

MICRO-MECHANICS (HOLDINGS) LTD

**Condensed Interim Financial Statements
For First Quarter and Three Months Ended
30 September 2023**

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2023

	Note	Group (First Quarter) 3 months ended		
		30 Sep 23 S\$	30 Sep 22 S\$	Change
Revenue	E4	15,850,106	20,193,798	(21.5%)
Cost of sales		(8,118,958)	(9,894,782)	(17.9%)
Gross profit		7,731,148	10,299,016	(24.9%)
Other income	E5	86,130	118,819	(27.5%)
Distribution costs		(738,085)	(742,715)	(0.6%)
Administrative expenses		(2,143,021)	(2,771,298)	(22.7%)
Other operating expenses		(1,089,534)	(1,279,001)	(14.8%)
Profit from operations		3,846,638	5,624,821	(31.6%)
Finance income	E5	52,999	68,884	(23.1%)
Finance costs	E5	(150,958)	(46,197)	226.8%
Net finance costs		(97,959)	22,687	(531.8%)
Profit before income tax	E5	3,748,679	5,647,508	(33.6%)
Income tax expense	E6	(1,049,619)	(1,400,737)	(25.1%)
Profit after tax		2,699,060	4,246,771	(36.4%)
Non-controlling interests		-	-	-
Profit for the period		2,699,060	4,246,771	(36.4%)
Statement of Comprehensive Income				
Profit for the period		2,699,060	4,246,771	(36.4%)
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		154,693	(216,430)	(171.5%)
Total comprehensive income for the period		2,853,753	4,030,341	(29.2%)
Earnings per share:	E7			
Basic (SGD in cent)		1.94	3.05	
Diluted (SGD in cent)		1.94	3.05	

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group 30 Sep 23 S\$	Group 30 Jun 23 S\$	Company 30 Sep 23 S\$	Company 30 Jun 23 S\$
Non-current assets					
Property, plant and equipment	E9	24,605,936	25,445,458	-	-
Right-of-use assets		2,681,723	2,119,176	-	-
Investment property	E10	278,907	280,958	-	-
Subsidiaries		-	-	29,095,544	29,095,544
Trade and other receivables	E11	700,763	488,744	-	-
Deferred tax asset		21,838	22,072	-	-
		28,289,167	28,356,408	29,095,544	29,095,544
Current assets					
Inventories		4,466,692	4,323,055	-	-
Trade and other receivables	E11	11,960,420	11,244,667	1,419,401	1,546,791
Cash and cash equivalents		16,924,680	14,266,863	6,167,437	2,326,039
		33,351,792	29,834,585	7,586,838	3,872,830
Total assets		61,640,959	58,190,993	36,682,382	32,968,374
Shareholders' equity					
Share capital	E12	14,782,931	14,782,931	14,782,931	14,782,931
Reserves		(1,841,655)	(1,996,348)	-	-
Accumulated profits		36,354,527	33,655,467	21,078,602	17,467,364
		49,295,803	46,442,050	35,861,533	32,250,295
Non-current liabilities					
Deferred tax liabilities		1,531,212	1,591,500	214,084	206,203
Trade and other payables	E13	592,882	713,584	-	-
Provisions	E14	350,492	327,091	-	-
Lease liabilities		1,389,675	1,012,723	-	-
		3,864,261	3,644,898	214,084	206,203
Current liabilities					
Trade and other payables	E13	5,653,284	5,908,553	604,186	509,459
Lease liabilities		1,384,496	1,183,468	-	-
Current tax payable		1,443,115	1,012,024	2,579	2,417
		8,480,895	8,104,045	606,765	511,876
Total liabilities		12,345,156	11,748,943	820,849	718,079
Total equity and liabilities		61,640,959	58,190,993	36,682,382	32,968,374

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 2022	14,782,931	144,547	27,959	43,349,450	58,304,887
Total comprehensive income for the period:					
Profit for the period	-	-	-	4,246,771	4,246,771
Other comprehensive income:					
Foreign currency translation differences, net of tax	-	(216,430)	-	-	(216,430)
Total comprehensive income for the period	-	(216,430)	-	4,246,771	4,030,341
As at 30 September 2022	14,782,931	(71,883)	27,959	47,596,221	62,335,228
As at 1 July 2023	14,782,931	(2,004,754)	8,406	33,655,467	46,442,050
Total comprehensive income for the period:					
Profit for the period	-	-	-	2,699,060	2,699,060
Other comprehensive income:					
Foreign currency translation differences, net of tax	-	154,693	-	-	154,693
Total comprehensive income for the period	-	154,693	-	2,699,060	2,853,753
As at 30 September 2023	14,782,931	(1,850,061)	8,406	36,354,527	49,295,803

	Share Capital	Foreign Currency Translation Reserve	Accumulated Profits	Total
	S\$	S\$	S\$	S\$
The Company				
As at 1 July 2022	14,782,931	-	24,020,106	38,803,037
Total comprehensive income for the period:				
Net loss for the period	-	-	4,746,467	4,746,467
Total comprehensive income for the period	-	-	4,746,467	4,746,467
As at 30 September 2022	14,782,931	-	28,766,573	43,549,504
As at 1 July 2023	14,782,931	-	17,467,364	32,250,295
Total comprehensive income for the period:				
Net profit for the period	-	-	3,611,238	3,611,238
Total comprehensive income for the period	-	-	3,611,238	3,611,238
As at 30 September 2023	14,782,931	-	21,078,602	35,861,533

