

MICRO-MECHANICS (HOLDINGS) LTD

Unaudited Full Year Financial Statements Announcement for the year ended 30/06/2015

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	Group FY2015 S\$	Group FY2014 S\$	Change
Revenue	(1)	52,197,046	43,856,663	19.0%
Cost of sales	(2)	(23,510,279)	(21,620,580)	8.7%
Gross profit		28,686,767	22,236,083	29.0%
Other income	(3)	1,456,978	1,008,342	44.5%
Distribution costs		(3,126,072)	(3,160,343)	(1.1%)
Administrative expenses	(4)	(8,738,740)	(7,649,289)	14.2%
Other operating expenses	(5)	(2,891,026)	(2,689,686)	7.5%
Profit from operations		15,387,907	9,745,107	57.9%
Finance costs		-	-	-
Profit before income tax	(6)	15,387,907	9,745,107	57.9%
Income tax expense	(7)	(3,366,658)	(2,004,861)	67.9%
Profit after tax		12,021,249	7,740,246	55.3%
Non-controlling interests		-	-	-
Profit for the year		12,021,249	7,740,246	55.3%
Statement of Comprehensive Income				
Profit for the year		12,021,249	7,740,246	55.3%
Other comprehensive income: Foreign currency translation differences for foreign operations, net of tax		(686,740)	(397,149)	72.9%
Total comprehensive income for the year		11,334,509	7,343,097	54.4%

n.m.: Not meaningful

Notes:

- (1) Please refer to section 8 of this announcement for an analysis of the Group's revenue.
- (2) Cost of sales increased in line with the increase in sales. Production headcount reduced from 313 in FY2014 to 306 in FY2015.

(3) Other income consists of:

	FY2015 S\$	FY2014 S\$	Change
Gain on disposal of property, plant and equipment	265,587	41,761	536.0%
Gain on disposal of assets held for sale	257,292	279,656	(8.0%)
Interest income	150,563	113,106	33.1%
Rental income	127,271	119,318	6.7%
Government grant –Skills Redevelopment, Wage Credit, Business Continuity and Capability Development Scheme	110,079	219,811	(49.9%)
Exchange gain	419,569	73,628	469.8%
Others	126,617	161,062	(21.4%)

(4) Please refer to section 8 of this announcement for an analysis of the Group’s administrative expenses.

(5) Please refer to section 8 of this announcement for an analysis of the Group’s other operating expenses.

(6) Profit before taxation includes the following expenses:

	FY2015 S\$	FY2014 S\$	Change
Trade receivables written off	1,165	7,777	(85.0%)
Depreciation of property, plant and equipment	4,671,593	4,332,807	7.8%
Inventories written off	103,612	98,086	5.6%
Impairment loss of plant and equipment	-	191,115	(100.0%)
Fixed assets written off	69,548	15,730	342.1%

(7) Tax expense for FY2015 totaled S\$3.4 million of which S\$653k was related to withholding tax on dividends remitted by the Group’s subsidiaries. In line with the higher profit registered, the Group’s total tax expense increased by 67.9% over the previous year while the effective tax rate for FY2015 was up slightly to 21.9% as compared to 20.6% for FY2014.

(8) Depreciation expenses in FY2015 increased 7.8% to S\$4.7 million due to purchases of new production equipments and accessories.

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Note	Group 30 Jun 15 S\$	Group 30 Jun 14 S\$	Company 30 Jun 15 S\$	Company 30 Jun 14 S\$
Non-current assets					
Property, plant and equipment		26,645,774	26,632,893	-	-
Subsidiaries		-	-	17,855,816	17,654,378
Trade and other receivables	(1)	273,017	524,456	4,696,028	4,265,364
		26,918,791	27,157,349	22,551,844	21,919,742
Current assets					
Inventories		3,504,331	3,089,440	-	-
Trade and other receivables		10,173,370	9,552,149	6,848,896	4,769,664
Cash and cash equivalents		15,161,285	11,081,995	2,411,980	4,094,745
Assets held for sale		-	55,294	-	-
		28,838,986	23,778,878	9,260,876	8,864,409
Total assets		55,757,777	50,936,227	31,812,720	30,784,151
Shareholders' equity					
Share capital		14,782,931	14,782,931	14,782,931	14,782,931
Foreign currency translation reserve	(2)	(3,359,883)	(2,673,143)	-	-
Accumulated profits		35,462,869	29,002,896	16,639,957	15,728,174
		46,885,917	41,112,684	31,422,888	30,511,105
Non-current liabilities					
Deferred tax liabilities		1,344,479	1,283,567	-	-
		1,344,479	1,283,567	-	-
Current liabilities					
Trade and other payables		6,096,809	7,296,759	385,463	266,522
Current tax payable		1,430,572	1,243,217	4,369	6,524
		7,527,381	8,539,976	389,832	273,046
Total liabilities		8,871,860	9,823,543	389,832	273,046
Total equity and liabilities		55,757,777	50,936,227	31,812,720	30,784,151

Notes:

- (1) The Company recorded an impairment allowance of S\$3.5 million in relation to loan receivables from one of its wholly-owned subsidiaries, Micro-Mechanics Inc.
- (2) The movement in foreign currency translation reserves was mainly due to the depreciation of the Malaysia Ringgit against the Singapore Dollar.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less or on demand

