

MICRO-MECHANICS (HOLDINGS) LTD

**Condensed Interim Financial Statements
For Fourth Quarter and Full Year Ended
30 June 2021**

TABLE OF CONTENTS

A. Condensed interim consolidated statement of profit or loss and other comprehensive income..... 3

B. Condensed interim statements of financial position (Group and Company)..... 4

C. Condensed interim statements of changes in equity (Group and Company)..... 5

D. Condensed interim consolidated statement of cash flows..... 7

E. Selected notes to the condensed interim consolidated financial statements..... 8

F. Other information required by Listing Rule Appendix 7.2..... 17

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	Q4			Year-to-date		
		Apr to Jun 2021 S\$	Apr to Jun 2020 S\$	Change	Group FY2021 S\$	Group FY2020 S\$	Change
Revenue	E4	19,143,982	16,372,486	16.9%	73,728,702	64,207,750	14.8%
Cost of sales		(8,808,597)	(7,456,430)	18.1%	(33,707,743)	(29,893,433)	12.8%
Gross profit		10,335,385	8,916,056	15.9%	40,020,959	34,314,317	16.6%
Other income	E5	128,226	212,449	(39.6%)	998,244	1,183,512	(15.7%)
Distribution costs		(819,785)	(749,555)	9.4%	(3,209,747)	(3,168,605)	1.3%
Administrative expenses		(2,368,307)	(2,339,815)	1.2%	(10,315,929)	(9,258,378)	11.4%
Other operating expenses		(1,072,509)	(1,072,076)	0.04%	(4,265,834)	(3,986,356)	7.0%
Profit from operations		6,203,010	4,967,059	24.9%	23,227,693	19,084,490	21.7%
Finance costs		-	-	-	-	-	-
Profit before income tax	E5	6,203,010	4,967,059	24.9%	23,227,693	19,084,490	21.7%
Income tax expense	E6	(1,421,828)	(1,030,037)	38.0%	(5,167,257)	(4,434,447)	16.5%
Profit after tax		4,781,182	3,937,022	21.4%	18,060,436	14,650,043	23.3%
Non-controlling interests		-	-	-	-	-	-
Profit for the year		4,781,182	3,937,022	21.4%	18,060,436	14,650,043	23.3%
Profit for the year		4,781,182	3,937,022	21.4%	18,060,436	14,650,043	23.3%
Other comprehensive income:							
Item that is or may be reclassified subsequently to profit or loss:							
Foreign currency translation differences for foreign operations, net of tax		188,551	(664,259)	(128.4%)	(54,806)	392,862	(114.0%)
Item that will not be reclassified to profit or loss:							
Remeasurement income on retirement benefits		51,980	(129,704)	(140.1%)	51,980	(129,704)	(140.1%)
Related tax		(1,734)	4,288	(140.4%)	(1,734)	4,288	(140.4%)
Total comprehensive income for the year		5,019,979	3,147,347	59.5%	18,055,876	14,917,489	21.0%
Earnings per share:	E7						
Basic (SGD in cent)		3.44	2.83	21.5%	12.99	10.54	23.2%
Diluted (SGD in cent)		3.44	2.83	21.5%	12.99	10.54	23.2%

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group 30 Jun 21 S\$	Group 30 Jun 20 S\$	Company 30 Jun 21 S\$	Company 30 Jun 20 S\$
Non-current assets					
Property, plant and equipment	E9	29,666,904	29,079,591	-	-
Right-of-use assets		2,461,711	1,980,198	-	-
Investment property	E10	330,653	-	-	-
Subsidiaries		-	-	29,095,544	29,095,544
Trade and other receivables	E11	462,102	1,109,205	-	-
Deferred tax asset		39,096	46,586	-	-
		32,960,466	32,215,580	29,095,544	29,095,544
Current assets					
Inventories		5,201,641	5,397,148	-	-
Trade and other receivables	E11	13,552,136	12,717,631	1,971,372	2,442,304
Cash and cash equivalents		20,611,778	20,814,685	10,594,061	9,599,881
		39,365,555	38,929,464	12,565,433	12,042,185
Total assets		72,326,021	71,145,044	41,660,977	41,137,729
Shareholders' equity					
Share capital	E12	14,782,931	14,782,931	14,782,931	14,782,931
Reserves		175,408	179,968	-	-
Accumulated profits		43,007,362	43,021,070	26,161,805	25,602,968
		57,965,701	57,983,969	40,944,736	40,385,899
Non-current liabilities					
Deferred tax liabilities		1,385,784	1,440,847	203,601	210,762
Trade and other payables	E13	867,591	835,702	-	-
Lease liabilities		1,339,999	900,564	-	-
		3,593,374	3,177,113	203,601	210,762
Current liabilities					
Trade and other payables	E13	7,861,437	7,142,026	509,055	534,747
Lease liabilities		1,152,578	1,079,298	-	-
Current tax payable		1,752,931	1,762,638	3,585	6,321
		10,766,946	9,983,962	512,640	541,068
Total liabilities		14,360,320	13,161,075	716,241	751,830
Total equity and liabilities		72,326,021	71,145,044	41,660,977	41,137,729

C. CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share Capital	Foreign Currency Translation Reserve	Accumulated remeasure- ment on retirement benefits	Accumulated Profits	Total
	S\$	S\$	S\$	S\$	S\$
The Group					
As at 1 July 2019	14,782,931	(67,882)	(19,596)	43,664,534	58,359,987
Total comprehensive income for the year:					
Profit for the year	-	-	-	14,650,043	14,650,043
Other comprehensive income:					
Foreign currency translation differences, net of tax	-	397,554	(4,692)	-	392,862
Remeasurement income on retirement benefits, net of tax	-	-	(125,416)	-	(125,416)
Total comprehensive income for the year	-	397,554	(130,108)	14,650,043	14,917,489
Transactions with owners, recorded directly in equity					
Final dividend of 5.0 cents per share & special dividend of 1.0 cent per share (one tier tax-exempt) in respect of FY2019	-	-	-	(8,341,913)	(8,341,913)
Interim dividend 5.0 cents per share (one tier tax-exempt) in respect of FY2020	-	-	-	(6,951,594)	(6,951,594)
Total transactions with owners, recorded directly in equity	-	-	-	(15,293,507)	(15,293,507)
As at 30 June 2020	14,782,931	329,672	(149,704)	43,021,070	57,983,969
As at 1 July 2020	14,782,931	329,672	(149,704)	43,021,070	57,983,969
Total comprehensive income for the year:					
Profit for the year	-	-	-	18,060,436	18,060,436
Other comprehensive income:					
Foreign currency translation differences, net of tax	-	(57,618)	2,812	-	(54,806)
Remeasurement income on retirement benefits, net of tax	-	-	50,246	-	50,246
Total comprehensive income for the year	-	(57,618)	53,058	18,060,436	18,055,876
Transactions with owners, recorded directly in equity					
Final dividend of 5.0 cents per share & special dividend of 2.0 cent per share (one tier tax-exempt) in respect of FY2020	-	-	-	(9,732,232)	(9,732,232)
Interim dividend 6.0 cents per share (one tier tax-exempt) in respect of FY2021	-	-	-	(8,341,912)	(8,341,912)
Total transactions with owners, recorded directly in equity	-	-	-	(18,074,144)	(18,074,144)
As at 30 June 2021	14,782,931	272,054	(96,646)	43,007,362	57,965,701