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASHFLOW FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2023

	Group (First Quarter) 3 months ended	
	30 Sep 2023 S\$	30 Sep 2022 S\$
Cash flows from operating activities		
Profit for the period	2,699,060	4,246,771
Adjustments for:		
Depreciation of property, plant and equipment	1,665,744	1,698,682
Depreciation of investment property	3,321	3,531
Property, plant and equipment written off	2,688	7
Gain on disposal of property, plant and equipment	(1,295)	-
Interest income	(52,999)	(39,796)
Interest expense on lease liabilities	50,894	17,537
Tax expense	1,049,619	1,400,737
Operating profit before changes in working capital	5,417,032	7,327,469
Inventories	(127,842)	299,939
Trade and other receivables	(865,311)	1,205,664
Trade and other payables	(183,822)	(1,958,583)
Cash generated from operations	4,240,057	6,874,489
Income tax paid	(685,127)	(777,993)
Net cash from operating activities	3,554,930	6,096,496
Cash flows from investing activities		
Payment of property, plant and equipment and investment property	(586,384)	(714,552)
Proceeds from disposal of property, plant and equipment	1,296	-
Interest received	42,399	29,845
Net cash used in investing activities	(542,689)	(684,707)
Cash flows from financing activities		
Payment of lease liabilities	(378,977)	(327,557)
Net cash used in financing activities	(378,977)	(327,557)
Net increase in cash and cash equivalents	2,633,264	5,084,232
Cash and cash equivalents at beginning of period	14,122,013	20,210,293
Effect of exchange rate fluctuations	23,903	(173,446)
Cash and cash equivalents at the end of period	16,779,180	25,121,079

Note:

(i) Cash and cash equivalent is derived from:

	Group 30 Sep 23 S\$	Group 30 Sep 22 S\$
Cash and cash equivalent balances	16,924,680	25,275,579
Less: Pledged cash placed with bank	(145,500)	(154,500)
	16,779,180	25,121,079

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 first quarter and three months ended 30 September 2023 comprise the Company and its subsidiaries (collectively, the Group).

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

E2 Basis of preparation

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

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

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

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

E2.1 Use of estimates and judgements

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

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

E2.2 Changes in accounting policies

New standards and amendments

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

- Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-Current
- SFRS(I) 17 Insurance Contracts and Amendments to SFRS(I) 17 Insurance Contracts
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies
- Amendments to SFRS(I) 1-8: Definition of Accounting Estimates
- Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback

The application of these amendments to standards 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 period.

E4 Revenue

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

Geographical market

Country	4Q23		1Q24		1Q23		% change
	S\$	%	S\$	%	S\$	%	
Singapore	1,509,396	9.9%	1,127,767	7.1%	2,718,999	13.5%	(58.5%)
Malaysia	2,174,612	14.3%	2,594,031	16.4%	2,913,329	14.4%	(11.0%)
Philippines	1,139,809	7.5%	900,498	5.7%	1,585,999	7.9%	(43.2%)
Thailand	284,771	1.9%	306,952	1.9%	390,420	1.9%	(21.4%)
China	4,369,918	28.8%	5,333,731	33.6%	5,534,623	27.4%	(3.6%)
USA	3,810,037	25.1%	3,721,431	23.5%	4,851,482	24.0%	(23.3%)
Europe	713,029	4.7%	723,269	4.6%	893,170	4.4%	(19.0%)
Japan	197,788	1.3%	233,242	1.5%	237,412	1.2%	(1.8%)
Taiwan	917,883	6.0%	807,556	5.1%	861,931	4.3%	(6.3%)
Rest of world	78,239	0.5%	101,629	0.6%	206,433	1.0%	(50.8%)
	15,195,482	100%	15,850,106	100%	20,193,798	100%	(21.5%)

E5 Profit before income tax

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

	Group (First Quarter) 3 months ended		
	30 Sep 23 S\$	30 Sep 22 S\$	Change
Income:			
Gain on disposal of property, plant and equipment	1,295	-	n.m.
Rental income	31,619	32,180	(1.7%)
Government grant – Wage Credit and Skills Future Enterprise, Enabling employment credit	13,658	11,665	17.1%
Others	39,558	74,974	(47.2%)
Expenses:			
Depreciation of property, plant and equipment	1,322,270	1,391,960	(5.0%)
Depreciation of investment property	3,321	3,531	(5.9%)
Depreciation of right-of-use assets	343,474	306,722	12.0%
Inventories written off	20,649	20,600	0.2%
Property, plant and equipment written off	2,688	7	n.m.
Trade receivables written off	1,613	-	n.m.
Finance income:			
Interest income from banks and others	52,999	39,796	33.2%
Exchange gain	-	29,088	100%
Finance cost:			
Bank charges	25,613	27,371	(6.4%)
Unwind of discount on restoration cost provision	4,518	1,289	250.5%
Interest expense on lease liabilities	50,894	17,537	190.2%
Exchange loss	69,933	-	n.m.

n.m. – not meaningful

E6 Income tax expense

	Group (First Quarter) 3 months ended	
	30 Sep 23 S\$	30 Sep 22 S\$
Tax charge		
Current period	1,018,790	1,245,634
Under provision in prior years	-	4,189
	1,018,790	1,249,823
Deferred tax		
Origination and reversal of temporary differences	35,296	150,914
(Over) provision in prior years	(4,467)	-
	30,829	150,914
Total tax expense	1,049,619	1,400,737

E7 Earnings per share

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

	Group (First Quarter) 3 months ended	
	30 Sep 2023	30 Sep 2022
Profit for the period	2,699,060	4,246,771
Weighted average number of ordinary shares in issue for calculation of basic and diluted earnings per share	139,031,881	139,031,881
Basic earnings per share (cents)	1.94	3.05

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 period.