As at 30 Jun 15		As at 30 Jun 14	
Secured	Unsecured	Secured	Unsecured
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 30 Jun 15		As at 30 Jun 14	
Secured	Unsecured	Secured	Unsecured
Nil	Nil	Nil	Nil

Details of any collateral

Not applicable

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	Group FY2015 S\$	Group FY2014 S\$
Cash flows from operating activities			
Profit before income tax		15,387,907	9,745,107
Adjustments for:			
Depreciation of property, plant and equipment		4,671,593	4,332,807
Impairment loss of property, plant and equipment		-	191,115
Fixed assets written off		69,548	15,730
Gain on disposal of property, plant and equipment		(265,587)	(41,761)
Gain on disposal of assets held for sale		(257,292)	(279,656)
Interest income		(150,563)	(113,106)
Operating profit before changes in working capital		19,455,606	13,850,236
Inventories		(414,890)	(910,941)
Trade and other receivables		(676,414)	(1,035,954)
Trade and other payables		(1,917,391)	739,059
Cash generated from operations		16,446,911	12,642,400
Income tax paid		(2,298,927)	(1,803,052)
Net cash from operating activities		14,147,984	10,839,348
Cash flows from investing activities			
Purchase of property, plant and equipment	(1)	(4,916,351)	(5,216,904)
Proceeds from disposal of property, plant and equipment		671,845	162,367
Proceeds from disposal of assets held for sale		322,704	360,677
Interest received		176,042	113,230
Net cash used in investing activities		(3,745,760)	(4,580,630)
Cash flows from financing activities			
Deposits pledged		24,689	5,377
Dividends paid	(2)	(5,561,276)	(4,170,956)
Net cash used in financing activities		(5,536,587)	(4,165,579)
Net increase in cash and cash equivalents		4,865,637	2,093,139
Cash and cash equivalents at 1 July		10,879,132	8,943,935
Effect of exchange rate fluctuations		(761,658)	(157,942)
Cash and cash equivalents at 30 June	(3)	14,983,111	10,879,132

Notes:

- (1) The Group purchased approximately S\$3.4 million in equipment mainly for its operations in Singapore, United States and the Philippines, while incurred S\$0.6 million on IT system.
- (2) The Company paid a final dividend of 2.0 cents per ordinary share (one-tier tax exempt) on 19 November 2014 in respect of financial year ended 30 June 2014. An interim dividend of 1.0 cent per ordinary share and a special dividend of 1.0 cent per ordinary share (one-tier tax exempt) were paid on 17 February 2015 in respect of financial year ended 30 June 2015.

(3) Cash and cash equivalent is derived from:

	Group 30 June 15 S\$	Group 30 June 14 S\$
Cash and cash equivalent balances	15,161,285	11,081,995
Less: Pledged cash placed with bank	(178,174)	(202,863)
	14,983,111	10,879,132

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share Capital S\$	Foreign Currency Translation Reserve S\$	Accumulated Profits S\$	Total S\$
The Group				
As at 1 July 2013	14,782,931	(2,275,994)	25,433,606	37,940,543
Total comprehensive income for the year:				
Profit for the year	-	-	7,740,246	7,740,246
Other comprehensive income:				
Foreign currency translation difference	-	(397,149)	-	(397,149)
Total comprehensive income for the year	-	(397,149)	7,740,246	7,343,097
Transactions with owners, recorded directly in equity				
Final dividend of 2.0 cents per share (one tier tax-exempt) in respect of FY2013	-	-	(2,780,637)	(2,780,637)
Interim dividend of 1.0 cent per share (one tier tax-exempt) in respect of FY2014	-	-	(1,390,319)	(1,390,319)
Total transactions with owners, recorded directly in equity	-	-	(4,170,956)	(4,170,956)
As at 30 June 2014	14,782,931	(2,673,143)	29,002,896	41,112,684
As at 1 July 2014	14,782,931	(2,673,143)	29,002,896	41,112,684
Total comprehensive income for the year:				
Profit for the year	-	-	12,021,249	12,021,249
Other comprehensive income:				
Foreign currency translation difference	-	(686,740)	-	(686,740)
Total comprehensive income for the year	-	(686,740)	12,021,249	11,334,509
Transactions with owners, recorded directly in equity				
Final dividend of 2.0 cents per share (one tier tax-exempt) in respect of FY2014	-	-	(2,780,638)	(2,780,638)
Interim dividend 1.0 cent per share & special dividend of 1.0 cent per share (one tier tax-exempt) in respect of FY2015	-	-	(2,780,638)	(2,780,638)
Total transactions with owners, recorded directly in equity	-	-	(5,561,276)	(5,561,276)
As at 30 June 2015	14,782,931	(3,359,883)	35,462,869	46,885,917

