall, the Group's overhead expenses, net of finance and other income, have decreased by 10.9% from 17.6 million in FY2023 to S\$15.7 million in FY2024. However, as a percentage of sales, these overhead expenses increased slightly to 27.0% in FY2024 from 26.2% in FY2023 as these expenses are mainly fixed in nature.

Profit before Tax and Net Profit

Net Profit after tax		1Q	2Q	3Q	4Q	Full Year
	FY2024	S\$2,699,060	S\$1,414,446	S\$1,844,259	S\$2,080,351	S\$8,038,116
	FY2023	S\$4,246,771	S\$1,896,877	S\$1,635,486	S\$1,991,346	S\$9,770,480
% growth	(36.4%)	(25.4%)	12.8%	4.5%	(17.7%)	

As a result of the above, the Group's profit before tax decreased by 15.4% to S\$11.5 million in FY2024 from S\$13.6 million in FY2023.

After deducting income tax expenses, the Group's net profit decreased by 17.7% to S\$8.0 million from S\$9.8 million in FY2023. Accordingly, net profit margin fell to 13.9% in FY2024 as compared to 14.6% in FY2023.

The Group's effective tax rate was 30.3% in FY2024 as compared to 28.3% in FY2023. The higher effective tax rate in FY2024 was mainly due to losses incurred by our subsidiary in USA which could not offset profit from other subsidiaries of the Group. Income tax expenses decreased by 9.4% to S\$3.5 million in FY2024 from S\$3.9 million in FY2023. The tax expense in FY2024 included a provision of S\$246k for withholding tax on dividends to be remitted to Singapore from various overseas subsidiaries.

Correspondingly, the Group's earnings per share decreased from 7.03 cents in FY2023 to 5.78 cents in FY2024.

Dividend Payment

The Group has a formal dividend policy to distribute 40% or more of its after-tax annual earnings, after taking into consideration financial performance, projected cash flow and capital requirements for business growth and general economic conditions among other relevant factors.

The Board of Directors is recommending a final dividend of 3.0 cents per share (one tier tax-exempt) in respect of FY2024. If approved by shareholders at the Annual General Meeting to be held on 30 October 2024, the dividend will be paid on 18 November 2024.

Together with the interim dividend of 3.0 cents per share (one tier tax-exempt) paid on 17 February 2024, the Group's total dividend for FY2024 would be 6.0 cents per share (one tier tax-exempt). The total payout for FY2024 will amount to S\$8.3 million, representing a dividend payout ratio of 104% for FY2024.

Balance Sheet

The Group remains in a resilient financial position with net cash and bank balances as at 30 June 2024. This is evident by the Group's disciplined cost and capital management while driving business growth.

As at 30 June 2024, our balance sheet had total assets of S\$56.9 million, shareholders' equity of S\$46.1 million, cash and bank balances of S\$16.6 million and no bank borrowings.

Long Term Assets

As at 30 June 2024, non-current assets decreased to S\$24.8 million as compared to S\$28.4 million as at 30 June 2023 due mainly to the depreciation charge of property, plant and equipment.

Trade Receivables

		As at end of 1Q	As at end of 2Q	As at end of 3Q	As at end of 4Q
Trade Receivables	FY2024	S\$11,126,896	S\$10,009,584	S\$10,203,778	S\$10,848,092
	≥ 90 days	0.1%	0.03%	0.6%	0.03%
	Write-off	S\$1,613	S\$480	S\$1,798	-
	FY2023	S\$14,127,188	S\$11,246,346	S\$10,259,853	S\$10,643,097
	≥ 90 days	1.2%	0.2%	3.8%	0.7%
	Write-off	-	S\$141	-	-

Trade receivables as at 30 June 2024 increased to S\$10.8 million from S\$10.6 million as at 30 June 2023. Of this, S\$3.7k was outstanding for 90 days or more (S\$4k at 30 June 2023). Trade receivables written off for FY2024 was S\$3,891 (FY2023: S\$141).

Trade & Other Payables

As at 30 June 2024, our trade payables totaled S\$924k with only S\$13.1k outstanding for 30 days or more. As at 30 June 2023, our trade payables totaled S\$727k with only S\$1.5k outstanding for 30 days or more.