E8 Net Asset Value

	Group 30 Sep 23	Group 30 Jun 23	Company 30 Sep 23	Company 30 Jun 23
Net Asset Value per ordinary share (cents)	35.46	33.40	25.79	23.20

The net asset value per ordinary share is calculated based on net assets of S\$49.3million (30 June 2023: S\$46.4 million) and 139,031,881 (30 June 2023: 139,031,881) shares in issue at the end of the current financial period reported on/immediately preceding financial year.

E9 Property, plant and equipment

During the financial period ended 30 September 2023, the Group acquired property, plant and equipment with an aggregate cost of S\$443,959 (30 September 2022: S\$714,552). The amount of assets disposed for financial period ended 30 September 2023 was S\$2,688 (30 September 2022: S\$7).

E10 Investment Property

The property is an industrial building located in Malaysia. The fair value of the investment property as at 30 September 2023 was S\$2,910,000 (30 June 2023: S\$2,897,000). No independent valuer was engaged to perform the valuation as at 30 September 2023. 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. An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued provides the fair value of the Group's investment property annually at end of each financial year end.

E11 Trade and other receivables

	Group 30 Sep 23 S\$	Group 30 Jun 22 S\$	Company 30 Sep 23 S\$	Company 30 Jun 22 S\$
Trade receivables	11,126,896	10,643,097	–	–
Other receivables	24,165	19,764	4,521	–
Deposits	426,882	409,694	–	–
Amount owing by subsidiaries (non-trade)	–	–	1,392,181	1,533,843
Financial assets at amortised cost	11,577,943	11,072,555	1,396,702	1,533,843
Advances to suppliers	288,052	107,228	–	–
Prepayments	706,370	505,126	22,699	12,948
GST receivables	87,481	44,102	–	–
Forward exchange contracts	1,337	4,400	–	–
Trade and other receivables	12,661,183	11,733,411	1,419,401	1,546,791
Non-current	700,763	488,744	–	–
Current	11,960,420	11,244,667	1,419,401	1,546,791
	12,661,183	11,733,411	1,419,401	1,546,791

The increase in trade receivables was in line with the slightly higher sales. The Company provides customers with credit terms that range from between 30 days to 90 days. There was no change in the Group's business activities or its credit terms during the financial period.

There were no trade receivables classified under non-current assets as at 30 September 2023. The amount of S\$700,763 classified as non-current comprised of mainly deposits for factory rental, utilities and advances to suppliers for the purchase of equipment.

The aging profile of the Group's trade and other receivables (excluding deposits) as at 30 September 2023 and 30 June 2023 were as follows:

	Group 30 Sep 23 S\$	Group 30 Jun 23 S\$	Company 30 Sep 23 S\$	Company 30 Jun 23 S\$
Current	8,718,486	8,425,602	4,521	1,395,320
Past due 1-30 days	1,777,788	1,810,298	–	–
Past due 31-60 days	519,340	287,123	–	–
Past due 61-90 days	122,799	65,779	–	–
More than 90 days	12,648	74,059	1,392,181	138,523
	11,151,061	10,662,861	1,396,702	1,533,843

MICRO-MECHANICS (HOLDINGS) LTD

Condensed Interim Financial Statements for First Quarter and Three Months Ended 30 September 2023

During the financial period ended 30 September 2023, the Group registered bad debts written off amounted to S\$1,613 (30 Sep 2022: Nil). The outstanding amounts over 90 days in past years have been generally minimal. The Group's finance team has been conscientiously engaging customers to ensure timely collection of payment.

The Board has no immediate concern on the recoverability of the trade and other receivables balances as at 30 September 2023.

E12 Share Capital

Group and Company	30 September 2023		30 June 2023	
	Number of shares	S\$	Number of shares	S\$
Fully paid ordinary shares with no par value At 1 July and 30 Sep	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 2023.

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

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

E13 Trade and other payables

	Group 30 Sep 23 S\$	Group 30 Jun 23 S\$	Company 30 Sep 23 S\$	Company 30 Jun 23 S\$
Trade payables	824,846	726,583	–	–
Other payables	1,377,254	1,442,220	61,802	31,182
Accrued expenses	3,399,096	3,854,680	542,384	478,277
Advances from customers	128,569	75,661	–	–
Forward exchange contracts	30,989	38,595	–	–
Provision for retirement benefits	485,412	484,398	–	–
	6,246,166	6,622,137	604,186	509,459
Non-current	592,882	713,584	–	–
Current	5,653,284	5,908,553	604,186	509,459
	6,246,166	6,622,137	604,186	509,459

E14 Provisions

Provision for restoration cost

The Group has made a provision of S\$350,492(30 June 2023: S\$327,091) in respect of the Group's obligation to reinstate the right-of-use assets to original condition at end of the lease term.