	Share Capital	Foreign Currency Translation Reserve	Accumulated Profits	Total
The Company				
As at 1 July 2013	14,782,931	-	11,329,818	26,112,749
Total comprehensive income for the year:				
Profit for the year	-	-	8,569,312	8,569,312
Total comprehensive income for the year	-	-	8,569,312	8,569,312
Transactions with owners, recorded directly in equity				
Final dividend of 2.0 cents per share (one tier tax-exempt) in respect of FY2013	-	-	(2,780,637)	(2,780,637)
Interim dividend of 1.0 cent per share (one tier tax-exempt) in respect of FY2014	-	-	(1,390,319)	(1,390,319)
Total transactions with owners, recorded directly in equity	-	-	(4,170,956)	(4,170,956)
As at 30 June 2014	14,782,931	-	15,728,174	30,511,105
As at 1 July 2014	14,782,931	-	15,728,174	30,511,105
Total comprehensive income for the year:				
Profit for the year	-	-	6,473,059	6,473,059
Total comprehensive income for the year	-	-	6,473,059	6,473,059
Transactions with owners, recorded directly in equity				
Final dividend of 2.0 cents per share (one tier tax-exempt) in respect of FY2014	-	-	(2,780,638)	(2,780,638)
Interim dividend 1.0 cent per share & special dividend of 1.0 cent per share (one tier tax-exempt) in respect of FY2015	-	-	(2,780,638)	(2,780,638)
Total transactions with owners, recorded directly in equity	-	-	(5,561,276)	(5,561,276)
As at 30 June 2015	14,782,931	-	16,639,957	31,422,888

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Nil

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of shares were 139,031,881 ordinary shares as at both 30 June 2015 and 30 June 2014. The Company did not have any treasury shares as at the end of the current financial year or at the end of FY2014.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Yes.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group FY2015	Group FY2014
Earnings per ordinary share for the year based on net profit after tax and non-controlling interest:-		
(i) Based on weighted average number of ordinary shares in issue	8.65 cents	5.57 cents
(ii) On a fully diluted basis	8.65 cents	5.57 cents

The calculation is based on the weighted average number of shares in issue during the financial year. The weighted average number of shares outstanding during the year was 139,031,881 (30 June 2014: 139,031,881).

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group 30 Jun 15	Group 30 Jun 14	Company 30 Jun 15	Company 30 Jun 14
Net Asset Value per ordinary share (cents)	33.72	29.57	22.60	21.95

The net asset value per ordinary share is calculated based on net assets of S\$46.9 million (30 June 2014: S\$41.1 million) and 139,031,881 (30 June 2014: 139,031,881) shares in issue at the end of the current financial year reported on/immediately preceding financial year.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

REVIEW OF PROFIT AND LOSS

Semiconductor industry review

Based on information from the Semiconductor Industry Association (SIA), global chip sales in the first six months of 2015 increased 3.9% year-on-year (yoy) to US\$167.1 billion compared to the same period in 2014. Global sales for the second quarter of the year (April to June 2015) grew a slower 2% yoy from the corresponding quarter in 2014.

The SIA said that macroeconomic headwinds and softening demand have slowed growth of the global semiconductor market, but the industry still posted its highest-ever sales in the second-quarter of 2015. The SIA added that the Americas market continues to post solid yoy sales increases while the global market has grown on a yoy basis for 26 consecutive months.

In its Spring forecast in June 2015, the World Semiconductor Trade Statistics (WSTS) has forecasted global chip sales growth to moderate to 3.4% to US\$347 billion this year, driven largely by demand for smartphones and the automotive sector. Meanwhile market research firm Gartner has lowered its worldwide chip revenue forecast for 2015 to 2.2% yoy growth from 4% previously, citing the weak outlook for major applications that drive the semiconductor industry such as personal computers, smartphones and tablets.

Group Revenue

		1Q	2Q	3Q	4Q	Full Year
REVENUE	FY2015	S\$13,038,188	S\$12,893,988	S\$13,397,284	S\$12,867,586	S\$52,197,046
	FY2014	S\$11,082,040	S\$10,481,430	S\$10,631,782	S\$11,661,411	S\$43,856,663
	% growth	17.7%	23.0%	26.0%	10.3%	19.0%

For the 12 months ended 30 June 2015 (FY2015), Group revenue increased 19.0% to reach an annual record of S\$52.2 million from S\$43.9 million in FY2014. This is attributable to the double-digit year-on-year (yoy) sales growth that the Group reported for every quarter of FY2015.

For the three months ended 30 June 2015 (4Q15), the Group reported a 10.3% increase in revenue to S\$12.9 million from S\$11.7 million in 4Q14. On a quarter-on-quarter (qoq) basis however, Group revenue in 4Q14 eased 4.1% from S\$13.4 million in 3Q15 due to softer sales of the semiconductor tooling and Custom Machining & Assembly (CMA) businesses.

Revenue breakdown by product segment

		1Q	2Q	3Q	4Q	Full Year
SEMICONDUCTOR TOOLING REVENUE	FY2015	S\$11,348,221	S\$11,147,406	S\$11,318,663	S\$10,930,581	S\$44,744,871
	FY2014	S\$9,433,908	S\$8,672,648	S\$8,662,680	S\$9,949,642	S\$36,718,878
	% growth	20.3%	28.5%	30.7%	9.9%	21.9%

		1Q	2Q	3Q	4Q	Full Year
CMA REVENUE	FY2015	S\$1,689,967	S\$1,746,582	S\$2,078,621	S\$1,937,005	S\$7,452,175
	FY2014	S\$1,648,132	S\$1,808,782	S\$1,969,102	S\$1,711,769	S\$7,137,785
	% growth	2.5%	(3.4%)	5.6%	13.2%	4.4%

The Group's semiconductor tooling segment, which serves customers involved in the assembly and testing of semiconductors, registered revenue of S\$10.9 million in 4Q15, an increase of 9.9% from S\$9.9 million in 4Q14, attributable mainly to higher sales in China.

