

Unaudited Full Year Financial Statements Announcement for the year ended 30/06/2019**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	Year-to-date		
		Group FY2019 S\$	Group FY2018 S\$	Change
Revenue	(1)	60,330,946	65,101,858	(7.3%)
Cost of sales	(2)	(27,962,857)	(28,012,129)	(0.2%)
Gross profit		32,368,089	37,089,729	(12.7%)
Other income	(3)	628,009	777,282	(19.2%)
Distribution costs	(4)	(3,213,105)	(3,238,392)	(0.8%)
Administrative expenses	(5)	(9,350,468)	(9,252,145)	1.1%
Other operating expenses	(6)	(3,363,301)	(3,526,127)	(4.6%)
Profit from operations		17,069,224	21,850,347	(21.9%)
Finance costs		-	-	-
Profit before income tax	(7)	17,069,224	21,850,347	(21.9%)
Income tax expense	(8)	(4,120,519)	(4,706,833)	(12.5%)
Profit after tax		12,948,705	17,143,514	(24.5%)
Non-controlling interests		-	-	-
Profit for the year		12,948,705	17,143,514	(24.5%)
Statement of Comprehensive Income				
Profit for the year		12,948,705	17,143,514	(24.5%)
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		(922,545)	855,088	(207.9%)
Item that will not be reclassified to profit or loss:				
Remeasurement income on retirement benefits		(69,824)	50,708	(237.7%)
Related tax		2,298	(3,203)	(171.7%)
Total comprehensive income for the year		11,958,634	18,046,107	(33.7%)

Notes:

- (1) Please refer to section 8 of this announcement for an analysis of the Group's revenue.
- (2) Cost of sales decreased marginally by 0.2%. Production headcount increased to 341 in FY2019 from 339 in FY2018. Depreciation for production assets increased by S\$0.6 million to S\$5.5 million in FY2019 as compared to S\$5.1 million in FY2018 was mainly due to additional assets acquired of S\$12.1 million by the Group during FY2018.

- (3) Other income consists of:

	FY2019 S\$	FY2018 S\$	Change
Gain on disposal of property, plant and equipment	-	247,801	(100.0%)
Interest income from banks and others	226,646	157,486	43.9%
Rental income	124,188	116,471	6.6%
Government grant – Skill Redevelopment, Wage Credit and Capability Development Scheme	56,605	99,455	(43.1%)
Exchange gain	97,094	-	n.m.
Others	123,476	156,069	(20.9%)

n.m.: not meaningful

- (4) Please refer to section 8 of this announcement for an analysis of the Groups's distribution expenses.
- (5) Please refer to section 8 of this announcement for an analysis of the Group's administrative expenses.
- (6) Please refer to section 8 of this announcement for an analysis of the Group's other operating expenses.
- (7) Profit before income tax was arrived at after charging the following expenses:

	FY2019 S\$	FY2018 S\$	Change
Depreciation of property, plant and equipment	5,461,839	4,825,293	13.2%
Depreciation of right-of-use assets	1,068,880	1,083,093	(1.3%)
Loss on disposal of property, plant and equipment	2,329	-	n.m.
Exchange loss	-	25,720	(100.0%)
Inventories written off	103,582	111,139	(6.8%)
Interest expense on lease liabilities	106,455	84,035	26.7%
Property, plant and equipment written off	6,824	6,189	10.3%

n.m. - not meaningful

The Group's total depreciation expenses increased from S\$5.9 million to S\$6.5 million in FY2019, of which S\$5.5 million was in relation to production assets. The increase in total depreciation expenses was due to additional assets acquired in FY2018 as mentioned above.

- (8) Income tax expense for FY2019 totaled S\$4.1 million of which S\$453k was related to withholding tax paid and an additional S\$161k for withholding tax accrued on dividends from the various overseas subsidiaries. The effective tax rate for FY2019 was higher at 24.1% as compared to 21.5% for FY2018 as losses incurred by our subsidiary in the USA could not be offset against profits earned by other subsidiaries of the Group.