E15 Borrowings

The Group does not have any bank borrowings for three months ended 30 September 2023 and 30 June 2023.

E16 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 September 2023					
Trade and other receivables*	11,577,943	–	–	11,577,943	
Forward exchange contracts- assets	–	1,337	–	1,337	1,337
Cash and cash equivalents	16,924,680	–	–	16,924,680	
	<u>28,502,623</u>	<u>1,337</u>	<u>–</u>	<u>28,503,960</u>	
Trade and other payables**	–	–	(3,141,299)	(3,141,299)	
Forward exchange contracts -liability	–	(30,989)	–	(30,989)	(30,989)
	<u>–</u>	<u>(30,989)</u>	<u>(3,141,299)</u>	<u>(3,172,288)</u>	
30 June 2023					
Trade and other receivables*	11,072,555	–	–	11,072,555	
Forward exchange contracts- assets	–	4,400	–	4,400	4,400
Cash and cash equivalents	14,266,863	–	–	14,266,863	
	<u>25,339,418</u>	<u>4,400</u>	<u>–</u>	<u>25,343,818</u>	
Trade and other payables**	–	–	(2,825,108)	(2,825,108)	
Forward exchange contracts -liability	–	(38,595)	–	(38,595)	(38,595)
	<u>–</u>	<u>(38,595)</u>	<u>(2,825,108)</u>	<u>(2,863,703)</u>	
Company					
30 September 2023					
Trade and other receivables*	1,396,702	–	–	1,396,702	
Cash and cash equivalents	6,167,437	–	–	6,167,437	
	<u>7,564,139</u>	<u>–</u>	<u>–</u>	<u>7,564,139</u>	
Trade and other payables**	–	–	(604,186)	(604,186)	
30 June 2023					
Trade and other receivables*	1,533,843	–	–	1,533,843	
Cash and cash equivalents	2,326,039	–	–	2,326,039	
	<u>3,859,882</u>	<u>–</u>	<u>–</u>	<u>3,859,882</u>	
Trade and other payables**	–	–	(509,459)	(509,459)	

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

** Excluding advances from customers, forward exchange contracts, provision for retirement benefits and provision for reinstatement costs, payroll related accruals and withholding tax payables.

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 September 2023		
Forward exchange contracts – asset	1,337	1,337
Forward exchange contracts – liability	(30,989)	(30,989)
	<u> </u>	<u> </u>
30 June 2023		
Forward exchange contracts – asset	4,400	4,400
Forward exchange contracts – liability	(38,595)	(38,595)
	<u> </u>	<u> </u>

E17 Segment reporting

Operating Segments 1Q24

	Singapore	Malaysia	The Philippines	USA	China	Elimination	Consolidated
	\$	\$	\$	\$	\$	\$	\$
Total revenue from external customers	3,697,712	2,722,164	971,802	3,287,667	5,170,761	-	15,850,106
Inter-segment revenue	1,432,919	279,626	103,801	426	-	(1,816,772)	-
Total revenue	5,130,631	3,001,790	1,075,603	3,288,093	5,170,761	(1,816,772)	15,850,106
Segment result	1,138,523	1,298,151	212,054	(322,829)	1,933,763	(322,059)	3,937,603
Unallocated expenses							(188,924)
Profit from operations							3,748,679
Income tax expense	(137,609)	(305,806)	(21,469)	-	(483,441)	(101,294)	(1,049,619)
Net profit for the period							2,699,060
Segment asset	17,427,395	9,765,892	2,887,812	13,441,430	12,299,027	(375,255)	55,446,301
Unallocated assets							6,194,658
Others							
Total assets							61,640,959
Segment liabilities	(2,983,488)	(709,317)	(994,581)	(1,972,934)	(1,689,825)	(416,498)	(8,766,643)
Unallocated liabilities							
Income tax	(1,642,805)	(577,873)	(48,937)	-	(488,048)	(216,664)	(2,974,327)
Others							(604,186)
Total liabilities							(12,345,156)
Other segment information:							
Capital expenditure	159,425	183,687	76,939	-	23,908	-	443,959
Depreciation	534,238	179,809	122,843	601,040	233,890	(2,755)	1,669,065
Non-current assets	10,759,277	4,448,962	1,724,070	7,732,978	3,720,012	(96,132)	28,289,167

Major customers

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

	Singapore	Malaysia	The Philippines	USA	China	Total
	\$	\$	\$	\$	\$	\$
1Q24						
Revenue	496,660	477,612	658,362	2,910,027	783,044	5,325,705
Number of customers	1	1	4	4	1	11