Revenue from our CMA division, which serves high technology capital equipment manufacturers in the aerospace, medical, laser and wafer fabrication industries, increased 13.2% to S\$1.9 million in 4Q15 from S\$1.7 million in 4Q14.

For FY2015, the semiconductor tooling business posted record revenue of S\$44.7 million, a gain of 21.9% from S\$36.7 million in the previous year. This was mainly due to the strong double-digit growth registered for the first three quarters of the year in review. Revenue of the CMA division increased 4.4% to S\$7.4 million from S\$7.1 million in FY2014.

Correspondingly, the semiconductor tooling and CMA businesses accounted for 85.7% and 14.3% respectively of the Group's revenue in FY2015.

Revenue breakdown by Geographical Market

Country	4Q15		4Q14		FY2015		FY2014		% change
	S\$ m	%	S\$ m	%	S\$ m	%	S\$ m	%	
Singapore	0.8	6%	0.8	7%	3.5	7%	3.4	8%	4.8%
Malaysia	2.6	20%	2.7	23%	11.1	21%	9.4	22%	17.9%
Philippines	1.1	9%	1.1	10%	4.6	9%	4.0	9%	15.0%
Thailand	0.3	2%	0.5	5%	1.3	2%	2.1	5%	(39.9%)
China	3.3	25%	2.4	20%	13.6	26%	9.9	22%	37.8%
USA	2.1	16%	1.8	15%	7.7	15%	6.8	15%	13.6%
Europe	0.7	6%	0.5	5%	2.3	5%	2.2	5%	7.8%
Japan	0.2	2%	0.3	2%	1.0	2%	0.9	2%	3.8%
Taiwan	1.4	11%	1.2	10%	5.3	10%	4.0	9%	33.4%
Rest of world	0.4	3%	0.4	3%	1.8	3%	1.2	3%	44.7%
	12.9	100%	11.7	100%	52.2	100%	43.9	100%	19.0%

The Group achieved strong sales performances in our semiconductor tooling markets in Northeast Asia during FY2015. Sales in China grew 37.8% to S\$13.6 million to remain as the Group's largest geographical market while sales to customers in Taiwan increased 33.4% to S\$5.3 million. Together, these two markets contributed 36% to the Group's revenue in FY2015.

Sales to our second largest market in Malaysia grew 17.9% to S\$11.1 million and accounted for 21% of our total sales in FY2015. Revenues derived from our other semiconductor tooling markets were mainly higher with the exception of Thailand due to the closure of our manufacturing plant there in October 2014.

Sales to customers in the USA, which is mainly a market for our CMA business, increased 13.6% to S\$7.7 million in FY2015.

Based on revenue by operating segments, sales generated by the Singapore factory increased 27.0% yoy to S\$13.4 million and provided the largest contribution of 25.6% to Group revenue in FY2015. Besides serving local customers, the Singapore factory also supports the semiconductor tooling requirements of customers in other markets such as Taiwan, Japan, Europe and USA. The Group's factory in Suzhou, China saw strong sales growth of 40.8% to S\$13.1 million and contributed 25.0% to our total revenue.

Capacity Utilisation

Capacity Utilisation		1Q	2Q	3Q	4Q	Full Year
	FY2015	60%	59%	53%	56%	56%
	FY2014	54%	56%	53%	59%	55%

While the Group generated higher sales during FY2015, our average capacity utilisation rate only increased marginally to 56%. This was mainly due to higher efficiency of our production operations resulting from our ongoing efforts to implement *24/7 Machining* at our factories in Asia and investments in new machines at our USA plant.

Gross Profit (GP) Margin

Group GP Margin		1Q	2Q	3Q	4Q	Full Year
	FY2015	52.9%	54.7%	55.1%	57.1%	55.0%
	FY2014	51.3%	50.4%	50.4%	50.7%	50.7%

Gross Profit Margin (By Product Segment)			1Q	2Q	3Q	4Q	Full Year
	FY2015	Semiconductor	59.8%	61.8%	61.6%	63.9%	62.6%
		CMA	6.3%	9.6%	20.0%	19.1%	14.2%
	FY2014	Semiconductor	56.9%	55.4%	55.3%	56.5%	56.0%
	CMA	19.3%	26.3%	29.1%	17.0%	23.2%	

The Group's gross profit (GP) increased 29.0% to S\$28.7 million in FY2015 from S\$22.2 million in FY2014. As GP grew at a faster pace than revenue, the Group's overall GP margin expanded to 55.0% in FY2015 from 50.7% in FY2014.

In terms of product segment, GP margin of our semiconductor tooling business expanded to 62.6% in FY2015 compared to 56.0% in FY2014, due to our continual focus on improving cost, productivity and cycle time of our manufacturing operations. However, GP margin of our CMA division declined to 14.2% from 23.2% in FY2014. This was mainly attributable to higher depreciation expenses of about S\$0.4 million at our CMA factory in the USA.