MICRO-MECHANICS (HOLDINGS) LTD
Condensed Interim Financial Statements for Fourth Quarter and Full Year Ended 30 June 2021

	Share Capital S\$	Foreign Currency Translation Reserve S\$	Accumulated Profits S\$	Total S\$
The Company				
As at 1 July 2019	14,782,931	-	24,928,388	39,711,319
Total comprehensive income for the year				
Net profit for the year	-	-	15,968,087	15,968,087
Total comprehensive income for the year	-	-	15,968,087	15,968,087
Transactions with owners, recorded directly in equity				
Final dividend of 5.0 cents per share & special dividend of 1.0 cent per share (one tier tax- exempt) in respect of FY2019	-	-	(8,341,913)	(8,341,913)
Interim dividend 5.0 cents per share (one tier tax-exempt) in respect of FY2020	-	-	(6,951,594)	(6,951,594)
Total transactions with owners, recorded directly in equity	-	-	(15,293,507)	(15,293,507)
As at 30 June 2020	14,782,931	-	25,602,968	40,385,899
As at 1 July 2020	14,782,931	-	25,602,968	40,385,899
Total comprehensive income for the year				
Net profit for the year	-	-	18,632,981	18,632,981
Total comprehensive income for the year	-	-	18,632,981	18,632,981
Transactions with owners, recorded directly in equity				
Final dividend of 5.0 cents per share & special dividend of 2.0 cent per share (one tier tax- exempt) in respect of FY2020	-	-	(9,732,232)	(9,732,232)
Interim dividend 6.0 cents per share (one tier tax-exempt) in respect of FY2021	-	-	(8,341,912)	(8,341,912)
Total transactions with owners, recorded directly in equity	-	-	(18,074,144)	(18,074,144)
As at 30 June 2021	14,782,931	-	26,161,805	40,944,736

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASHFLOW FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Group FY2021 S\$	Group FY2020 S\$
Cash flows from operating activities		
Profit before tax	23,227,693	19,084,490
Adjustments for:		
Depreciation of property, plant and equipment	6,835,085	6,774,812
Depreciation of investment property	12,416	-
Property, plant and equipment written off	50	6,400
(Gain)/ loss on disposal of property, plant and equipment	(3,776)	29,454
Interest income	(54,683)	(209,466)
Interest expense on lease liabilities	88,472	101,704
Operating profit before changes in working capital	30,105,257	25,787,394
Inventories	201,715	(812,553)
Trade and other receivables	(81,160)	(2,903,344)
Trade and other payables	719,556	573,336
Cash generated from operations	30,945,368	22,644,833
Income tax paid	(5,243,908)	(3,848,424)
Net cash from operating activities	25,701,460	18,796,409
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,779,489)	(3,705,653)
Proceeds from disposal of property, plant and equipment	12,031	111,118
Interest received	51,138	216,762
Net cash used in investing activities	(6,716,320)	(3,377,773)
Cash flows from financing activities		
Lease paid	(1,229,129)	(1,127,392)
Dividends paid	(18,074,144)	(15,293,507)
Net cash used in financing activities	(19,303,273)	(16,420,899)
Net decrease in cash and cash equivalents	(318,133)	(1,002,263)
Cash and cash equivalents at beginning of year	20,651,935	21,717,779
Effect of exchange rate fluctuations	116,176	(63,581)
Cash and cash equivalents at the end of year [Note (i)]	20,449,978	20,651,935

Note:

(i) Cash and cash equivalent is derived from:

	Group 30 June 21 S\$	Group 30 June 20 S\$
Cash and cash equivalent balances	20,611,778	20,814,685
Less: Pledged cash placed with bank	(161,800)	(162,750)
	20,449,978	20,651,935

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 ended 30 June 2021 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 2021.

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 2020, 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 2020:

- Amendments to References to Conceptual Framework in SFRS(I) Standards
- Definition of a Business (Amendments to SFRS(I) 3)
- Definition of Material (Amendments to SFRS(I) 1-1 and SFRS(I) 1- 8)
- Interest Rate Benchmark Reform (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7)

The application of these amendments to standards and interpretations does not have a material effect on the financial statements

E3 Seasonal operations

The Group's businesses are 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.

Geographical market

Country	GROUP					
	4Q21 S\$	4Q20 S\$	% change	FY2021 S\$	FY2020 S\$	% change
Singapore	1,965,383	1,599,622	22.9%	7,222,473	5,443,432	32.7%
Malaysia	2,981,957	2,225,686	34.0%	11,463,664	9,933,611	15.4%
Philippines	1,418,233	1,284,299	10.4%	5,927,557	5,778,834	2.6%
Thailand	403,656	396,348	1.8%	1,574,536	1,247,917	26.2%
China	5,923,497	5,163,474	14.7%	23,087,805	18,998,473	21.5%
USA	3,793,064	3,287,311	15.4%	14,754,832	13,145,217	12.2%
Europe	758,567	495,019	53.2%	2,536,938	2,301,523	10.2%
Japan	264,266	337,818	(21.8%)	1,077,835	1,220,049	(11.7%)
Taiwan	1,339,304	1,414,164	(5.3%)	4,900,725	5,438,632	(9.9%)
Rest of world	296,055	168,745	75.4%	1,182,337	700,062	68.9%
Total	19,143,982	16,372,486	16.9%	73,728,702	64,207,750	14.8%

A breakdown of sales.