Operating Segments 1Q23

	Singapore	Malaysia	The Philippines	USA	China	Elimination	Consolidated
	\$	\$	\$	\$	\$	\$	\$
Total revenue from external customers	4,634,205	3,342,070	1,655,131	5,344,788	5,217,604	-	20,193,798
Inter-segment revenue	1,544,831	262,612	105,630	3,394	-	(1,916,467)	-
Total revenue	6,179,036	3,604,682	1,760,761	5,348,182	5,217,604	(1,916,467)	20,193,798
Segment result	1,665,553	1,772,632	790,556	(244,309)	2,211,287	(324,668)	5,871,051
Unallocated expenses							(223,543)
Profit from operations							5,647,508
Income tax expense	(231,431)	(407,293)	(49,944)	(5,312)	(552,822)	(153,935)	(1,400,737)
Net profit for the period							4,246,771
Segment asset	18,042,639	11,809,331	3,329,582	16,269,131	12,638,102	(420,507)	61,668,278
Unallocated assets							14,223,466
Others							
Total assets							75,891,744
Segment liabilities	(1,875,013)	(745,223)	(927,619)	(2,589,617)	(1,499,066)	(598,735)	(8,235,273)
Unallocated liabilities							
Income tax	(2,069,434)	(760,557)	(84,545)	-	(1,534,718)	(272,828)	(4,722,082)
Others							(599,161)
Total liabilities							(13,556,516)
Other segment information:							
Capital expenditure	134,093	269,958	10,802	171,303	132,040	(3,644)	714,552
Depreciation	568,171	183,376	126,889	564,614	263,542	(4,379)	1,702,213
Non-current assets	11,008,654	4,561,923	1,770,756	9,001,782	3,922,545	(12,358)	30,253,302

Major customers

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

	Singapore	Malaysia	The Philippines	USA	China	Total
	\$	\$	\$	\$	\$	\$
1Q23						
Revenue	1,279,150	769,269	1,333,264	4,678,808	779,743	8,840,234
Number of customers	2	2	4	4	1	13

E18 Subsequent events

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

F. OTHER INFORMATION REQUIRE BY APPENDIX LISTING RULE 7.2

F1 Review

The condensed interim consolidated statement of financial position of Micro-Mechanics (Holdings) Ltd and its subsidiaries as at 30 September 2023 and the related condensed interim consolidated profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the period then ended and certain explanatory notes have not been audited or reviewed.

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

Not applicable.

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

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

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

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

Not applicable.

F2 Review of Group Performance

REVIEW OF PROFIT AND LOSS

Semiconductor Industry Review

Based on data from the World Semiconductor Trade Statistics (WSTS), worldwide semiconductor sales declined around 9.3% to US\$87.3 million for the months of July and August 2023 compared to the same two-month period in 2022. However, chip sales in August 2023 represented an increase of 1.9% when compared to July 2023.

The Semiconductor Industry Association (SIA) said that global chip sales have increased on a month-to-month basis for the sixth consecutive month up to August 2023. In addition, the rate of decrease in August on a year-on-year basis was smaller than at any point since October 2022. These provides optimism for continued momentum in the months ahead.

In its market forecast released on 6 June 2023, the WSTS projected global chip sales to decrease 10.3% to US\$515 billion in 2023, and recover by 11.8% to US\$576 billion in 2024.

Group Revenue

		1Q	2Q	3Q	4Q	Full Year
REVENUE	FY2024	S\$15,850,106	NA	NA	NA	NA
	FY2023	S\$20,193,798	S\$16,720,637	S\$14,912,076	S\$15,195,482	S\$67,021,993
	% growth	(21.5%)	NA	NA	NA	NA

For the three months ended 30 September 2023 (1Q24), the Group's revenue decreased 21.5% year-on-year (yoy) to S\$15.9 million from S\$20.2 million in 1Q23. This is generally in line with the trend of global semiconductor sales which was lower yoy in July and August 2023.

On a quarter-on-quarter (qoq) basis, Group revenue in 1Q24 was slightly higher than S\$15.2 million in 4Q23.

Revenue breakdown by Geographical Market

Country	4Q23		1Q24		1Q23		% change
	S\$	%	S\$	%	S\$	%	
Singapore	1,509,396	9.9%	1,127,767	7.1%	2,718,999	13.5%	(58.5%)
Malaysia	2,174,612	14.3%	2,594,031	16.4%	2,913,329	14.4%	(11.0%)
Philippines	1,139,809	7.5%	900,498	5.7%	1,585,999	7.9%	(43.2%)
Thailand	284,771	1.9%	306,952	1.9%	390,420	1.9%	(21.4%)
China	4,369,918	28.8%	5,333,731	33.6%	5,534,623	27.4%	(3.6%)
USA	3,810,037	25.1%	3,721,431	23.5%	4,851,482	24.0%	(23.3%)
Europe	713,029	4.7%	723,269	4.6%	893,170	4.4%	(19.0%)
Japan	197,788	1.3%	233,242	1.5%	237,412	1.2%	(1.8%)
Taiwan	917,883	6.0%	807,556	5.1%	861,931	4.3%	(6.3%)
Rest of world	78,239	0.5%	101,629	0.6%	206,433	1.0%	(50.8%)
	15,195,482	100%	15,850,106	100%	20,193,798	100%	(21.5%)

Sales across all the Group's geographical markets were lower in 1Q24 as compared to 1Q23 in line with the sluggish conditions.

In 1Q24, sales in China dipped marginally by 3.6% to S\$5.3 million from S\$5.5 million in 1Q23. On a qoq basis however, sales in 1Q24 were 22.1% higher than revenue of S\$4.4 million in 4Q23. China remained our largest geographical market with a contribution of 33.6% to the Group's revenue in 1Q24.