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 19 S\$	Group 30 Jun 18 S\$	Group 1 Jul 17* S\$	Company 30 Jun 19 S\$	Company 30 Jun 18 S\$
Non-current assets						
Property, plant and equipment		30,811,334	33,265,855	26,157,348	-	-
Right-of-use assets	(1)	1,815,233	2,279,133	1,876,724	-	-
Subsidiaries		-	-	-	29,095,544	29,095,544
Trade and other receivables		428,008	125,034	439,394	-	-
Deferred tax asset		48,409	56,529	-	-	-
		33,102,984	35,726,551	28,473,466	29,095,544	29,095,544
Current assets						
Inventories		4,514,659	4,578,394	3,669,372	-	-
Trade and other receivables		10,380,307	11,898,398	11,906,718	2,596,880	2,687,634
Cash and cash equivalents		21,881,179	21,087,382	23,422,290	8,743,944	2,017,182
		36,776,145	37,564,174	38,998,380	11,340,834	4,704,816
Total assets		69,879,129	73,290,725	67,471,846	40,436,378	33,800,360
Shareholders' equity						
Share capital		14,782,931	14,782,931	14,782,931	14,782,931	14,782,931
Foreign currency translation reserve	(2)	(87,478)	902,593	-	-	-
Accumulated profits		43,664,534	44,619,017	39,988,372	24,928,388	18,472,255
		58,359,987	60,304,541	54,771,303	39,711,319	33,255,186
Non-current liabilities						
Deferred tax liabilities		1,434,464	1,476,961	1,406,658	213,960	192,772
Trade and other payables		643,777	595,729	404,171	-	-
Lease liabilities	(1)	967,621	1,289,588	835,582	-	-
		3,045,862	3,362,278	2,646,411	213,960	192,772
Current liabilities						
Trade and other payables		6,436,347	7,077,091	7,810,579	502,740	346,171
Lease liabilities	(1)	847,230	923,845	916,621	-	-
Current tax payable		1,189,703	1,622,970	1,326,932	8,359	6,231
		8,473,280	9,623,906	10,054,132	511,099	352,402
Total liabilities		11,519,142	12,986,184	12,700,543	725,059	545,174
Total equity and liabilities		69,879,129	73,290,725	67,471,846	40,436,378	33,800,360

Notes:

- (1) Right-of-use assets related mainly to leases of various factories occupied by the Group and the recognition of the corresponding lease liabilities due to the adoption of new accounting standard SFRS(I) 16 *Leases* during the previous financial year.
- (2) The movement in foreign currency translation reserves in FY2019 was mainly due to the depreciation of the Malaysia Ringgit and Chinese Renminbi against the Singapore Dollar.

*The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") framework for the financial year ended 30 June 2019 and has applied SFRS(I) 1 with 1 July 2017 as the date of transition, which requires the first SFRS(I) financial statements to comprise of an opening SFRS(I) statement of financial position at the date of transition to SFRS(I)s. (Please refer to section 5 for more details).

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 19		As at 30 Jun 18	
Secured	Unsecured	Secured	Unsecured
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 30 Jun 19		As at 30 Jun 18	
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 FY2019 S\$	Group FY2018 S\$
Cash flows from operating activities			
Profit for the year		12,948,705	17,143,514
Adjustments for:			
Depreciation of property, plant and equipment		6,530,719	5,908,386
Property, plant and equipment written off		6,824	6,189
Loss/(gain) on disposal of property, plant and equipment		2,329	(247,801)
Interest income		(226,646)	(157,486)
Interest expense on lease liabilities		106,455	84,035
Tax expense		4,120,519	4,706,833
Operating profit before changes in working capital		23,488,905	27,443,670
Inventories		(31,092)	(849,826)
Trade and other receivables		962,256	427,937
Trade and other payables		(597,184)	(846,796)
Cash generated from operations		23,822,885	26,174,985
Income tax paid		(4,555,973)	(3,760,766)
Net cash from operating activities		19,266,912	22,414,219
Cash flows from investing activities			
Purchase of property, plant and equipment	(1)	(3,418,145)	(12,120,713)
Proceeds from disposal of property, plant and equipment		14,697	553,957
Interest received		231,304	159,444
Net cash used in investing activities		(3,172,144)	(11,407,312)
Cash flows from financing activities			
Lease paid		(1,109,070)	(1,108,513)
Dividends paid	(2)	(13,903,188)	(12,512,869)
Net cash used in financing activities		(15,012,258)	(13,621,382)
Net increase/(decrease) in cash and cash equivalents		1,082,510	(2,614,475)
Cash and cash equivalents at beginning of year		20,918,381	23,261,940
Effect of exchange rate fluctuations		(283,112)	270,916
Cash and cash equivalents at the end of year	(3)	21,717,779	20,918,381

Notes:

- (1) The Group's investment during the year included S\$2.9 million in new equipment for its five factories and S\$0.3 million for computers and IT software.
- (2) The Company paid a final dividend of 5.0 cents and special dividend of 1.0 cent per ordinary share (one-tier tax exempt) on 19 November 2018 in respect of financial year ended 30 June 2018. The Group paid an interim dividend of 4.0 cents per ordinary share (one-tier tax exempt) on 18 February 2019 in respect of financial year ended 30 June 2019.