	Group FY2021 S\$	Group FY2020 S\$	Increase/ (decrease)
Sales reported for first half year	36,895,183	31,619,235	16.7%
Operating profit after tax before deducting non-controlling interest reported for first half year	9,105,422	6,844,380	33.0%
Sales reported for second half year	36,833,519	32,588,515	13.0%
Operating profit after tax before deducting non-controlling interest reported for second half year	8,955,014	7,805,663	14.7%

E5 Profit before income tax

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

Income:

	Q4		Year-to-date	
	Apr to Jun 2021 S\$	Apr to Jun 2020 S\$	Group FY2021 S\$	Group FY2020 S\$
Interest income from banks and others	12,062	23,158	54,683	209,466
Rental income	30,442	30,769	123,225	124,258
Government grant – Job Support Scheme, Skill Redevelopment, Wage Credit and Capability Development Scheme	26,800	94,402	650,251	517,929
Gain on disposal of property, plant and equipment	9	-	3,776	-
Exchange gain	-	10,444	-	226,235
Others	58,913	53,676	166,309	105,624

Expenses:

	Q4		Year-to-date	
	Apr to Jun 2021 S\$	Apr to Jun 2020 S\$	Group FY2021 S\$	Group FY2020 S\$
Depreciation of property, plant and equipment	1,412,924	1,448,174	5,663,321	5,698,119
Depreciation of right-of-use assets	298,843	297,001	1,171,764	1,076,693
Depreciation of investment property	12,416	-	12,416	-
Exchange (gain)/loss	(24,415)	-	4,641	-
Loss on disposal of property, plant and equipment	-	66	-	29,454
Inventories written off	31,217	15,902	130,371	95,423
Interest expense on lease liabilities	24,104	23,190	88,472	101,704
Property, plant and equipment written off	13	6,275	50	6,400

E6 Income tax expense

	Q4		Year-to-date	
	Apr to Jun 2021 S\$	Apr to Jun 2020 S\$	Group FY2021 S\$	Group FY2020 S\$
Tax charge				
Current year	1,548,089	1,498,709	5,248,494	4,477,206
Under/(Over) provision in prior years	16,402	(53,740)	(35,284)	(57,935)
	1,564,491	1,444,969	5,213,210	4,419,271
Deferred tax				
Origination and reversal of temporary differences	(124,174)	(419,181)	355	(1,604)
(Over)/Under provision in prior years	(18,489)	4,249	(46,308)	16,780
	(142,663)	(414,932)	(45,953)	15,176
Total tax expense	1,421,828	1,030,037	5,167,257	4,434,447

E7 Earnings per share

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

	Q4		Year-to-date	
	Apr to Jun 2021 S\$	Apr to Jun 2020 S\$	Group FY2021 S\$	Group FY2020 S\$
Profit for the year	4,781,182	3,937,022	18,060,436	14,650,043
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)	3.44	2.83	12.99	10.54

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 21	Group 30 Jun 20	Company 30 Jun 21	Company 30 Jun 20
Net Asset Value per ordinary share (cents)	41.69	41.71	29.45	29.05

The net asset value per ordinary share is calculated based on net assets of S\$58.0 million (30 June 2020: S\$58.0 million) and 139,031,881 (30 June 2020: 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 2021, the Group acquired property, plant and equipment with an aggregate cost of S\$6,779,489 (30 June 2020: S\$3,705,653). Disposal of assets for financial year ended 30 June 2021 is S\$8,255 (30 June 2021: S\$140,572).

E10 Investment Property

	Group 30 Jun 21 S\$
<i>Cost</i>	
Beginning of financial year	–
Transfer	620,781
Translation difference on consolidation	(3,623)
End of financial year	617,158
<i>Accumulated depreciation and impairment losses</i>	
Beginning of financial year	–
Transfer	275,790
Depreciation charge for the year	12,416
Translation difference on consolidation	(1,701)
End of financial year	286,505
Carrying amount	
End of financial year	330,653
The fair value of the investment property	2,071,040

During the year, a leasehold property was transferred from property, plant and equipment to investment property arising from a change in the long term plan on the use of property which would be to lease out to generate rental income. The property is an industrial building located in Malaysia. The fair value of the investment property as at 30 June 2021 is \$2,071,040. (categorised under level 3 of the fair value hierarchy in page 14: unobservable inputs used in estimating the fair value of the investment property). No independent valuer was engaged to perform the valuation. Management estimated the fair value of the Group's investment property by using the latest available market information for similar properties and recent experience and knowledge in the location and category of property being valued.

E11 Trade and other receivables

	Group 30 Jun 21 S\$	Group 30 Jun 20 S\$	Company 30 Jun 21 S\$	Company 30 Jun 20 S\$
Trade receivables	12,867,220	11,839,561	–	–
Other receivables	71,240	302,188	–	34
Deposits	344,918	350,027	–	–
Amount owing by subsidiaries (non-trade)	–	–	1,959,622	2,433,435
Financial assets at amortised cost	13,283,378	12,491,776	1,959,622	2,433,469
Advances to suppliers	137,382	788,363	–	–
Prepayments	593,203	523,073	11,750	8,835
Forward exchange contracts	275	23,624	–	–
Trade and other receivables	14,014,238	13,826,836	1,971,372	2,442,304
Non-current	462,102	1,109,205	–	–
Current	13,552,136	12,717,631	1,971,372	2,442,304
	14,014,238	13,826,836	1,971,372	2,442,304

E12 Share Capital

	2021		2020	
Group and Company	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 movement in the issued and paid-up capital of the Company since 30 June 2020.

There were no outstanding convertibles shares as at 30 June 2021 (30 June 2020: Nil)

The Company did not hold any treasury shares as at 30 June 2021 (30 June 2020: Nil). There was no sale, transfer, disposal, cancellation and use of treasury shares during the financial year ended 30 June 2021.