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
	FY2015 % of sales	S\$3,325,523 25.5%	S\$3,277,081 25.4%	S\$2,788,393 20.8%	S\$3,907,863 30.4%	S\$13,298,860 25.5%
	FY2014 % of sales	S\$2,992,187 27.0%	S\$3,254,196 31.0%	S\$3,160,953 29.7%	S\$3,083,640 26.4%	S\$12,490,976 28.5%

Other income in FY2015 increased 44.5% to S\$1.5 million from S\$1.0 million in FY2014, due mainly to foreign exchange gain owing to the appreciation of the US dollar and a gain on disposal of machines and vehicles.

We continued to keep a close watch on our expense structure. Distribution expenses remained stable at S\$3.1 million in FY2015. However, administrative expenses increased 14.2% to S\$8.7 million due to higher salaries and bonuses, expenses related to the closure of our factory in Thailand and increases in professional fees. Other operating expenses increased 7.5% to S\$2.9 million from S\$2.7 million in FY2014.

While Group revenue increased 19.0% in FY2015, our total administrative, distribution and other operating expenses (net of other income) increased at a relatively slower pace of 6.5% to S\$13.3 million from S\$12.5 million in FY2014. As a result, these overhead expenses decreased to 25.5% of Group sales in FY2015 from 28.5% in the previous financial year.

Profit before Tax and Net Profit

Net Profit after tax		1Q	2Q	3Q	4Q	Full Year
	FY2015	S\$2,798,623	S\$2,671,729	S\$3,721,016	S\$2,829,881	S\$12,021,249
	FY2014	S\$2,160,011	S\$1,361,567	S\$1,795,372	S\$2,423,296	S\$7,740,246
% growth	29.6%	96.2%	107.3%	16.8%	55.3%	

As a result of higher revenue and improved GP margin, the Group's profit before tax increased 57.9% to S\$15.4 million in FY2015 from S\$9.7 million in FY2014.

After deducting income tax expense of S\$3.4 million (S\$2.0 million in FY2014), the Group reported its highest ever net profit of S\$12.0 million in FY2015, an increase of 55.3% from S\$7.7 million in FY2014. As net profit grew at a faster pace than sales, the Group's net profit margin grew to 23.0% in FY2015 from 17.6% in FY2014.

Correspondingly, the Group's earnings per share increased to 8.65 cents in FY2015 from 5.57 cents in FY2014.

Balance Sheet

As at 30 June 2015, the Group remained in a sound financial position with a balance sheet that had total assets of S\$55.8 million, shareholders' equity of S\$46.9 million, cash and cash equivalents of S\$15.2 million and no bank borrowings.

Long Term Assets

Non-current assets stood at S\$26.9 million as at 30 June 2015 as compared to S\$27.2 million as at 30 June 2014.

Trade Receivables

		As at end of 1Q	As at end of 1H	As at end of 3Q	As at end of 2H
Trade Receivables	FY2015	S\$8,906,352	S\$8,899,026	S\$9,779,247	S\$9,241,280
	≥ 90 days	0.7%	0.3%	0.1%	0.3%
	Write-off	0.01%	0.01%	0.01%	0.01%
	FY2014	S\$7,497,467	S\$7,093,099	S\$7,284,756	S\$8,039,911
	≥ 90 days	0.2%	0.0%	0.2%	0.2%
	Write-off	0.1%	0.1%	0.1%	0.1%

In tandem with higher sales, total trade receivables as at 30 June 2015 increased to S\$9.2 million, compared to S\$8.0 million at the end of FY2014. Of this, 0.3% was outstanding for 90 days or more (0.2% at end of 30 June 2014). Bad debts written off during FY2015 was S\$1.2k or 0.01% of trade receivables (S\$7.8k during FY2014).

Trade & Other Payables

As at 30 June 2015, our trade payables totaled S\$0.8 million, of which S\$23k was outstanding for 30 days or more. Non-trade payables totaled S\$0.4 million. Other accrued expenses stood at S\$4.9 million.

Deferred Tax Liabilities

Deferred tax liabilities as at 30 June 2015 amounted to S\$1.3 million, unchanged from 30 June 2014.

Inventory

As a percentage of annualised sales, our inventory of S\$3.5 million at the end of FY2015 (S\$3.1 million at end-FY2014) was 6.7% (7.0% at end of FY2014). Inventory written off in FY2015 totaled S\$104k, compared to S\$98k in FY2014.

Capital Expenditure

		1Q	2Q	3Q	4Q	Full Year
Capital Expenditure	FY2015	S\$1,526,658	S\$835,776	S\$758,556	S\$1,795,361	S\$4,916,351
	% of sales					9.4%
	FY2014	S\$304,149	S\$1,084,232	S\$3,672,077	S\$1,504,740	S\$6,565,198
	% of sales					15.0%

During FY2015, our capital expenditure totaled S\$4.9 million. Of this, approximately S\$3.4 million was invested in equipment and machine accessories to enhance productivity and production efficiency at our factories in Singapore, the USA and the Philippines while S\$0.6 million was spent on IT system.

Cash Flow Analysis

The Group generated net cash from operations of S\$14.1 million in FY2015 (S\$10.8 million in FY2014). Net cash used for investing activities amounted to S\$3.7 million mainly for purchases of production equipment. The Group used net cash of S\$5.5 million for financing activities during FY2015, mainly for the payments of dividends in respect of FY2014 and 1H15. We closed the year with cash of S\$15.2 million including S\$0.2 million in pledged deposits.