Non-trade payables and accrued expenses totaled S\$0.8 million (S\$1.4 million at end of 30 June 2023) and S\$3.7 million (S\$3.9 million at end of 30 June 2023) respectively as at 30 June 2024.

Long term liabilities

As at 30 June 2024, the deferred tax liabilities was S\$1.4 million as compared to S\$1.6 million as at 30 June 2023.

Inventory

As a percentage of our sales in FY2024, the Group’s inventory of S\$3.9 million as at 30 June 2024 (S\$4.3 million at end of FY2023) was 6.7% (6.5% at end of FY2023).

Inventory written off in FY2024 totaled S\$214k as compared to S\$76k in FY2023. The increase was primarily due to written-off of obsolete stocks as a result of technological advancements, as well as inventory built in the past years to support customers that is deemed no longer sellable.

Capital Expenditure

		1Q	2Q	3Q	4Q	Full Year
Capital Expenditure	FY2024	S\$443,959	S\$608,964	S\$559,784	S\$412,388	S\$2,025,095
	% of sales					3.5%
	FY2023	S\$714,552	S\$1,798,144	S\$426,168	S\$1,016,742	S\$3,955,606
	% of sales					5.9%

Given the prior years’ investment in capex for growth (FY2021: S\$6.8 million; FY2022: S\$4.9 million; FY2023: S\$4.0 million), the Group is now in a good position to optimise its capital allocation.

The Group’s capital expenditure in FY2024 amounted to approximately S\$2.0 million. This comprised mainly S\$1.2 million of investments in new machines and accessories and S\$260k for the purchase of computers and IT software mainly for replacement, and S\$0.5 million of renovation works primarily focus on refurbishment for our five factories worldwide.

Cash Flow Analysis

The Group generated net cash from operations of S\$14.6 million in FY2024 (S\$17.7 million in FY2023). After deducting net cash used in investing activities of S\$2.2 million and net cash used in financing activities of S\$9.9 million, which was mainly for the payment of dividends in respect of FY2023 and 1HFY2024, the Group reported a cash balance of S\$16.6 million including S\$0.2 million held as security deposits for FY2024.

F3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement had been issued for the current financial reporting period. There is no material variance from our previous financial period commentary under Section F4.

F4. 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.

Sector performance and outlook

According to *World Semiconductor Trade Statistics* (“WSTS”), the global sales of semiconductors totaled US\$423.9 billion during FY2020. During the next two years, industry revenues surged by 41.6% on the unprecedented pandemic-related demand for all things digital to a record of US\$600.3 billion. Against this backdrop of strong growth, the Group’s revenues also increased 28.4% to a record S\$82.5 million in FY2022 from S\$64.2 million in FY2020. However, following the end of the pandemic, chip sales plunged 13.7% to US\$518.1 billion in FY2023. Given the unexpected industry development resulting in elevated inventories and excess capacity, makers of chips and Wafer Fabrication Equipment (“WFE”) scaled back production to burn-off inventory and adjust to the sudden drop in demand. At the Group’s plant in the USA (“MMUS”), which primarily serves customers in the WFE industry, revenue declined 45% during FY2024. Although the semiconductor industry began to recover in FY2024, with revenue growing 9.8% to US\$569 billion, the Group believes that the industry is still in the advanced stages of rebalancing production and inventory. This view is

supported by a recently updated forecast by WSTS that now expects global sales of semiconductors to fully recover to its 2022 peak by the end of 2024 with sales of US\$611 billion.

World-Wide Semiconductor Revenue in US\$					Group Revenue
	1H (Jul - Dec)	2H (Jan-Jun)	Total	% change	(S\$)
FY2020	215,885,056	207,983,417	423,868,473		64,207,750
FY2021	232,405,941	257,893,185	490,299,126	41.6%	73,728,702
FY2022	297,999,329	302,253,322	600,252,651		82,464,765
FY2023	271,830,872	246,225,342	518,056,214	-13.7%	67,021,993
FY2024	280,660,083	288,310,181	568,970,264	9.8%	57,888,378
Source: 36 Years WSTS Blue Book Data					

Note: The WSTS report covers global semiconductor sales, and while the Group's manufacturing of high precision tools and parts is part of the semiconductor industry's supply chain, the performance of our specific business segment in any particular time period may not always correlate with the general sales trend of the semiconductor industry.