(3) Cash and cash equivalent is derived from:

	Group 30 June 19 S\$	Group 30 June 18 S\$
Cash and cash equivalent balances	21,881,179	21,087,382
Less: Pledged cash placed with bank	(163,400)	(169,001)
	21,717,779	20,918,381

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	Foreign Currency Translation Reserve	Accumulated remeasure- ment on retirement benefits	Accumulated Profits	Total
	S\$	S\$	S\$	S\$	S\$
The Group					
As at 1 July 2017	14,782,931	(5,436,297)	-	45,424,669	54,771,303
Effect on transition to SFRS(I)s – (Note 1)	-	5,436,297	-	(5,436,297)	-
Balance as at 1 July 2017 (SFRS(I))	14,782,931	-	-	39,988,372	54,771,303
Total comprehensive income for the year:					
Profit for the year	-	-	-	17,143,514	17,143,514
Other comprehensive income:					
Foreign currency translation difference	-	855,088	-	-	855,088
Remeasurement income on retirement benefits, net of tax	-	-	47,505	-	47,505
Total comprehensive income for the year	-	855,088	47,505	17,143,514	18,046,107
Transactions with owners, recorded directly in equity					
Final dividend of 4.0 cents per share & special dividend of 1.0 cent per share (one tier tax-exempt) in respect of FY2017	-	-	-	(6,951,594)	(6,951,594)
Interim dividend 4.0 cents per share (one tier tax-exempt) in respect of FY2018	-	-	-	(5,561,275)	(5,561,275)
Total transactions with owners, recorded directly in equity	-	-	-	(12,512,869)	(12,512,869)
As at 30 June 2018	14,782,931	855,088	47,505	44,619,017	60,304,541
As at 1 July 2018	14,782,931	855,088	47,505	44,619,017	60,304,541
Total comprehensive income for the year:					
Profit for the year	-	-	-	12,948,705	12,948,705
Other comprehensive income:					
Foreign currency translation differences, net of tax	-	(922,970)	425	-	(922,545)
Remeasurement income on retirement benefits, net of tax	-	-	(67,526)	-	(67,526)
Total comprehensive income for the year	-	(922,970)	(67,101)	12,948,705	11,958,634
Transactions with owners, recorded directly in equity					
Final dividend of 5.0 cents per share & special dividend of 1.0 cent per share (one tier tax-exempt) in respect of FY2018	-	-	-	(8,341,913)	(8,341,913)
Interim dividend 4.0 cents per share (one tier tax-exempt) in respect of FY2019	-	-	-	(5,561,275)	(5,561,275)
Total transactions with owners, recorded directly in equity	-	-	-	(13,903,188)	(13,903,188)
As at 30 June 2019	14,782,931	(67,882)	(19,596)	43,664,534	58,359,987

Note 1

The Group has adopted SFRS(I) for the financial year ended 30 June 2019 and has applied SFRS(I) 1 with 1 July 2017 as the date of transition for the Group and the Company.

The Group has elected the optional exemption in SFRS(I) 1 to reset its cumulative Foreign Currency Translation Reserve (“FCTR”) for all foreign operations to NIL at the date of transition, and reclassify the cumulative FCTR of approximately S\$5.44 million as at 1 July 2017 as determined in accordance with the previous Financial Reporting Standards (FRS) at that date to retained earnings. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