E13 Trade and other payables

	Group 30 Jun 21 S\$	Group 30 Jun 20 S\$	Company 30 Jun 21 S\$	Company 30 Jun 20 S\$
Trade payables	1,170,787	978,855	–	–
Other payables	1,063,516	898,764	29,244	27,506
Accrued expenses	5,834,585	5,476,853	479,811	507,241
Advances from customers	102,963	104,179	–	–
Forward exchange contracts	32,992	25	–	–
Provision for retirement benefits	524,185	519,052	–	–
	8,729,028	7,977,728	509,055	534,747
Non-current	867,591	835,702	–	–
Current	7,861,437	7,142,026	509,055	534,747
	8,729,028	7,977,728	509,055	534,747

E14 Borrowings

The Group does not have any bank borrowings for financial year ended 30 June 2021 and 30 June 2020.

E15 Financial assets and financial liabilities

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Financial assets at amortised cost \$	Designated at fair value \$	Other financial liabilities \$	Total carrying amount \$	Fair value \$
Group					
30 June 2021					
Trade and other receivables*	13,283,378	–	–	13,283,378	
Forward exchange contracts- assets	–	275	–	275	275
Cash and cash equivalents	20,611,778	–	–	20,611,778	
	<u>33,895,156</u>	<u>275</u>	<u>–</u>	<u>33,895,431</u>	
Trade and other payables**	–	–	(7,858,725)	(7,858,725)	
Forward exchange contracts -liability	–	(32,992)	–	(32,992)	(32,992)
	<u>–</u>	<u>(32,992)</u>	<u>(7,858,725)</u>	<u>(7,891,717)</u>	
30 June 2020					
Trade and other receivables*	12,491,776	–	–	12,491,776	
Forward exchange contracts -assets	–	23,624	–	23,624	23,624
Cash and cash equivalents	20,814,685	–	–	20,814,685	
	<u>33,306,461</u>	<u>23,624</u>	<u>–</u>	<u>33,330,085</u>	
Trade and other payables**	–	–	(7,155,531)	(7,155,531)	
Forward exchange contracts -liability	–	(25)	–	(25)	(25)
	<u>–</u>	<u>(25)</u>	<u>(7,155,531)</u>	<u>(7,155,556)</u>	
Company					
30 June 2021					
Trade and other receivables*	1,959,622	–	–	1,959,622	
Cash and cash equivalents	10,594,061	–	–	10,594,061	
	<u>12,553,683</u>	<u>–</u>	<u>–</u>	<u>12,553,683</u>	
Trade and other payables**	–	–	(509,055)	(509,055)	
30 June 2020					
Trade and other receivables*	2,433,469	–	–	2,433,469	
Cash and cash equivalents	9,599,881	–	–	9,599,881	
	<u>12,033,350</u>	<u>–</u>	<u>–</u>	<u>12,033,350</u>	
Trade and other payables**	–	–	(534,747)	(534,747)	

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

** Excluding advances from customers, forward exchange contracts, provision for reinstatement costs and provision for retirement benefits.

MICRO-MECHANICS (HOLDINGS) LTD
 Condensed Interim Financial Statements for Fourth Quarter and Full Year Ended 30 June 2021

Fair value hierarchy

The table below analyses fair value measurements for financial assets and financial liabilities, the levels of fair value hierarchy based on the inputs to valuation techniques. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within 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).

Group	Level 2 \$	Total \$
30 June 2021		
Forward exchange contracts – asset	275	275
Forward exchange contracts – liability	(32,992)	(32,992)
	<u> </u>	<u> </u>
30 June 2020		
Forward exchange contracts – asset	23,624	23,624
Forward exchange contracts – liability	(25)	(25)
	<u> </u>	<u> </u>

E16 Segment reporting

Operating Segments FY2021

	Singapore	Malaysia	The Philippines	USA	China	Elimination	Consolidated
	\$	\$	\$	\$	\$	\$	\$
Total revenue from external customers	16,765,982	12,209,971	6,209,856	16,471,046	22,071,847	-	73,728,702
Inter-segment revenue	6,652,238	1,812,977	323,159	496	-	(8,788,870)	-
Total revenue	23,418,220	14,022,948	6,533,015	16,471,542	22,071,847	(8,788,870)	73,728,702
Segment result	6,055,841	5,761,213	2,248,241	1,218,522	8,599,971	140,433	24,024,221
Unallocated expenses							(796,528)
Profit from operations							23,227,693
Income tax expense							(5,167,257)
Net profit for the year							<u>18,060,436</u>
Segment asset	19,172,309	11,022,197	3,567,157	16,021,711	13,479,045	(1,542,209)	61,720,210
Unallocated assets							10,605,811
Others							<u>72,326,021</u>
Total assets							
Segment liabilities	4,157,921	847,227	3,189,881	2,822,793	2,637,946	(2,943,218)	10,712,550
Unallocated liabilities							3,138,715
Income tax	1,684,532	640,216	44,621	-	562,161	207,185	509,055
Others							<u>14,360,320</u>
Total liabilities							
Other segment information:							
Capital expenditure	2,860,410	445,702	216,792	2,769,101	487,484	-	6,779,489
Depreciation	2,251,068	854,565	575,588	2,229,594	996,264	(59,578)	6,847,501
Non-current assets	11,819,191	4,577,906	1,817,761	10,904,460	3,878,645	(37,497)	<u>32,960,466</u>

Major customers

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

	Singapore	Malaysia	The Philippines	USA	China	Total
	\$	\$	\$	\$	\$	\$
2021						
Revenue	-	-	4,592,247	13,811,933	3,364,181	21,768,361
Number of customers	-	-	4	4	1	9

Operating Segments FY2020

	Singapore	Malaysia	The Philippines	USA	China	Elimination	Consolidated
	\$	\$	\$	\$	\$	\$	\$
Total revenue from external customers	15,925,590	10,840,438	6,043,682	13,602,414	17,795,626	-	64,207,750
Inter-segment revenue	6,632,347	1,520,962	444,247	211	64,245	(8,662,012)	-
Total revenue	22,557,937	12,361,400	6,487,929	13,602,625	17,859,871	(8,662,012)	64,207,750
Segment result	6,148,473	4,848,441	2,493,186	(149,702)	6,319,094	(1,969)	19,657,523
Unallocated expenses							(573,033)
Profit from operations							19,084,490
Income tax expense							(4,434,447)
Net profit for the year							14,650,043
Segment asset	19,479,065	12,746,222	4,168,924	13,863,658	13,220,358	(1,941,933)	61,536,294
Unallocated assets							9,608,750
Others							71,145,044
Total assets							71,145,044
Segment liabilities	4,461,215	836,459	3,825,112	1,414,773	2,661,604	(3,776,320)	9,422,843
Unallocated liabilities							
Income tax	1,844,842	602,840	57,184	-	481,537	217,082	3,203,485
Others							534,747
Total liabilities							13,161,075
Other segment information:							
Capital expenditure	1,838,234	482,880	421,563	393,871	569,105	-	3,705,653
Depreciation	2,008,424	917,430	589,153	2,293,631	966,174	-	6,774,812
Non-current assets	11,636,108	5,027,961	2,199,948	9,228,033	4,220,605	(97,075)	32,215,580

