



NEWS RELEASE

Micro-Mechanics Posts 28% Gain in Net Profit to S\$3.6 million in 1Q16

- Group revenue rose 4.3% to S\$13.6 million in 1Q16 despite softer semiconductor industry conditions
- Bottom line performance driven by higher GP margin and tight control of expenses
- GP margin expanded to 57.3% from 52.9% in 1Q15
- Maintains strong financial position with cash balance of S\$17.9 million and no debt.

Singapore, 28 October 2015 – Micro-Mechanics (Holdings) Ltd. (“Micro-Mechanics” or the “Group”), a manufacturer of high precision tools, parts and assemblies for high technology industries, today reported a 28.4% increase in net profit to S\$3.6 million for the 3 months ended 30 September 2015 (“1Q16”) which was attained on a record quarterly revenue of S\$13.6 million.

The improvement in Micro-Mechanics’ profitability in 1Q16 can be attributed to an expansion of its gross profit (GP) margin to 57.3% from 52.9% in 1Q15, and management’s tight rein on the Group’s expense structure.

CEO of Micro-Mechanics, Mr Chris Borch said, “The Group continued to benefit from our focus, effort and investments to continuously improve operational efficiency and the value that we bring to our customers. Despite a slowdown in worldwide semiconductor sales during July and August 2015, our semiconductor tooling division was still able to perform well with revenue growth of 5.3% to S\$12.0 million in 1Q16.”

Revenue of the semiconductor tooling division, which serves customers involved in the assembly and testing of semiconductors, was lifted mainly by strong sales growth of 28.6% in China which remained as the Group’s largest geographical market in 1Q16. Thanks to gains in operating efficiency and productivity, the GP margin of the semiconductor tooling division also expanded to 63.8% in 1Q16 from 59.8% in the same quarter a year ago.

The Group’s Custom Machining & Assembly (CMA) division, which serves high technology capital equipment manufacturers in the aerospace, medical, laser and wafer fabrication industries, posted stable revenue of S\$1.7 million in 1Q16 compared to 1Q15. This division also had a higher GP margin of 10.7% in 1Q16 compared to 6.3% in 1Q15 due mainly to a shift in product mix.

“Since FY2012, we have invested about S\$12 million to build a state-of-the art *24/7 Machining* facility at our CMA plant in the USA. During 2Q16, we expect to complete the last major phase in the development of this facility. With this time-consuming, costly and difficult development work coming to an end, our team in the USA is looking forward to shifting our energies to grow CMA sales and enhance the division’s contribution to the Group’s overall performance,” said Mr Borch.

As at 30 September 2015, the Group remained in a healthy financial position with a balance sheet that had total assets of S\$59.0 million, shareholders’ equity of S\$49.2 million, cash and cash equivalents of S\$17.9 million and no bank borrowings.

This news release should be read in conjunction with the Group’s financial statements posted on the SGX website on 28 October 2015.

MEDIA AND INVESTOR RELATIONS CONTACT

Octant Consulting | phone (65) 6296 3583

Herman Phua | mobile 9664 7582 | email herman@octant.com.sg

Lisa Heng | mobile 9090 9887 | email lisa@octant.com.sg

About Micro-Mechanics

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

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

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

Micro-Mechanics has won wide recognition for its high standard of corporate governance and quality of disclosure, corporate transparency and communications with investors. It is a six time recipient of the Best Investor Relations Award (small cap category) at the Singapore Corporate Awards 2015, 2014, 2013, 2012, 2011 and 2010. The Group was also a winner of the Best Managed Board (small cap category) at the Singapore Corporate Awards 2015 and 2012. In addition, it has received seven awards from the Securities Investors Association Singapore for its corporate transparency and governance practices, and was twice voted 'Best for Shareholders Rights and Equitable Treatment in Singapore' in the Asiamoney Corporate Governance Polls in 2009 and 2010.

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