Dividend Payment

The Board of Directors is recommending a final dividend of 2.0 cents and a special dividend of 1.0 cent a share (one tier tax-exempt) in respect of FY2015. If approved by shareholders at the Annual General Meeting to be held on 28 October 2015, the dividend will be paid on 18 November 2015.

Together with the interim dividend of 1.0 cent per share and a special dividend of 1.0 cent per share (one tier tax-exempt) paid on 17 February 2015, the Group's total dividend for FY2015 would be 5.0 cents per share (one tier tax-exempt). The total payout for FY2015 will amount to S\$7.0 million (S\$4.2 million in FY2014).

9. 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.

10. 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.

For FY2015, Micro-Mechanics reported our fourth straight year of revenue and profit growth. Group net profit reached an annual record with an increase of 55% to S\$12.0 million on the back of revenue growth of 19% to S\$52.2 million, an expansion in GP margin to 55.0% and our tight rein on overhead expenses.

While growing the Group's top line and the value we create for our customers remains a key priority, the improvement in our GP margin is an indication of our continuous efforts to improve productivity and operational efficiency at all levels of the Group. Our tight rein on spending also contributed positively to our performance as overhead expenses increased at a much lower rate of 6.5% compared with the Group's top-line growth of 19%, despite escalating cost pressures in many of the markets where we operate. As a result, the Group's net profit margin expanded significantly to 23.0% in FY2015 from 17.6% in FY2014.

On a quarterly basis, the Group continued to benefit from the investments, time and energy we have put into improving operational efficiency. Despite experiencing the usual selling price pressure typical in the technology manufacturing industry, we achieved higher year-on-year revenue and GP in all four quarters of FY2015.

At the bottom line, the Group's net profit in 4Q15 increased 16.8% to S\$2.8 million. This marked our eleventh consecutive quarter of double-digit, year-on-year net profit gains since 2Q13.

Our semiconductor tooling business, which serves a world-wide base of customers involved in the assembly and testing of semiconductors, accounted for 85.7% of Group revenue. This division performed commendably in FY2015 with revenue growth of 21.9% to S\$44.7 million and an expansion of GP margin to 62.6%.

As China continues developing into a major center for global chip manufacturing activity, we have been steadily broadening our customer base and expanding sales to gain a larger share of this key market for semiconductor tools. As a result, sales of our semiconductor tools in China increased 37.8% to S\$13.6 million from S\$9.9 million in FY2014.

While we plan to continue seeking new sales opportunities in China, we are also making encouraging progress in our other semiconductor tooling markets such as Taiwan, Malaysia and the Philippines which delivered double-digit sales growth in FY2015. At 26% of Group revenue, China was the Group's largest geographical market in FY2015 followed by Malaysia with 21% and the USA with 15%.

We are also aware that the Group must continually adapt to changes in the market landscape. Last year, after a lengthy and careful analysis of the semiconductor tooling market in Thailand, we decided to close the Group's wholly-owned subsidiary there. Consequently, our results for FY2015 include a one-time charge of about S\$0.4 million related to the closure. During FY2015, sales in Thailand represented 2% of Group revenue.

In FY2015, our subsidiary in the USA, which houses the Group's CMA division, reported a loss of S\$1.05 million including non-cash depreciation expenses of S\$1.3 million. At the end of FY2015, we also recorded an impairment allowance of S\$3.5 million on monies owed by our USA subsidiary to the Company. Although this allowance is an internal provision and does not impact the Group's bottom line, it is nonetheless a cause for concern and serves to intensify our focus on improving the performance of our USA subsidiary. During the year, we completed one of the last phases of our planned S\$12 million investment in state-of-the-art equipment to build a *24/7 Machining* facility at our USA factory. Although we intend to make an additional investment of S\$0.6 million in equipment in FY2016, we have completed much of the most difficult and challenging engineering work during the last four years. Going forward, our team in the USA is focused on developing innovative and cost-effective processes for new parts, growing CMA revenue and meeting the needs of our customers in the aerospace, semiconductor, medical and laser industries for *Perfect Parts, On Time, Every Time* based on repeatable, scalable and cost-effective processes.

As we begin a new financial year, the Group's financial position remains strong. With no bank borrowings to service and a careful watch over inventory and receivables, our net cash generated from operating activities in

FY2015 totalled S\$14.1 million, up significantly from S\$10.8 million in the previous year. After net investing activity of S\$3.7 million and distributing S\$5.6 million in dividends to our shareholders, our cash position at the end of FY2015 increased by 37% to S\$15.2 million from S\$11.1 million at the end of FY2014.

Market, Industry and Competitive Conditions

On a short-term basis, business forecasting and planning will remain difficult. Visibility continues to be clouded by a host of political and economic uncertainties while continued unrest in various parts of the world make markets unpredictable, volatile and cost-competitive.

According to data from the Semiconductor Industry Association, worldwide sales of semiconductors during the first six months of 2015 increased 3.9% from the same period last year. While market watchers are expected chip sales growth to moderate in the second half of 2015, the World Semiconductor Trade Statistics is forecasting the industry to still show modest growth in 2016 and 2017. While the outlook for the semiconductor industry remains positive, this is being tempered by rising cost challenges in the industry. As the chip industry becomes increasingly driven by the demand for consumer electronics, we continue to see increased price and delivery pressures from our customers. Together with rising costs and a shortage of skilled workers, which are being further exacerbated by a host of companies relocating to Asia from higher-cost locations, the operating environment for the Group is likely to remain challenging.