Major customers

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

	Singapore	Malaysia	The Philippines	USA	China	Total
	\$	\$	\$	\$	\$	\$
2020						
Revenue	-	1,286,050	3,601,220	13,095,716	2,802,548	20,785,534
Number of customers	-	1	3	5	1	10

E17 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 2021 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 2020 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

REVIEW OF PROFIT AND LOSS

Semiconductor Industry Review

Based on data from the World Semiconductor Trade Statistics (WSTS), worldwide semiconductor sales for the first six months of 2021 amounted to US\$254.4 billion, an increase of about 22% compared to the first half of 2020. Chip sales of US\$133.6 billion during the second quarter of 2021 was an increase of 29% compared to the second quarter of 2020 and 8% higher than the first quarter of 2021.

The Semiconductor Industry Association (SIA) said that semiconductor sales increased across all major product categories and in every major regional market. It said demand for semiconductors is projected to continue to rise substantially in the long term as the world continues using chips to become smarter, greener, more productive, and better connected.

In its Semiconductor Market Forecast released on 8 June 2021, WSTS upgraded its forecast of global chip sales to growth of 19.7% to US\$527 billion in 2021, compared to its previous projection of US\$488 billion made in March 2021. It expects all major regions to post double-digit sales increases led by Asia Pacific (including China) with a growth rate of 23.5%, followed closely by Europe with 21.1%. For 2022, WSTS projects the global semiconductor market to grow a further 8.8% to US\$573 billion, with all major regions registering positive growth again.

Group Revenue

		1Q	2Q	3Q	4Q	Full Year
REVENUE	FY2021	S\$18,146,411	S\$18,748,772	S\$17,689,537	S\$19,143,982	S\$73,728,702
	FY2020	S\$15,343,498	S\$16,275,737	S\$16,216,029	S\$16,372,486	S\$64,207,750
	% growth	18.3%	15.2%	9.1%	16.9%	14.8%

For the 12 months ended 30 June 2021 ("FY2021"), the Group reported record revenue of S\$73.7 million, an increase of 14.8% from S\$64.2 million in FY2020, which reflects the resilience and growth of the global

semiconductor industry amid the COVID-19 pandemic. Group revenue in FY2021 was lifted mainly by strong sales achieved in our key markets, namely Singapore, Malaysia, China and the USA.

For the three months ended 30 June 2021 (“4Q21”), Group revenue increased 16.9% year-on-year (yoy) to a quarterly record of S\$19.1 million compared to S\$16.4 million in 4Q20. This was driven mainly by broad-based sales growth across most of the Group’s markets with the exception of Taiwan and Japan. On a quarter-on-quarter (qoq) basis, Group revenue in 4Q21 edged up 8.2% from S\$17.7 million in 3Q21.

Revenue breakdown by Geographical Market

Country	Group										
	3Q21 S\$ m	4Q21		4Q20		% change	FY2021		FY2020		% change
	S\$ m	S\$ m	%	S\$ m	%		S\$ m	%	S\$ m	%	
Singapore	1.6	2.0	10%	1.6	10%	23%	7.2	10%	5.4	9%	33%
Malaysia	2.7	3.0	16%	2.2	14%	34%	11.5	16%	9.9	15%	15%
Philippines	1.4	1.4	7%	1.3	8%	10%	5.9	8%	5.8	9%	3%
Thailand	0.3	0.4	2%	0.4	2%	2%	1.6	2%	1.3	2%	26%
China	5.9	5.9	31%	5.2	31%	15%	23.1	31%	19.0	29%	22%
USA	3.5	3.8	20%	3.3	20%	15%	14.8	20%	13.2	20%	12%
Europe	0.6	0.7	4%	0.5	3%	53%	2.5	3%	2.3	4%	10%
Japan	0.2	0.3	1%	0.3	2%	(22%)	1.0	1%	1.2	2%	(12%)
Taiwan	1.1	1.3	7%	1.4	9%	(5%)	4.9	7%	5.4	9%	(10%)
Rest of world	0.4	0.3	2%	0.2	1%	75%	1.2	2%	0.7	1%	69%
Total	17.7	19.1	100%	16.4	100%	17%	73.7	100%	64.2	100%	15%

For FY2021, the Group recorded double-digit growth in the majority of our markets with the exception of the Philippines, Japan and Taiwan.

Our sales in China recorded robust growth of 22% to S\$23.1 million in FY2021. Its contribution to the Group’s revenue increased to 31% in FY2021 to remain as our largest geographical market.

The Group’s sales in the USA, which is our second largest market, registered a 12% increase to S\$14.8 million and accounted for 20% of the Group’s revenue.

Sales in the Singapore market surged 33% to S\$7.2 million while sales in Malaysia increased 15% to S\$11.5 million. These markets contributed 10% and 16% respectively to the Group’s sales.

Capacity Utilisation

Capacity Utilisation		1Q	2Q	3Q	4Q	Full Year
	FY2021		59%	57%	56%	58%
FY2020		59%	61%	52%	56%	56%

Although Group revenue increased in FY2021, our average capacity utilisation rate held relatively steady at 57% in FY2021 as compared to 56% in FY2020. This was due to our continuing efforts to improve operational efficiency as well as additional machines installed at our Singapore and USA factories which helped to raise the Group’s overall production capacity.

Gross Profit (GP) Margin

Group GP Margin		1Q	2Q	3Q	4Q	Full Year
	FY2021		54.8%	53.9%	54.5%	54.0%
FY2020		53.4%	53.9%	52.0%	54.5%	53.4%

The Group’s GP increased by 16.6% to S\$40.0 million in FY2021 from S\$34.3 million in FY2020. Our GP margin in FY2021 improved to 54.3% as compared to 53.4% in FY2020. For 4Q21, our GP margin remained steady at 54.0% compared to 54.5% in 4Q20.