	Share Capital	Foreign Currency Translation Reserve	Accumulated Profits	Total
The Company				
As at 1 July 2017	14,782,931	-	17,961,839	32,744,770
Total comprehensive income for the year:				
Profit for the year	-	-	13,023,285	13,023,285
Total comprehensive income for the year	-	-	13,023,285	13,023,285
Transactions with owners, recorded directly in equity				
Final dividend of 4.0 cents per share & special dividend of 1.0 cent per share (one tier tax-exempt) in respect of FY2017	-	-	(6,951,594)	(6,951,594)
Interim dividend 4.0 cents per share (one tier tax-exempt) in respect of FY2018	-	-	(5,561,275)	(5,561,275)
Total transactions with owners, recorded directly in equity	-	-	(12,512,869)	(12,512,869)
As at 30 June 2018	14,782,931	-	18,472,255	33,255,186
As at 1 July 2018	14,782,931	-	18,472,255	33,255,186
Total comprehensive income for the year				
Net profit for the year	-	-	20,359,321	20,359,321
Total comprehensive income for the year	-	-	20,359,321	20,359,321
Transactions with owners, recorded directly in equity				
Final dividend of 5.0 cents per share & special dividend of 1.0 cent per share (one tier tax-exempt) in respect of FY2018	-	-	(8,341,913)	(8,341,913)
Interim dividend 4.0 cents per share (one tier tax-exempt) in respect of FY2019	-	-	(5,561,275)	(5,561,275)
Total transactions with owners, recorded directly in equity	-	-	(13,903,188)	(13,903,188)
As at 30 June 2019	14,782,931	-	24,928,388	39,711,319

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 2019 and 30 June 2018. The Company did not have any treasury shares as at the end of the current financial year or at the end of FY2018.

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.**

Except as disclosed in paragraph 5, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared to the most recent audited financial statements for the financial year ended 30 June 2018.

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.**

The Group has adopted SFRS(I) for the financial year ended 30 June 2019 and has applied SFRS(I) 1 with 1 July 2017 as the date of transition for the Group and the Company.

The Group has elected the optional exemption in SFRS(I) 1 to reset its cumulative Foreign Currency Translation Reserve ("FCTR") for all foreign operations to NIL at the date of transition, and reclassify the cumulative FCTR of approximately S\$5.44 million as at 1 July 2017 as determined in accordance with the previous Financial Reporting Standards (FRS) at that date to retained earnings. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

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.**

	FY2019	FY2018
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	9.31 cents	12.33 cents
(ii) On a fully diluted basis	9.31 cents	12.33 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 2018: 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 19	Group 30 Jun 18	Company 30 Jun 19	Company 30 Jun 18
Net Asset Value per ordinary share (cents)	41.98	43.37	28.56	23.92

The net asset value per ordinary share is calculated based on net assets of S\$58.4 million (30 June 2018: S\$60.3 million) and 139,031,881 (30 June 2018: 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

According to statistics compiled by the Semiconductor Industry Association (SIA), worldwide chip sales in the first six months of 2019 decreased 14.5% as compared to the first half of 2018. The SIA said that the year-to-year sales at the midpoint of 2019 were down across all major regional markets and semiconductor product categories.

In its latest Semiconductor Market Forecast released on 4 June 2019, the World Semiconductor Trade Statistics (WSTS) forecasts global semiconductor sales to contract 12.1% to US\$412 billion in 2019. WSTS said this reflects the expected decrease in sales of almost all major product categories, in particular an extraordinary fall of 30.6% from Memory. It also expects sales in all geographical regions to decrease in 2019. However, WSTS projects global chip sales to recover in 2020 with growth of 5.4%. Memory is expected to contribute the highest growth followed by Optoelectronics and Logic.

Group Revenue

		1Q	2Q	3Q	4Q	Full Year
REVENUE	FY2019	S\$16,884,314	S\$15,157,849	S\$14,358,199	S\$13,930,584	S\$60,330,946
	FY2018	S\$17,694,454	S\$15,649,498	S\$16,079,175	S\$15,678,731	S\$65,101,858
	% growth	(4.6%)	(3.1%)	(10.7%)	(11.1%)	(7.3%)

For the 12 months ended 30 June 2019 (FY2019), the Group's revenue decreased 7.3% to S\$60.3 million from S\$65.1 million in FY2018. Sales were lower across the majority of our geographical markets, reflecting the cyclically slower market conditions in the global semiconductor industry.

For the three months ended 30 June 2019 (4Q19), Group revenue decreased 11.1% year-on-year (yoy) to S\$13.9 million from S\$15.7 million in 4Q18. This was mainly due to lower sales from all our markets with the exception of Europe. On a quarter-on-quarter (qoq) basis, Group revenue eased 3.0% from S\$14.4 million in 3Q19 due mainly to lower sales in the USA.