Sales in the USA, which is our second largest market, decreased by 23.3% to S\$3.7 million in 1Q24 to account for 23.5% of Group revenue.

Sales in Malaysia also fell 11.0% yoy to S\$2.6 million in 1Q24, but improved by 19.3% when compared to S\$2.2 million in 4Q23. The Malaysia market made up 16.4% of the Group's revenue in 1Q24.

Sales in Singapore contracted 58.5% to S\$1.1 million in 1Q24 and remained as the Group's fourth largest geographical market with a revenue contribution of 7.1%.

Capacity Utilisation

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

Our average capacity utilisation rate decreased to 50% in 1Q24 as compared to 61% in 1Q23 in tandem with the reduction in the Group's sales. The average capacity utilisation rate was stable as compared to 4Q23.

Gross Profit (GP) Margin

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

The Group's gross profit decreased by 24.9% yoy to S\$7.7 million in 1Q24. As our operating costs are mainly fixed in nature, the significant decline in business activities from a year ago has resulted in under-absorption of costs. Coupled with inflationary pressures, the Group's GP margin decreased to 48.8% in 1Q24 as compared to 51.0% in 1Q23. This was however, an improvement from 44.7% in 4Q23.

Other income, Distribution Cost, Administrative Expenses, Other Operating Expenses and Net Finance Costs

Admin, Distribution, Other Operating Expenses, Net finance costs (net of other income)		1Q	2Q	3Q	4Q	Full Year
	FY2024 % of sales	S\$3,982,469 25.1%	NA	NA	NA	NA
	FY2023 % of sales	S\$4,651,508 23.0%	S\$4,787,796 28.6%	S\$4,188,560 28.1%	S\$3,932,982 25.9%	S\$17,560,846 26.2%

For 1Q24, the Group's other income declined by 27.5% to S\$86k from S\$119k in 1Q23. This was attributed mainly to lower scrap sales reported in 1Q24.

We continue to keep a close watch on our expense structure. Distribution expenses in 1Q24 were relatively stable at S\$0.7 million. Administrative expenses decreased by 22.7% to S\$2.1 million in 1Q24 from S\$2.8 million in 1Q23 due mainly to cost control measures and reduced headcount. Other operating expenses in 1Q24 decreased by 14.8% to S\$1.1 million from S\$1.3 million in 1Q23, attributed mainly to the cost-reduction measures implemented at our factory in the USA.

Net finance costs amounted to S\$98k in 1Q24 as compared to net finance income of S\$23k in 1Q23. This was mainly due to foreign exchange loss incurred during the period as compared to foreign exchange gain in 1Q23, coupled with higher interest expense arising from the increase in lease liabilities upon the recognition of additional right-of-use assets.

In aggregate, the Group's administrative, distribution, other operating expenses and net finance costs (net of other income) decreased 14.4% to S\$4.0 million in 1Q24 from S\$4.7 million in 1Q23. However, as a percentage of sales, these overhead expenses increased to 25.1% in 1Q24 from 23.0% in 1Q23 due to the reduction in the Group's revenue.

Profit before Tax and Net Profit

Net Profit after tax		1Q	2Q	3Q	4Q	Full Year
	FY2024	S\$2,699,060	NA	NA	NA	NA
	FY2023	S\$4,246,771	S\$1,896,877	S\$1,635,486	S\$1,991,346	S\$9,770,480
% growth	(36.4%)	NA	NA	NA	NA	

As a result of the above, the Group's profit before tax decreased by 33.6% to S\$3.7 million in 1Q24 from S\$5.6 million in 1Q23.

Income tax expenses decreased by 25.1% to S\$1.0 million in 1Q24 from S\$1.4 million in 1Q23. For 1Q24, the Group's effective tax rate increased to 28.0% from 24.8% in 1Q23. The tax expenses included a provision of S\$101k for withholding tax on dividends to be remitted to Singapore from various overseas subsidiaries.

After deducting income tax expenses, the Group's net profit declined by 36.4% yoy to S\$2.7 million in 1Q24 from S\$4.2 million in 1Q23.

On a sequential basis, net profit in 1Q24 gained 35.5% qoq from S\$2.0 million in 4Q23. Net profit margin in 1Q24 was 17.0% as compared to 21.0% in 1Q23 and 13.1% in 4Q23.

Correspondingly, the Group's earnings per share decreased to 1.94 cents in 1Q24 from 3.05 cents in 1Q23.

Balance Sheet

The Group remains in a sound financial position. As at 30 September 2023, our balance sheet had total assets of S\$61.6 million, shareholders' equity of S\$49.3 million, cash and cash equivalents of S\$16.9 million and no bank borrowings.

Long Term Assets

As at 30 September 2023, the amount of non-current assets was relatively stable at S\$28.3 million as compared to 30 June 2023.

Trade Receivables

		As at end of 1Q	As at end of 1H	As at end of 3Q	As at end of 2H
Trade Receivables	FY2024	S\$11,126,896	NA	NA	NA
	≥ 90 days	0.1%			
	Write-off	S\$1,613			
	FY2023	S\$14,127,188	S\$11,246,346	S\$10,259,853	S\$10,643,097
≥ 90 days	1.2%	0.2%	3.8%	0.7%	
Write-off	-	S\$141	-	-	

Total trade receivables as at 30 September 2023 increased to S\$11.1 million from S\$10.6 million as at 30 June 2023 due to higher sales in the current quarter. Of this, S\$13k was outstanding for 90 days or more (S\$74k at end of 30 June 2023). Bad debt expense for 1Q24 was immaterial (1Q23: Nil).