Other income, Distribution Cost, Administrative Expenses and Other Operating Expenses

Admin, Distribution and Other Operating Expenses (net of other income)		1Q	2Q	3Q	4Q	Full Year
	FY2021 % of sales	S\$3,979,876 21.9%	S\$4,420,271 23.6%	S\$4,260,744 24.1%	S\$4,132,375 21.6%	S\$16,793,266 22.8%
	FY2020 % of sales	S\$3,775,046 24.6%	S\$4,119,714 25.3%	S\$3,386,070 20.9%	S\$3,948,997 24.1%	S\$15,229,827 23.7%

Other income in FY2021 decreased 15.7% to S\$998k due mainly to reduction in interest income across all subsidiaries arising from lower fixed deposit interest rates and absence of foreign exchange gain.

We continue to keep a close watch on our expense structure. In FY2021, our distribution costs were relatively consistent at S\$3.2 million as compared to FY2020. Administrative expenses increased 11.4% to S\$10.3 million from S\$9.3 million due mainly to annual salary increments and higher bonus payments to employees in line with the Group's better financial performance.

Other operating expenses increased 7.0% yoy to S\$4.3 million. This was due mainly to higher overtime expenses incurred at our USA plant. Due to various labor regulations in the USA, a certain amount of overtime is required to operate our factory in California for seven days a week. We completed the implementation of the core staffing structure required for around-the-clock production during the second half of FY2021. We also incurred higher engineering expenses as part of our ongoing efforts to develop new parts and processes for critical wafer-fabrication processes.

In aggregate, the Group's administrative, distribution and other operating expenses (net of other income) increased by 10.3% to S\$16.8 million in FY2021 from S\$15.2 million in FY2020. However, as a percentage of sales, these overhead expenses decreased to 22.8% in FY2021 from 23.7% in FY2020.

Profit before Tax and Net Profit

		1Q	2Q	3Q	4Q	Full Year
Net Profit after tax	FY2021	S\$4,651,085	S\$4,454,337	S\$4,173,832	S\$4,781,182	S\$18,060,436
	FY2020	S\$3,269,430	S\$3,574,950	S\$3,868,641	S\$3,937,022	S\$14,650,043
	% growth	42.3%	24.6%	7.9%	21.4%	23.3%

As a result of the above, the Group's profit before tax increased 21.7% to S\$23.2 million in FY2021 from S\$19.1 million in FY2020. For 4Q21, Group profit before tax increased 24.9% yoy to S\$6.2 million.

After deducting income tax expenses of S\$5.2 million in FY2021 (S\$4.4 million in FY2020), the Group's net profit increased 23.3% to a record S\$18.1 million in FY2021, from S\$14.7 million in FY2020. Net profit margin in FY2021 widened to 24.5% as compared to 22.8% in FY2020.

For 4Q21, the Group reported a 21.4% increase in net profit to S\$4.8 million from S\$3.9 million in 4Q20 due mainly to an increase in revenue and gross profit.

The Group's effective tax rate was 22.2% in FY2021 as compared to 23.2% in FY2020. The tax expenses included S\$437k of withholding tax paid and an additional S\$204k of withholding tax accrued on dividends from various overseas subsidiaries.

Correspondingly, the Group's earnings per share increased to 12.99 cents in FY2021 from 10.54 cents in FY2020.

Segment Results

On a segmental basis by location of our manufacturing facilities, the Group's operations in Singapore, Malaysia, China, the Philippines, and the USA reported higher revenues in FY2021 compared to FY2020. Our operations in Malaysia, China and the USA registered improved segment results in FY2021 while Singapore segment reported relatively stable segment profit. These offset the lower segment result of our Philippines operations which saw higher operating expenses.

Dividend Payment

The Board of Directors is recommending a final dividend of 6 cents per share and a special dividend of 2 cents per share (one tier tax-exempt) in respect of FY2021. If approved by shareholders at the Annual General Meeting to be held on 29 October 2021, the dividends will be paid on 19 November 2021.

Together with the interim dividend of 6.0 cents per share (one tier tax-exempt) paid on 25 February 2021, the Group's total dividend for FY2021 would be 14 cents per share (one tier tax-exempt) as compared to total dividend of 12 cents per share for FY2020. The total payout for FY2021 will amount to S\$19.5 million (S\$16.7 million in FY2020).

Balance Sheet

The Group remains in a sound financial position. As at 30 June 2021, it had a balance sheet with total assets of S\$72.3 million, shareholders' equity of S\$58.0 million, cash and cash equivalents of S\$20.6 million and no bank borrowings.

Long Term Assets

As at 30 June 2021, non-current assets increased to S\$33.0 million as compared to S\$32.2 million as at 30 June 2020.

Trade Receivables

		As at end of 1Q	As at end of 1H	As at end of 3Q	As at end of 2H
Trade Receivables	FY2021	S\$12,102,795	S\$12,044,570	S\$12,574,162	S\$12,867,220
	≥ 90 days	0.09%	0.03%	0.12%	0.00%
	Write-off	-	-	-	-
	FY2020	S\$10,275,281	S\$10,407,200	S\$11,222,282	S\$11,839,561
	≥ 90 days	0.29%	0.01%	0.08%	0.00%
	Write-off	-	-	-	-

Total trade receivables increased to S\$12.9 million as at 30 June 2021 from S\$11.8 million as at 30 June 2020 which was in tandem with the increase in Group sales. There was no amount outstanding for 90 days or more (0.00% at end of 30 June 2020). The Group did not incur any bad debt expense during both FY2021 and FY2020.

Trade & Other Payables

As at 30 June 2021, our trade payables totaled S\$1.2 million with S\$1.8k outstanding for 30 days or more. Non-trade payables totaled S\$1.1 million. Other accrued expenses stood at S\$5.6 million.

Long term liabilities

As at 30 June 2021, the deferred tax liabilities remained unchanged at S\$1.4 million.

Inventory

The Group continuously manages its inventory to avoid over-stocking and minimise write-offs. Our inventory of S\$5.2 million at the end of FY2021 (S\$5.4 million at end of FY2020) was 7.1% (8.4% at end of FY2020) of the Group's annualised sales. Inventory written off in FY2021 totaled S\$130k, as compared to S\$95k in FY2020.