Revenue breakdown by Geographical Market

Country	Group										
	3Q19 S\$ m	4Q19 S\$ m	%	4Q18 S\$ m	%	% change	FY2019 S\$ m	%	FY2018 S\$ m	%	% change
Singapore	0.6	0.7	5%	0.8	5%	(1%)	3.2	5%	5.1	8%	(37%)
Malaysia	2.6	2.6	19%	2.9	18%	(10%)	11.2	19%	12.1	18%	(8%)
Philippines	1.3	1.3	9%	1.6	10%	(21%)	6.1	10%	6.4	10%	(5%)
Thailand	0.3	0.3	2%	0.3	2%	(19%)	1.1	2%	1.2	2%	(8%)
China	4.0	4.0	29%	4.2	27%	(5%)	17.3	29%	18.0	27%	(2%)
USA	3.4	2.9	21%	3.4	21%	(13%)	12.5	21%	12.2	19%	2%
Europe	0.6	0.6	4%	0.6	4%	2%	2.6	4%	2.5	4%	2%
Japan	0.3	0.2	2%	0.3	2%	(11%)	1.0	2%	1.2	2%	(17%)
Taiwan	1.1	1.1	8%	1.2	8%	(11%)	4.4	7%	4.6	7%	(5%)
Rest of world	0.2	0.2	1%	0.4	3%	(60%)	0.9	1%	1.8	3%	(56%)
Total	14.4	13.9	100%	15.7	100%	(11%)	60.3	100%	65.1	100%	(7%)

The Group witnessed a decline in sales across the majority of its geographical markets during FY2019 due to the impact of the cyclical downturn in the global semiconductor industry. Sales derived from China, which is the Group's largest market, eased 2% to S\$17.3 million to account for 29% of Group revenue. Sales in Malaysia and

Philippines recorded decreases of 8% to S\$11.2 million and 5% to S\$6.1 million respectively. These two markets contributed 19% and 10% respectively to the Group's revenue in FY2019.

On the other hand, the USA market registered a 2% increase in sales to S\$12.5 million in FY2019, making it the Group's second largest market with a revenue contribution of 21%.

Capacity Utilisation

Capacity Utilisation		1Q	2Q	3Q	4Q	Full Year
	FY2019	58%	59%	55%	58%	57%
	FY2018	64%	62%	59%	60%	61%

Our average capacity utilisation rate in FY2019 decreased to 57% from 61% in FY2018, in tandem with the decrease in Group sales and the additional production capacity that was installed during FY2018.

Gross Profit (GP) Margin

Group GP Margin		1Q	2Q	3Q	4Q	Full Year
	FY2019	59.5%	52.4%	49.3%	52.4%	53.7%
	FY2018	60.9%	56.1%	55.8%	54.6%	57.0%

The Group's gross profit decreased by 12.7% to S\$32.4 million in FY2019. The Group's GP margin in FY2019 decreased to 53.7% compared to 57.0% in FY2018, which was attributable mainly to an increase in our production headcount, higher depreciation expenses for additional machines purchased during FY2018, as well as the impact from the downturn in the semiconductor industry.

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
	FY2019	S\$4,047,737	S\$3,846,687	S\$3,672,648	S\$3,731,793	S\$15,298,865
	% of sales	24.0%	25.4%	25.6%	26.8%	25.4%
	FY2018	S\$4,077,376	S\$3,846,420	S\$3,735,222	S\$3,580,364	S\$15,239,382
	% of sales	23.0%	24.6%	23.2%	22.8%	23.4%

The Group registered a 19.2% decrease in other income to S\$628k which was mainly due to the absence of the gain on the disposal of various machines recorded in FY2018 of S\$248k.

We have continued to keep a close watch on our expense structure. Our distribution costs and administrative expenses in FY2019 were held steady at S\$3.2 million and S\$9.4 million respectively, when compared to FY2018. Other operating expenses decreased to S\$3.4 million in FY2019 from S\$3.5 million in FY2018.

In aggregate, the Group's administrative, distribution and other operating expenses (net of other income) increased marginally by 0.4% to S\$15.3 million in FY2019 from S\$15.2 million in FY2018. As a percentage of sales, these overhead expenses increased to 25.4% in FY2019 from 23.4% in FY2018.

Profit before Tax and Net Profit

Net Profit after tax		1Q	2Q	3Q	4Q	Full Year
	FY2019	S\$4,506,172	S\$3,124,950	S\$2,612,338	S\$2,705,245	S\$12,948,705
	FY2018	S\$5,170,990	S\$3,903,774	S\$4,111,064	S\$3,957,686	S\$17,143,514
	% growth	(12.9%)	(20.0%)	(36.5%)	(31.6%)	(24.5%)

As a result of the above, the Group's profit before tax decreased 21.9% to S\$17.1 million in FY2019 from S\$21.9 million in FY2018.