Key Operating Strategies

Despite the difficult operating environment, we understand what is required for the Group to sustain its growth over the long term. We are continuing to focus on our customers and the value we bring to their businesses. Whether we design and manufacture a tool for a delicate semiconductor assembly process or machine a critical part for a leading maker of aerospace, laser or medical equipment, our mission is to deliver “*Perfect Parts and Tools, On Time, Every Time*” based on repeatable, scalable and cost-effective processes.

As we pursue this mission and the value it represents to our customers, we plan to continue deploying resources towards the development of automated processes. At the beginning of FY2012, we employed about 601 people in six factories around the world. By focusing on our core competencies and implementing initiatives such as *24/7 Machining* to improve performance and productivity, we have gradually reduced our headcount by over 25% to 447 people at the end of FY2015.

Whether it is dealing with cost pressures, implementing complex engineering initiatives or developing a better approach to business planning, we need to foster an environment of continuous learning, innovation and improvement. To implement such a learning culture amongst our people, we began a carefully structured in-house training program several years ago which we call *MMUniversity*. With a series of workshops on *Customer Value, Business Planning, 24/7Machining*, and *the Fundamentals of Value-Driven Decision Making*, our goal is to help our people develop their potential and provide everyone with a common framework for making more informed and aligned decisions based on our mission and an understanding of value.

Transparency and Governance

On 8 July 2015, we received the Silver Award for *Best Investor Relations* and the Silver Award for *Best Managed Board* by the judging panel of the Singapore Corporate Awards (SCA) 2015. This was the sixth successive year Micro-Mechanics has been recognised for our investor relations practices and the second time we have been recognized for our board management by the SCA. With these two awards, the Group has received recognition 17 times since 2003 for our good corporate governance and transparency practices. In the latest Governance and Transparency Index (GTI) 2015 released on 19 August 2015, Micro-Mechanics ranked 18th out of 639 companies listed on the Singapore Exchange. The Company scored 87 points; only 21 companies, comprising mainly large capitalisation companies, achieved a GTI score of 85 points or more.

Transparency within an organisation - accurate, complete and timely information - is the foundation for sound decision making. We intend to continue working to build a strong corporate culture based on transparency, clear metrics of performance, stakeholder accountability and an unwavering commitment to good governance

Appreciation

At Micro-Mechanics, we are fond of saying that “People make everything happen.” This belief is central to the way we operate; and our policies, compensation and everyday practices are designed to recognise the indispensable role our people play in the Group’s long-term success. During FY2015, our results included about S\$1.8 million in compensation expenses to our people under the Group’s Performance Bonus Incentive Plan.

Since our listing in 2003, we have also had a consistent practice of rewarding shareholders for their support of Micro-Mechanics. Subject to approval at the upcoming Annual General Meeting on 28 October 2015, we plan to

distribute a final dividend of 2 cents and a special dividend of 1 cent per ordinary share. This will bring the total dividend payment for FY2015 to 5 cents per ordinary share, compared with a total of 3 cents during FY2014. Including this final dividend for FY2015, we would have distributed a total of 39.9 cents to our shareholders since 2003. Based on dividends alone, this translates into a return of more than 200% for our shareholders who bought Micro-Mechanics at our Initial Public Offer.

We look forward to continue working together to build value for all our stakeholders.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes

Name of	Interim Dividend paid on 17 February 2015	Final Dividend Recommended by Directors on 29 August 2015
Dividend Type	Cash	Cash
Dividend Amount	Interim dividend 1.0 cent per ordinary share (one tier tax-exempt) Special dividend 1.0 cent per ordinary share (one tier tax-exempt)	Final dividend 2.0 cents per ordinary share (one tier tax-exempt) Special dividend 1.0 cent per ordinary share (one tier tax-exempt)
Tax rate	0% (one tier tax-exempt)	0% (one tier tax-exempt)

The directors have recommended a final dividend of 2.0 cents and a special dividend of 1.0 cent per ordinary share (one tier tax-exempt) amounting to approximately S\$4.2 million.

(b) Corresponding Period of the Immediately Preceding Financial Year

A final dividend of 2.0 cents per ordinary share (one tier tax-exempt) in respect of FY2014 was approved during the Annual General Meeting held on 27 October 2014 and paid on 19 November 2014.

An interim dividend of 1.0 cent per ordinary share (one tier tax-exempt) was paid on 17 February 2014 in respect of FY2014.

(c) Date payable

Payment of the dividend, if approved by the members at the Annual General Meeting to be held on 28 October 2015, will be made on 18 November 2015.