Capital Expenditure

		1Q	2Q	3Q	4Q	Full Year
Capital Expenditure	FY2021	S\$2,274,736	S\$2,975,450	S\$407,454	S\$1,121,849	S\$6,779,489
	% of sales					9.2%
	FY2020	S\$517,525	S\$1,490,251	S\$717,106	S\$980,771	S\$3,705,653
	% of sales					5.8%

The Group made capital investments totalling S\$6.8 million during FY2021. This capital expenditure included approximately S\$5.8 million for acquisition of new machines and accessories to increase the manufacturing capacity and enhance the capabilities of our factories in Singapore and the USA, renovation expenses of S\$0.3 million, as well as S\$0.3 million for purchase of computers and IT software.

Cash Flow Analysis

The Group generated net cash from operations of S\$25.7 million in FY2021 (S\$18.8 million in FY2020). After deducting net cash used in investing activities of S\$6.7 million and net cash for financing activities of S\$19.3 million, which was mainly for the payment of dividends in respect of FY2020 and 1H21, we closed FY2021 with a cash balance of S\$20.6 million including S\$0.2 million held as security deposits.

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 year. There is no material variance from our previous financial year commentary under Section 10.

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.

Compliance with SGX's new COVID-19 disclosure requirements

With reference to the *Regulator's Column: What SGX expects of issuers' disclosures during COVID-19* issued by the SGX on 22 April 2020, the Group confirms that it has made diligent efforts during FY2021 to keep investors informed on how the Group's operating and financial conditions have been impacted as the result of COVID-19.

During 4Q21, we continued to work conscientiously to keep our people safe and ensure full compliance with the health orders and guidelines of the governments in jurisdictions where we have operations.

Although it has been a challenging period for the Group – and the risk remains that we may have to shut down a work area or even an entire factory -- we are very proud of our people for the way they have so willingly and quickly adapted to the many changes we needed to make and behaved in a caring and responsible manner. As a result of these efforts, we have managed to keep all our plants running and focused on meeting the needs of our customers.

Indeed, the Group's revenue increased 16.9% to a quarterly record level of S\$19.1 million in 4Q21 from S\$16.4 million in the same period a year ago. For the full year, Group revenue increased 14.8% to reach a record S\$73.7 million from S\$64.2 million during FY2020.

Continuing Our Focus on the Key Fundamentals

Although dealing with the repercussions of a global pandemic is something new for the Group, we have always been mindful of the need to build an organization that is strong and resilient. Whether it is the adverse impact of a market downturn, introduction of disruptive technology, geopolitical unrest or a host of other unforeseen events, we need to have goals, structures and processes in place that make it easier for the Group to adapt to changes in the operating environment and ensure business continuity. To this end, we intend to continue focusing on a handful of key areas. These include:

Maintaining a Healthy Gross-Profit Margin

Having a strong and unwavering focus on the value we bring to our customers is a key objective. This means working diligently to understand and meet the requirements of our customers and deliver on our mission of *Perfect Parts and Tools, On-Time, Every Time*. As a single defect can result in disastrous consequences in the precision manufacturing process of semiconductors, our customers need the parts and tools used in their critical processes to be flawless. To achieve this, our goal is to automate our operations around processes that are repeatable, scalable and cost-effective. During 4Q21, we invested S\$1.1 million primarily for new machines to raise our production capacity and manufacturing capabilities. This brought our total capital expenditure for FY2021 to S\$6.8 million (S\$3.7 million in FY2020). For FY2022, we expect to incur capital expenditure of about S\$6 million.

As a result of these and other efforts, our GP margin during 4Q21 held steady at 54.0%. For FY2021, the Group's GP margin improved to 54.3% from 53.4.0% in FY2020. We plan to continue working to strengthen our GP

margin as we believe it is a key measurement of both the value that customers place in our products, and our competitive strength in the marketplace.

Becoming a Next-Generation Supplier

According to a recent forecast from VLSI Research, global chip sales could double to nearly US\$1 trillion by 2030 from about US\$450 billion in 2020. Indeed, we believe the semiconductor industry is poised for a prolonged period of solid growth as chips become increasingly embedded in nearly every aspect of modern life, from today's smart phones to tomorrow's driverless cars. Hence, one important factor for the Group is being able to continue seeing long-term opportunities and prioritizing initiatives and investments that enhance stakeholder value.

As the semiconductor industry develops new equipment and processes for manufacturing chips with device geometries below 10 nano-meters, our customers will increasingly require parts and tools manufactured using improved materials and processes that eliminate defects and variability. In the future, we think there may only be a handful of suppliers capable of meeting these stringent requirements and our goal is to become a leading *Next Generation Supplier* of parts and tools used in critical semiconductor assembly and wafer-fabrication processes.

During FY2021, sales at our plant in the USA ("MMUS") increased 21.1% to S\$16.5 million. Including depreciation and engineering expenses of S\$2.2 million and S\$2.5 million respectively, MMUS reported segment earnings of S\$1.2 million compared to a loss of about S\$0.1 million in FY2020. As we move into FY2022, our operations in the USA continue to gain traction and visibility with customers that are leaders in the semiconductor equipment industry.

At MMUS, our main focus is to manufacture parts used in critical wafer-fabrication processes. This business made up approximately 22% of Group revenue in FY2021. The remaining 78% of Group revenue was derived mainly from the manufacture of precision tools used in chip-assembly processes. Although there is limited market data from third-parties, we believe the total addressable market for parts and tools used in critical chip-assembly and wafer-fabrication processes exceeds US\$500 million. This provides the Group with ample scope for future growth.

Controlling Overhead Expenses

Maintaining a tight rein on expenses is also a key goal of the Group. This means investing in advanced technologies, working to enhance our facilities with an eye towards raising productivity and continuing our relentless efforts to strengthen fundamental processes. As a result of these and other initiatives, the Group performed well during 4Q21. Our total distribution, administrative and other expenses, including other income increased 4.6% to S\$4.1 million from S\$3.9 million in the same period a year ago. Although these overhead expenses grew 10.3% to S\$16.8 million for all of FY2021, when measured as a percentage of sales, our overhead expenses dropped to 22.8% compared to 23.7% in FY2020 and 25.4% in FY2019. As we move forward, we intend to continue working to improve this powerful measure of how well our people and resources are used to support the Group's core manufacturing activity.