After deducting income tax expenses of S\$4.1 million in FY2019 (S\$4.7 million in FY2018), the Group reported a net profit of S\$12.9 million in FY2019, a decrease of 24.5% from S\$17.1 million in FY2018. Net profit margin in FY2019 narrowed to 21.5% compared to 26.3% in FY2018.

For FY2019, the Group's effective tax rate was 24.1% compared to 21.5% in FY2018. The tax expenses included S\$453k for withholding tax paid and an additional S\$161k for withholding tax accrued on dividends from various overseas subsidiaries.

Correspondingly, the Group's earnings per share declined to 9.31 cents in FY2019 from 12.33 cents in FY2018.

Balance Sheet

The Group remains in a sound financial position. As at 30 June 2019, we had a balance sheet with total assets of S\$69.9 million, shareholders' equity of S\$58.4 million, cash and cash equivalents of S\$21.9 million and no bank borrowings.

Long Term Assets

As at 30 June 2019, non-current assets decreased to S\$33.1 million as compared to S\$35.7 million as at 30 June 2018 due mainly to depreciation charged during the financial year.

Trade Receivables

		As at end of 1Q	As at end of 1H	As at end of 3Q	As at end of 2H
Trade Receivables	FY2019	S\$11,960,650	S\$10,134,701	S\$9,420,244	S\$9,455,277
	≥ 90 days	0.02%	0.02%	0.18%	0.0%
	Write-off	-	-	-	-
	FY2018	S\$13,623,255	S\$10,967,376	S\$11,707,701	S\$10,874,870
	≥ 90 days	2.2%	0.0%	0.5%	0.0%
	Write-off	-	-	-	-

Total trade receivables as at 30 June 2019 decreased to S\$9.5 million from S\$10.9 million as at 30 June 2018. There was no amount outstanding for 90 days or more (S\$534 at end of 30 June 2018). The Group did not incur any bad debt expense during FY2019 and FY2018.

Trade & Other Payables

As at 30 June 2019, our trade payables totaled S\$684k with S\$879 outstanding for 30 days or more. Non-trade payables totaled S\$1.3 million. Other accrued expenses stood at S\$4.4 million.

Long term liabilities

As at 30 June 2019, the deferred tax liabilities was S\$1.4 million as compared to S\$1.5 million as at 30 June 2018.

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 at the end of FY2019 (S\$4.6 million at end of FY2018) was 7.5% (7.0% at end of FY2018). Inventory written off in FY2019 totaled S\$104k, as compared to S\$111k in FY2018.

Capital Expenditure

		1Q	2Q	3Q	4Q	Full Year
Capital Expenditure	FY2019	S\$699,820	S\$787,034	S\$899,084	S\$1,032,207	S\$3,418,145
	% of sales					5.7%
	FY2018	S\$2,154,551	S\$3,832,377	S\$3,362,060	S\$2,771,725	S\$12,120,713
	% of sales					18.6%

The Group made capital investments totalling S\$3.4 million during FY2019. This capital expenditure included purchases amounting to approximately S\$2.9 million for new equipment to increase the manufacturing capacity and capabilities of our five factories and investments of S\$0.3 million for computers and IT software.

Cash Flow Analysis

The Group generated net cash from operations of S\$19.3 million in FY2019 (S\$22.4 million in FY2018). After deducting net cash used in investing activities of S\$3.2 million and net cash for financing activities of S\$15.0 million which was mainly for the payment of dividends in respect of FY2018 and 1H19, we closed the year with a cash balance of S\$21.9 million including S\$0.2 million held as security deposits.

Dividend Payment

The Board of Directors is recommending a final dividend of 5 cents and a special dividend of 1 cent per share (one tier tax-exempt) in respect of FY2019. If approved by shareholders at the Annual General Meeting to be held on 30 October 2019, the dividend will be paid on 19 November 2019.

Together with the interim dividend of 4.0 cents per share (one tier tax-exempt) paid on 18 February 2019, the Group's total dividend for FY2019 would be 10 cents per share (one tier tax-exempt). The total payout for FY2019 will amount to S\$13.9 million (S\$13.9 million in FY2018).

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.

Financial and Operating Review

According to WSTS, global sales of semiconductors declined 14.5% during the first six months of 2019. As a result, the SIA now expects world-wide chip sales to contract 12.1% during 2019 to US\$412 billion amid growing economic uncertainties from the USA-China trade war, Brexit and other geopolitical issues. As a reflection of the sluggish industry conditions, Group revenue decreased 7.3% to S\$60.3 million in FY2019 from a record of S\$65.1 million in the previous year.

