



NEWS RELEASE

Micro-Mechanics Net Profit Holds Steady at S\$9.1 Million in 9M16 Amid Sluggish Conditions in the Global Semiconductor Sector

- Group revenue eased 2.6% to S\$38.3 million in 9M16
- Net profit in 3Q16 decreased 26.5% to S\$2.7 million due to foreign exchange rate movements
- GP margin expanded to 57.1% in 3Q16 due to higher productivity and operational efficiencies
- Group maintains a sound financial position with cash of S\$17.1 million and no debt

Singapore, 28 April 2016 – 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 net profit of S\$9.1 million for the nine months ended 31 March 2016 (“9M16”), a marginal decline from S\$9.2 million in the previous corresponding period. Group revenue in 9M16 declined 2.6% to S\$38.3 million, reflecting the slowdown in the semiconductor industry which began in the second half of 2015.

For the three months ended 31 March 2016 (“3Q16”), the Group’s net profit declined by S\$1.0 million or 26.5% to S\$2.7 million. After recording a foreign exchange gain of S\$0.5 million during 3Q15, the Group incurred an exchange loss of S\$0.4 million during 3Q16 which led to a swing in earnings of around S\$0.9 million in total. Excluding the foreign exchange related items, the Group’s operating profit in 3Q16 would have been stable compared to 3Q15.

CEO of Micro-Mechanics, Mr Chris Borch said, “The global semiconductor industry had a sluggish start to 2016 with total chip sales down about 6% year-on-year in the first two months. In line with the market slowdown, the Group witnessed a 6.5% decrease in revenue to S\$12.5 million in 3Q16 due mainly to lower sales of our semiconductor tooling business.”

Sales of the Group’s semiconductor tooling division, which serves customers involved in the assembly and testing of semiconductors, decreased 8.4% to S\$10.4 million in 3Q16. This was due to slower sales across the division’s geographical markets, coupled with the depreciation of the Malaysian Ringgit by 9% and the Chinese Renminbi by 4% when translated to the Group’s reporting currency in Singapore Dollars.

The Group’s CMA division, which serves high technology capital equipment manufacturers in the aerospace, medical, laser and wafer fabrication industries, reported higher revenue of S\$2.2 million in 3Q16 as compared to S\$2.1 million in 3Q15, due to the division’s efforts to grow its sales.

“Despite the economic and industry headwinds, the Group’s gross profit margin grew to 57.1% in 3Q16 from 55.1% in 3Q15 as we continue to focus on implementing *24/7 Machining* and other strategies designed to improve operational efficiency and enhance the value that we bring to our customers. While the improvement in our gross profit margin cushioned the impact of lower revenue, the Group’s bottom line in 3Q16 was adversely affected by foreign exchange related items,” said Mr Borch.

As at 31 March 2016, Micro-Mechanics continued to exhibit a sound financial position with a balance sheet that had total assets of S\$56.3 million, shareholders’ equity of S\$47.9 million, cash and cash equivalents of S\$17.1 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 April 2016.

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