Trade & Other Payables

As at 30 September 2023, our trade payables totaled S\$825k (30 June 2023: S\$727k) with minimal amount outstanding for 30 days or more. Non-trade payables totaled S\$1.3 million (30 June 2023: S\$1.4 million).

Long term liabilities

As at 30 September 2023, the deferred tax liabilities were largely unchanged at S\$1.5 million.

Inventory

The Group continuously manages its inventory to avoid over-stocking and minimise write-offs. As a percentage of annualised sales, our inventory of S\$4.5 million as at 30 September 2023 (S\$4.3 million at end of FY2023) was 7.0% (6.5% at end of FY2023). Inventory written off amounted to S\$21k in both 1Q24 and 1Q23.

Capital Expenditure

		1Q	2Q	3Q	4Q	Full Year
Capital Expenditure	FY2024	S\$443,959	NA	NA	NA	NA
	% of sales					
	FY2023	S\$714,552	S\$1,798,144	S\$426,168	S\$1,016,742	S\$3,955,606
	% of sales					5.9%

The Group's capital expenditure in 1Q24 amounted to S\$444k which was mainly related to the purchases of plant and equipment, computer and software for our factories in Malaysia and the Philippines. For FY2024, we expect to incur capital expenditure of approximately S\$4 million on machinery and equipment to upgrade the production capacity and capabilities of our five factories..

Cash Flow Analysis

The Group generated net cash from operations of S\$3.6 million in 1Q24 (S\$6.1 million in 1Q23). After deducting net cash used for investing activities of S\$543k and net cash used for financing activities of S\$379k, we ended 1Q24 with cash and cash equivalents of S\$16.9 million which included S\$0.1 million in pledged 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 period. There is no material variance from our previous financial period commentary under Section F4.

F4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

During 1Q24, we continued to experience significant challenges from the sudden and sharp downturn in the semiconductor industry. As a result, the Group's revenue declined 21.5% yoy to S\$15.9 million while net profit declined 36.4% yoy to S\$2.7 million in 1Q24.

Business Strategy / Plans

Moving ahead, we will continue our strategy to grow our core businesses by maintaining a strong and unrelenting focus on the value we bring to our customers while building sustainable, competitive advantages through repeatable, scalable and cost-effective manufacturing processes.

Because a single defect can cause disastrous consequences in the ultra-complex manufacturing process of semiconductors, our customers need the parts and tools that we make to be flawless. In the future, we think there may only be a handful of suppliers capable of meeting the increasingly stringent requirements of the semiconductor industry. We remain focused on our goal to become a leading Next Generation Supplier of high precision tools and parts used in process-critical applications for the wafer-fabrication and assembly processes of the semiconductor industry.

Whether it is the adverse impact of a market downturn, geopolitical unrest or a host of other unforeseen events, we are always mindful of the 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. We intend to continue focusing on a handful of key areas which include:

- **Being a responsive, cost-effective and resilient supplier** to our customers by continually automating our operations and working to reduce or eliminate tedious processes that are difficult for us to find the right people and also prone to human error.

We are presently working diligently to implement a number of key initiatives designed to streamline labor-intensive work areas, better digitalise our processes and build a stronger, more flexible team of people across our five factories worldwide. To ensure we have the requisite capacity and capabilities, the Group incurred S\$0.4 million in capital expenditure during 1Q24 (S\$0.7 during 1Q23). For FY2024 we are budgeting capital expenditure of about S\$4 million which will mainly be for new production equipment.

- **Maintaining a healthy gross profit margin** through our relentless focus on strengthening our GP margin with initiatives that enhance the value we bring to our customers, improve quality and streamline the way our plants operate. Although rapidly rising costs for everything from materials to energy and manpower over the past year have exerted significant downward pressure on our GP margin, we maintained a healthy GP margin of 48.8% in 1Q24. While this is down from 51.0% in 1Q23, it represents a significant improvement from our GP margin of 44.7% in 4Q23.
- **Building a lean, effective and resilient operation** by maintaining a tight rein on expenses while striving for operational effectiveness and resilience. With a careful watch over expenses and a stringent process for determining and approving major expenses and investments, the Group was able to keep overhead expenses at 25.1% of sales in 1Q24 (23.0% in 1Q23). As we move forward, we intend to continue working to improve this important measure of how well our people and resources are used to support the Group's customers and core manufacturing activity.

More recently, we have started an initiative called "**Five-Star Factory**" to enable each of our five factories to become more effective and operationally excellent. This is a key element of the Group's decentralization strategy to delegate decision-making away from a central authority, as we have seen that our people are the ones who are in the best position to make the appropriate decisions and produce effective results since they are closest to any customer issue or operating challenge.

The Five-Star Factory is designed to more clearly define and implement the fundamentals we believe each plant needs for sustainable success. These include:

- being responsive to the needs of our customers and working to solve their high-value problems;
- cultivating a culture of fresh thinking, ingenuity and innovation;
- being process oriented and using data to enhance decision-making and operational excellence;

- developing and maintaining clean, well-organized, lean and productive work areas;
- continuing to train and develop all our people, and constantly working on succession planning to ensure continuity of key management and leadership positions; and
- working continuously to put the safety and security of our people, data and property as a top priority.