(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 on 6 November 2015 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 5 November 2015 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 5 November 2015 will be entitled to the proposed dividend.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Operating Segments FY2015

	Singapore	Malaysia	The Philippines	Thailand	USA	China	Elimination	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$
Total revenue from external customers	13,353,439	11,757,326	4,621,355	309,154	9,093,624	13,062,148	-	52,197,046
Inter-segment revenue	6,005,947	1,399,997	506,301	25,279	52,308	-	(7,989,832)	-
Total revenue	19,359,386	13,157,323	5,127,656	334,433	9,145,932	13,062,148	(7,989,832)	52,197,046
Segment result	6,221,582	5,401,192	2,162,853	(319,541)	(1,051,008)	4,021,443	(784,452)	15,652,069
Unallocated expenses								(264,162)
Profit from operations								15,387,907
Income tax expense								(3,366,658)
Net profit for the year								12,021,249
Segment asset	22,374,284	12,922,155	2,888,332	607,977	11,963,630	9,054,542	(6,478,556)	53,332,364
Unallocated assets								2,425,413
Others								
Total assets								55,757,777
Segment liabilities	7,549,638	879,748	2,526,223	12,797	6,854,960	1,165,562	(13,527,581)	5,461,347
Unallocated liabilities								
Income tax								2,775,051
Others								635,462
Total liabilities								8,871,860
Other segment information:								
Capital expenditure	1,929,480	253,864	624,210	-	1,994,579	114,218	-	4,916,351
Depreciation	1,347,512	944,811	366,832	45,189	1,276,679	690,570	-	4,671,593
Non-current assets (excluding deferred tax assets)	10,009,189	4,785,073	1,462,994	-	8,731,356	1,937,419	(7,240)	26,918,791

Major customers

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

	Singapore	Malaysia	The Philippines	Thailand	USA	China	Total
	\$	\$	\$	\$	\$	\$	\$
2015							
Revenue	971,954	3,718,959	2,594,458	131,286	4,639,310	2,940,554	14,996,521
Number of customers	1	3	3	3	2	1	13

Operating Segments FY2014

	Singapore	Malaysia	The Philippines	Thailand	USA	China	Elimination	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$
Total revenue from external customers	10,513,678	9,918,406	4,018,312	1,937,111	8,192,585	9,276,571	-	43,856,663
Inter-segment revenue	4,685,153	1,193,700	366,959	120,583	37,261	2,605	(6,406,261)	-
Total revenue	15,198,831	11,112,106	4,385,271	2,057,694	8,229,846	9,279,176	(6,406,261)	43,856,663
Segment result	2,679,371	3,457,278	1,816,611	305,850	(340,512)	2,253,863	199,633	10,372,094
Unallocated expenses								(626,987)
Profit from operations								9,745,107
Income tax expense								(2,004,861)
Net profit for the year								7,740,246
Segment asset	19,407,846	13,088,801	2,728,865	1,044,813	9,892,406	6,621,572	(5,983,048)	46,801,255
Unallocated assets								-
Others								4,134,972
Total assets								50,936,227
Segment liabilities	6,924,162	1,106,318	569,004	119,405	7,734,938	998,810	(10,422,400)	7,030,237
Unallocated liabilities								-
Income tax								2,526,784
Others								266,522
Total liabilities								9,823,543
Other segment information:								
Capital expenditure	1,069,846	803,672	437,348	87,255	3,687,777	479,300	-	6,565,198
Depreciation	1,369,622	1,049,360	275,793	143,103	856,028	638,901	-	4,332,807
Impairment loss	-	-	-	-	191,115	-	-	191,115
Non-current assets (excluding deferred tax assets)	9,989,287	6,017,932	1,132,314	272,143	7,408,057	2,344,856	(7,240)	27,157,349

Major customers

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

	Singapore	Malaysia	The Philippines	Thailand	USA	China	Total
	\$	\$	\$	\$	\$	\$	\$
2014							
Revenue	936,656	2,710,372	2,517,566	815,392	4,469,597	1,118,345	12,567,928
Number of customers	1	2	4	3	2	1	13

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable

15. A breakdown of sales.

	Group	Group	Increase/ (decrease)
	FY2015	FY2014	
	S\$	S\$	
Sales reported for first half year	25,932,176	21,563,470	20.3%
Operating profit after tax before deducting non-controlling interest reported for first half year	5,470,352	3,521,578	55.3%
Sales reported for second half year	26,264,870	22,293,193	17.8%
Operating profit after tax before deducting non-controlling interest reported for second half year	6,550,897	4,218,668	55.3%

16. 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 (FY2015)	Previous Full Year (FY2014)
	S\$	S\$
Ordinary	6,951,594	4,170,956
Preference	-	-
Total:	6,951,594	4,170,956

Note: The total annual dividend comprises the interim dividend of S\$2,780,638 paid on 17 February 2015 and the proposed final dividend of S\$4,170,956.

17. Interested Persons 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.

On 27 February 2015, the Group announced that its wholly-owned subsidiary Micro-Mechanics Inc (MMUS) has entered into a lease agreement with Sarcadia LLC, a controlling shareholder and a family trust set up by Mr. Christopher Reid Borch, the CEO of the Company. Pursuant to the lease, Sarcadia LLC will lease the premises to MMUS for a period of 3 years with effect from 1 May 2015. The estimate rental fees payable for the duration of the lease is US\$1,044,000. For the financial year ended 30 June 2015, the Group has paid US\$56,000 being rental to Sarcadia LLC.

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.

18. Report of Persons Occupying Managerial Positions who are related to a Director, Chief Executive Officer 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.

BY ORDER OF THE BOARD

CHOW KAM WING
Company Secretary
29 August 2015