Driving Performance Through Good Governance

Since becoming a publicly listed company in 2003, we have worked hard to put good governance at the heart of everything we do. Although keeping up with the best practices in compliance and reporting are important, we like to see good governance as a methodology for driving performance by aligning the way our people at all levels – from the Board Room to the Shop Floor - make decisions and take actions to enhance and protect stakeholder value. In other words, when it comes to assessing good governance, we think *conformance* and *performance* are inseparable.

To this end, for example, it was easy for our Board to agree unanimously about a year ago to continue with quarterly financial reporting after the SGX allowed companies to shift to half-yearly reporting. Given the fast-moving events during the last year with COVID-19, not to mention rapidly changing markets, unpredictable advances in technology and uncertain geopolitics, we believe the Group has taken the right reporting approach even though it requires more work. Indeed, since going public on the Singapore Exchange in 2003, we've been recognized more than 20 times for our efforts to practice good governance, transparency and investor relations. This includes being ranked 15th out of 519 companies in the latest Singapore Governance and Transparency Index published on 4 August 2021.

In terms of performance, the Group achieved record results for our sales and net profit in FY2021. After deducting taxes of S\$5.2 million (S\$4.4 million in FY2020), the Group's net profit increased 23.3% to S\$18.1 million from S\$14.7 million in FY20. Based on shareholder's equity of S\$58.0 million, our results in FY2021 represent a return on equity of 31.2% (25.3% in FY2020).

Since our listing, we have always believed that our job is to focus on the fundamentals of earnings and other important results, and not to get overly concerned with daily share price movements or other short-term market fluctuations. At the end of FY2021, the Group's market capitalization had risen to about S\$430 million compared to S\$25 million at our initial public offering. We intend to continue focusing on the fundamentals that we believe drive long-term and sustainable shareholder value.

If approved by our shareholders at the next Annual General Meeting to be held on 29 October 2021, the Group will distribute a final dividend of 6 cents per share and a special dividend of 2 cents per share for FY2021. Together with an interim dividend of 6 cents per share paid in February 2021, this would bring the total dividends for all of FY2021 to 14 cents per share (12 cents per share for FY2020). Including these distributions, we will have paid dividends of 99.9 cents per share since becoming a listed company which translates to a return of about 500% on dividends alone for shareholders who bought Micro-Mechanics shares at our Initial Public Offering.

Growing Without Debt

Building a great manufacturing business without debt helps to foster a culture of resourcefulness, discipline and careful decision making. During FY2021, we generated S\$25.7 million in net cash from operating activities (S\$18.8 million in FY2020). After net investing activities of S\$6.7 million (S\$3.4 million in FY2020) and S\$18.1 million for the payment of dividends (S\$15.3 million in FY2020), the Group ended the year in a strong financial position with S\$20.6 million in cash (including S\$0.2 million held as security deposits) and no bank borrowings.

Building With People

At the end of FY2021, the Group employed 515 great people, an increase of 0.8% from 511 people at the end of FY2020. Although our annualized employee turn-over rate of less than 10% is low in comparison to what we hear other companies are experiencing, we are always looking to see what more we can do to attract, retain and build a great team of people. In the long term, our ability to do this will be a major factor in the Group's long-term success. We plan to do more to help our people build good skills and work habits. This also means working better to plan, establish clear priorities and control the scope of initiatives so that our people can accomplish these priorities successfully and on time. We will also continue to recognize and reward our people for their contributions to the Group.

In closing, we would like to express our appreciation to our independent directors for their guidance and commitment to practicing good governance, and to all our people at Micro-Mechanics for their vision, teamwork and hard work. During this COVID-19 period we are especially appreciative of the care and consideration our people have shown for their colleagues and others by being so willing to do all of the things that helped to keep everyone healthy and safe. Indeed, it is during times such as these where our saying has never rung more true: *People Make Everything Happen!*

F5. Dividend Information

(a) Current Financial Period Reported on

Any dividend recommended for the current financial period reported on?

Yes

Name of Dividend	Final	Special
Dividend Type	Cash	Cash
Dividend amount per share (cent)	6 cents per ordinary share	2 cent per ordinary share
Dividend Tax rate	0% (one tier tax-exempt)	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)	5 cents per ordinary share	2 cent per ordinary share
Dividend Tax rate	0% (one tier tax-exempt)	0% (one tier tax-exempt)

(c) The date dividend is payable

Payment of the dividend, if approved by the members at the Twenty-Fifth Annual General Meeting to be held on 29 October 2021, will be paid on 19 November 2021.

(d) Books Closure Date

Notice is hereby given that the Share Transfer Books and Register of Members of Micro-Mechanics (Holdings) Ltd. (the “Company”) will be closed for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company’s Share Registrar, M&C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902 up to 5:00 p.m. on 9 November 2021 will be registered to determine shareholders’ entitlements to the said dividend.

Members whose Securities Accounts with the Central Depository (Pte) Limited are credited with shares at 5:00 p.m. on 9 November 2021 will be entitled to the proposed dividend.

The proposed dividend, if approved by the members at the Twenty-Fifth Annual General Meeting to be held on 29 October 2021, will be paid on 19 November 2021.

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 2021, the Group has made rental payment of US\$400,000 (30 June 2020: US\$387,000) and solar-generated electrical services payment of US\$136,696 (30 June 2020: US\$163,338) 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.

Mr. Kyle Borch, the eldest son of Mr. Christopher Borch joined Micro-Mechanics, Inc (a subsidiary of the Company) on 27 August 2018 and currently holding the position as Senior Engineer. Mr. Borch received a Bachelor of Science in Physics and Math from the University of California Los Angeles (UCLA) in 2014 and Master of Science degrees in Mechanical Engineering and Engineering Management from the University of Southern California in 2018. Mr. Borch’s current role is non-managerial with total remuneration during the financial year ended 30 June 2021 of approximately S\$131k.

F9. Negative confirmation pursuant to [Rule 705\(5\)](#). (Not required for announcement on full year results)

Not applicable.

BY ORDER OF THE BOARD

CHOW KAM WING
Company Secretary
28 August 2021