In addition, as the Group starts formal Environmental, Social and Governance (“ESG”) reporting, we are also using our Five-Star Factory initiative to identify and implement programs that will improve the way we generate and use energy, reduce environmental waste, enhance the well-being of our employees and reinforce our commitment to good governance.

At our plant in California (“MMUS”), we made a strategic decision in 4Q23 to narrow our engineering focus to four main product areas for the wafer-fabrication equipment sector in order to develop a compelling offering and competitive differentiation. As part of this strategy, we also took steps during 4Q23 to eliminate about S\$2 million in annual operating costs at MMUS. Together with a renewed focus on accelerating progress, we want to assure stakeholders of our commitment to making MMUS a profitable contributor to the Group.

Leadership Transition

On 1 January 2023, we were pleased to appoint Mr. Kyle Borch as Deputy CEO and Executive Director. After receiving a Bachelor of Science in Physics with a minor in Mathematics in 2014, Mr. Kyle Borch spent the next several years gaining industry experience with Agilent Technologies, Apple and the NASA affiliated Jet Propulsion Laboratory at Caltech. During this time, Mr. Kyle Borch also earned dual Master-degrees in Mechanical Engineering and Engineering Management before joining Micro-Mechanics in August 2018.

Without a doubt, leadership succession can be a difficult process for organizations. Not only is it important to select the right people for the position but it can also be difficult for employees to adapt to the inevitable changes in strategy and approach that come with new leadership. Executive succession planning often involves the Board having to make the tough decision on whether to look for an external candidate with years of experience, or an internal candidate who may have less experience but better personifies the company’s way of working, appreciates our values and emphasizes the Group’s long-term success.

With his strong educational background and nearly 4.5 years working for the Group prior to being appointed as Deputy CEO, Mr. Kyle Borch had the opportunity to learn the business, develop key technical and problem-solving skills directly relevant to our manufacturing processes and thoroughly embrace Micro-Mechanics’ culture of striving for excellence.

Together with a leadership ethos firmly based on our philosophy of “People Make Everything Happen”, the Board believes that Mr. Kyle Borch is the right person to help guide the Group’s future for the next 40 years. Mr. Kyle Borch will also have the benefit of tapping the vast industry experience and knowledge of the Group’s founder and CEO, Mr. Chris Borch, who remains extremely active in the daily and strategic matters of the Group’s global operations. During 2Q24, Mr. Kyle Borch intends to relocate to the Group’s headquarters in Singapore where he will continue to oversee the operations of our four plants in Asia.

Good Governance & Financial Discipline

Since becoming a publicly-listed company in 2003, we have worked hard to make good governance a practical and everyday methodology for 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. Over the past 20 years, Micro-Mechanics has been recognised with over 30 awards for our efforts to practice good governance, transparency and investor relations.

This includes being ranked 14th out of 474 companies in the latest Singapore Governance and Transparency Index 2023 published on 4 August 2023. More recently, at the Singapore Corporate Awards (SCA) on 6 September 2023, the Group won the Bronze Award for Best Managed Board in the “companies with S\$300 million to less than S\$1 billion in market capitalisation” category.

Our aim is to build a great manufacturing business with a strong balance sheet while fostering a culture of resourcefulness, discipline and careful decision making. During 1Q24, we generated S\$3.6 million in net cash from operating activities (S\$6.1 million in 1Q23). After net investing activities of S\$0.5 million and net cash used for financing activities of S\$0.4 million, we ended 1Q24 with cash and cash equivalent of S\$16.9 million and no bank borrowings.

Shareholders' Returns

While the Group has regularly exceeded our dividend policy to distribute at least 40% of annual earnings, the Board believes it may now be prudent for the Group to retain a higher amount of cash than we have typically held on our balance sheet. Given the uncertain economic conditions ahead and our plans to invest about S\$4 million during FY2024, the Board has recommended a final dividend of 3 cents per share for FY2023. If approved at the Company's AGM on 30 October 2023, this will bring the Group's total dividend for FY2023 to 9 cents per ordinary share and the cumulative dividends since becoming a listed company in 2003 to 122.9 cents per share. This translates into a return of about 668% based on dividends alone for shareholders who bought Micro-Mechanics shares at our Initial Public Offering.

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

Any dividend recommended for the current financial period reported on?
Nil.

(b) Corresponding Period of the Immediate Preceding Financial Year

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

(c) The date dividend is payable

Not applicable.

(d) Books Closure Date

Not applicable.

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

No dividend has been declared in the first quarter ended 30 September 2023 which is in line with the Group's usual practice to declare or recommend dividend in the second quarter and fourth quarter of each financial year since its IPO.

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 three months ended 30 September 2023, the Group has made rental payment of US\$140,343 (30 September 2022: US\$108,000) and electrical services payment of US\$52,500 (30 September 2022: US\$67,274) 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

Not applicable.

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

To the best of the Board of Directors' knowledge, nothing has come to their attention which may render the financial results of the Group and of the Company for the financial period ended 30 September 2023 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Wendy Tan Wei Lee
Company Secretary
30 October 2023