Although the Group's top line was affected by slowing industry conditions during FY2019, we maintained our focus on enhancing the value that we create for our customers. Due to the semiconductor industry's transition to 10-nanometer and below device geometries as well as other technological advances, chip fabrication is becoming an increasingly difficult process. As such, we are working to develop proprietary materials and flawless processes that are needed to manufacture the critical tools and parts that our customers will increasingly require to achieve their production goals. This is in line with the Group's mission which is to deliver *Perfect Parts and Tools, On-Time, Every Time* based on scalable, repeatable and cost-effective processes. Ultimately, we believe that only a small number of suppliers will have the unique capabilities, skilled personnel and intellectual property needed to meet the critical manufacturing requirements of the semiconductor industry.

We also view fast, effective and local support as a key requirement by the Group's customers. During FY2019, we continued to strengthen the capabilities of our five plants which are strategically located in our main geographical markets. Indeed, 91% of the Group's revenue in FY2019 was derived from customers in Singapore, Malaysia, the Philippines, China and the USA, where we have manufacturing facilities, and Taiwan, where we have a direct sales presence.

As China continues to develop into a major hub for chip manufacturing, we will continue to build our operations there to ensure fast, effective and local support. In FY2019, China was our largest geographical market with sales of S\$17.3 million and a contribution of 29% to Group sales (27% during FY2018).

Our revenue in the USA increased 2% to S\$12.5 million in FY2019 from S\$12.2 million in the previous year. At 21% of Group revenue, the USA was our second largest geographical market followed by Malaysia (19%), the Philippines (10%), Singapore (5%) and Taiwan (7%).

During FY2018, sales at our plant in the USA ("MMUS") increased 29.6% to S\$12.3 million. Based on this strong growth and our encouraging engagement with customers, we invested S\$6.0 million on state-of-the-art equipment to strengthen MMUS' capabilities during FY2018 and FY2019.

This record capex outlay brought depreciation expenses at MMUS to S\$2.2 million in FY2019. MMUS also incurred engineering expenses of S\$1.6 million during FY2019 to support the development of manufacturing capabilities and parts used in critical wafer-fabrication processes. These factors, coupled with the unexpected downturn in the semiconductor industry, caused MMUS to post a loss of S\$1.0 million in FY2019. Going into FY2020, our team at MMUS is working hard to improve every aspect of the operations there to prepare for a recovery in the semiconductor industry.

Amid the slower industry conditions, we have maintained a consistent focus on our GP margin as we believe this is a key indication of our competitive strength and the value we bring to customers. Through various operational strategies such as set-up time reduction, higher automation and smart-factory initiatives, we managed to keep our GP margin relatively steady at 53.7% in FY2019. Going forward, we intend to continue working to enhance the efficiency of our operations and focus on parts and tools that offer opportunities for attractive profit margins.

We also worked diligently throughout the year to maintain a tight rein on overhead expenses. During FY2019, our total distribution, administrative and other expenses including other income increased by just 0.4% to S\$15.3 million from S\$15.2 million in FY2018. When measured as a percentage of sales, the Group's overhead expenses increased to 25.4% from 23.4% during FY2018.

Because the semiconductor industry is cyclical, which makes it subject to periods of both strong growth and unexpected consolidation, one of the Group's most important goals is to maintain and strengthen our team of skilled and capable people during the sluggish periods so that we are well positioned when the industry's growth resumes. At the end of FY2019, we had 490 great people in the Group which is a nominal increase from 485 at the end of FY2018.

While our philosophy of staying focused on long-term goals may result in the Group reporting lower profits in the short-term, we believe this is the correct approach for us to build sustainable growth and stakeholder value. As we move forward, we intend to continue automating our operations and building a flexible, capable and skilled work force.

After deducting taxes of S\$4.1 million (S\$4.7 million in FY2018), the Group reported a net profit of S\$12.9 million, a decrease of 24.5% from a record S\$17.1 million during the previous year. For 4Q19, the Group's net profit was S\$2.7 million, down 31.6% from S\$4.0 million in the same quarter a year ago.

With no bank borrowings to service and a careful watch over inventory and receivables, net cash generated from operating activities during FY2019 totaled S\$19.3 million (S\$22.4 million for FY2018). After net investing activities of S\$3.2 million (S\$11.4 million in FY2018), primarily for the purchase of new equipment, and paying interim and final dividends totalling S\$13.9 million (S\$12.5 million during FY2018), the Group maintained a strong financial position at the end of FY2019 with S\$21.9 million in cash (including S\$0.2 million held as security deposits) and no bank borrowings.