Key Initiatives for FY2025

While the Group is encouraged by the improving conditions for the semiconductor industry, it is taking a bottom-up approach focused on driving earnings recovery. To that end, the Group is working diligently during FY2025 on a handful of key initiatives including:

1. Achieving profitability at MMUS

Owing to a steep decline in orders from customers in the WFE industry, sales at MMUS during FY2024 declined 45.0% to S\$10.2 million from S\$18.5 million during FY2023. As a result, MMUS reported a segment loss of S\$2.2 million. Although the loss includes non-cash depreciation expense of S\$2.2 million, improving the core operating performance at MMUS is a top priority. During 2HFY2024, the Group completed a restructuring plan at MMUS resulting in annual operating cost savings on an ongoing basis. The adjustments at MMUS also included a strategic recalibration of the engineering and product focus at MMUS with the aim to develop a more compelling, competitive and higher-value product mix of process-critical parts for the WFE industry. The streamlined cost structure is also in line with the Group's overarching focus on enhancing operational excellence and accelerating innovation at each of its five plants

Since the start of FY2025, the Group has seen a rebound in orders at MMUS. Together with cost-reduction efforts already implemented and a host of other initiatives aimed at improving efficiency, the Group is committed to returning MMUS to profitability during FY2025.

2. Continuing the implementation of our 'Five-Star Factory' initiative

The Group's 'Five Star Factory' initiative is focused on accelerating excellence across the Group. To this end, each of the Group's factories are working on strengthening five fundamentals or "pillars" of excellence. These include:

- **Fast, Effective & Local Support to Our Global Customers:** Strengthening the Group's decentralised structure, thus further improving our ability to respond to our customers' evolving needs quickly and effectively and to solve high-value customer and industry problems.
- **Operational Excellence:** Leveraging lean engineering and management principles, data and automation to develop fast, flawless and cost-effective manufacturing.
- **Innovation Excellence:** Creating a culture that promotes fresh thinking and ingenuity that drives product and process innovations and improvements, enables new manufacturing capability, and encourages the adoption of new technologies and methodologies.
- **High-Performance Teams:** Building a high-performance team of talented people with the right skills in the right positions, upskilling our workforce through training programmes, and aligning incentive systems with measurements of progress and performance.
- **Workplace Efficiency, Health, and Safety:** Implementing "8S" practices by all personnel resulting in organised, productive, clean, safe and environmentally responsible operations.

3. Prioritising prudent capital management, financial discipline and good governance

The Group has consistently prioritised prudent capital management to effectively navigate the cyclicality of the semiconductor industry. This involves maintaining financial discipline, building a strong balance sheet and efficiently allocating capital to generate positive cash flow. During FY2024, the Group generated net cash from operations of S\$14.6 million. After deducting net cash used in investing activities of S\$2.2 million and net cash used in financing activities of S\$9.9 million, which was mainly for the payment of dividends in respect of FY2023 and 1HFY2024, the Group ended FY2024 with S\$16.6 million in cash and no bank borrowings.

The Board has recommended a final dividend of 3.0 cents per share for FY2024. If approved by shareholders at the Company's Annual General Meeting ("AGM") scheduled for 30 October 2024, this will bring the Group's total dividends for FY2024 to 6.0 cents per ordinary share and the cumulative dividends since becoming a listed company in 2003 to 128.9 cents per share. This distribution translates into a return of about 700% based on dividends alone, excluding share price appreciation, for shareholders who owned the Group's shares since its Initial Public Offering. This track record validates the Board and management's full commitment towards long-term sustainable shareholder value creation.

Since becoming a publicly-listed company in 2003, *good governance* has been the cornerstone of the Group's everyday practices and methodology, and this is aligned at all levels – from the Board Room to the Shop Floor – to enhance and protect stakeholder value. Over the past 20 years, Micro-Mechanics has been recognised with over 30 awards for our efforts to practice good governance, transparency and investor relations. This includes being ranked 22nd out of 477 SGX-listed companies in the latest Singapore Governance and Transparency Index 2024 published on 1 August 2024. More recently, on 27 August 2024, the Group received the *Silver Award* at the annual *Singapore Corporate Awards for Best Managed Board* (market capitalisation of less than S\$300 million). Ultimately, the Group is committed to delivering sustainable long-term shareholder returns through earnings growth, steady dividends and by our ongoing efforts to demonstrate good governance.

Business outlook

Stepping into FY2025, the Group remains focused on its goal to become a leading *Next Generation Supplier* of high precision tools and parts used in process-critical applications for the wafer-fabrication and assembly processes of the semiconductor industry. With a diversified footprint and fully equipped plants in the USA and Asia, the Group is well-positioned to support customers across the industry's value chain.

Looking ahead, the Group is cautiously optimistic of the continued recovery of the semiconductor sector. However, given the ongoing and evolving macroeconomic and geopolitical challenges, the Group remains vigilant and will continue to build the core foundation of the business to future-proof its operations for sustainable long-term growth and high-quality earnings.

F5. Dividend Information**(a) Current Financial Period Reported on**

Any dividend recommended for the current financial period reported on?

Yes.

Name of Dividend	Final
Dividend Type	Cash
Dividend amount per share (cent)	3 cents per ordinary share
Dividend Tax rate	0% (one tier tax-exempt)

(b) Corresponding Period of the Immediate Preceding Financial Year

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

Yes.

Name of Dividend	Final	Special
Dividend Type	Cash	Cash
Dividend amount per share (cent)	3 cents per ordinary share	3 cents per ordinary share
Dividend Tax rate	0% (one tier tax-exempt)	0% (one tier tax-exempt)

(c) The date dividend is payable

The Proposed Dividend, if approved at the Twenty-Eighth Annual General Meeting to be held on 30 October 2024, will be paid on 18 November 2024.

(d) Record date for dividend payment

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Micro-Mechanics (Holdings) Ltd. (the “Company”) will be closed on 8 November at 5.00 p.m. (“Record Date”) for the preparation of dividend warrants and for purposes of determining the entitlement of the shareholders’ of the Company (“Shareholders”) to the proposed final one-tier tax exempt dividend for the financial year ended 30 June 2024 (the “Proposed Dividend”).

Duly completed registrable transfers received by the Company’s Share Registrar, B.A.C.S. Private Limited, 77 Robinson Road, #06-03 Robinson 77, Singapore 068896 up to 5:00 p.m. on 8 November 2024 will be registered to determine Shareholders’ entitlements to the said Proposed Dividend.

Members whose securities accounts with the Central Depository (Pte) Limited are credited with shares as at 5:00 p.m. on 8 November 2024 will be entitled to the Proposed Dividend.

(e) If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

Not applicable.

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

Total Annual Dividend

	Latest Full Year (FY2024)	Previous Full Year (FY2023)
	S\$	S\$
Ordinary	8,341,910	12,512,868
Preference	-	-
Total:	8,341,910	12,512,868

Note: The total annual dividend comprises the interim dividend of S\$4,170,955 paid on 17 February 2024 and the proposed final dividend of S\$4,170,955.

F6. Interested person transactions

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

For the financial year ended 30 June 2024, the Group has made rental payment of US\$561,372 (30 June 2023: US\$434,000) and solar-generation electrical services payment of US\$210,000 (30 June 2023: US\$169,364) to Sarcadia LLC, a controlling shareholder of the Company and a family company set up by Mr. Christopher Reid Borch, the CEO of the Company.

Except for the above, there was no other interested person transaction relating to any director, controlling shareholders and their associates as defined in Chapter 9 of the Listing Manual.

F7. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

F8. Disclosure of person occupying a managerial position who are related to a director, CEO or substantial shareholder

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that none of the persons occupying managerial positions in Micro-Mechanics (Holdings) Ltd. (the “Company”) or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

F9. Negative confirmation pursuant to Rule 705(5).

Not applicable.

BY ORDER OF THE BOARD

Wendy Tan Wei Lee
Company Secretary
29 August 2024