Market, Industry and Competitive Conditions

According to statistics compiled by WSTS, world-wide chip sales during the first six months of 2019 declined 14.5%. As a result, the SIA now expects world-wide chip sales to contract 12.1% during 2019 to US\$412 billion.

Due to the cyclical nature of the semiconductor industry, we prefer to focus on the industry's long term trends and try not to get preoccupied by short-term variations. We believe the semiconductor industry is poised for a prolonged period of solid growth as chips are becoming increasingly embedded in nearly every aspect of modern life from today's smart phones to tomorrow's driverless cars. Hence, the key to the Group's success lies in our continuing ability to seize long-term opportunities and correctly identify the initiatives and investments that bring value to our customers.

Because the time to specify, order and qualify new equipment can easily stretch beyond a year, it can be difficult to align our investments in new equipment to short-term industry conditions. After investing S\$12.1 million during FY2018 we reduced our spending to S\$3.4 million in FY2019, which brought our two-year outlay on capital expenditure to about S\$15.5 million. For FY2020, we have a capital expenditure budget of between S\$6 million to S\$7 million.

Key Operating Strategies

While short-term business planning and forecasting remains difficult and clouded by a host of political and economic uncertainties, we understand what is required for the Group to sustain its growth over the long term. We will maintain our 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 part used in a critical wafer-processing application, our mission is to deliver *Perfect Parts and Tools, On Time, Every Time* based on repeatable, scalable and cost-effective processes.

At Micro-Mechanics, we are fond of saying that *People Make Everything Happen*. Dealing with relentless cost pressures, adapting to rapid change and implementing new initiatives to improve key outcomes requires an effective culture. We define this as *the way our people make decisions and work together*. To be successful over the long-term, it is essential for our people at all levels to understand, embrace and act in a way that synchronizes with our vision, mission, goals, strategies and core values. We intend to better harness the enormous potential of every person at Micro-Mechanics to make better decisions, be more effective and thereby enhance the value we create for our customers and other stakeholders.

To support this aim, we have an ongoing training program called *MM University* to help our people understand the need to have a shared framework for making more informed and aligned decisions. It began with a series of workshops on *Customer Value, Business Planning, 24/7 Machining*, and *The Fundamentals of Value-Driven Decision Making*. During 2H19, we launched a new training program called *8S* which is based on eight words beginning with the letter “s” such as *safety, standardization, synchronization and sustainability*. The goal of this program is to provide our people with a shared methodology for making the kinds of decisions that drive continuous improvement, reduce waste, enhance workplace safety and promote environmental and corporate sustainability.

During the last few years, we have learned that it takes more than a series of workshops to build an effective decision-making framework and culture. The training material needs to be easy for our people at all levels to understand and reference in their daily work and decision making. To this end, we are working to compile a series of textbooks designed to clearly explain the fundamentals of how we are working to run the company.

Transparency and Governance

On 18 July 2018, our CEO, Christopher Borch, received the *Best CEO Award* at the Singapore Corporate Awards (SCA) 2018 for the category of companies with a market capitalization up to S\$300 million. At the 19th Investors' Choice Awards 2018 on 25 September 2018, the Group was also conferred the Shareholder Communications Excellence Award (Small Cap) 2018 and Singapore Corporate Governance Award (Small Cap) 2018 by Securities Investors Association Singapore. Including these awards, the Group has received recognition 29 times for our good corporate governance, transparency and investor relations practices since our listing in 2003.

In addition to these awards, in the Singapore Governance and Transparency Index (SGTI) released on 7 August 2019, Micro-Mechanics received a score of 101 points which improved our ranking to 17th out of 578 companies (excluding Reits and Business Trusts) listed on the Singapore Exchange. The top 25 companies in the SGTI are mainly large capitalisation companies.

During FY2019, our Singapore factory received the certification for conforming to the Anti-Bribery Management System standard ISO37001:2016 as well as successfully renewed its certification of Business Continuity Management System standard ISO22301:2012. Starting with our Singapore plant, the Group is planning to introduce and implement this best practice approach at all our worldwide facilities.

Transparency and good corporate governance are more than just ticking boxes on a scorecard and compliance. Indeed, accurate, complete and timely information is the foundation for sound decision making – not just for investors – but for everyone at Micro-Mechanics from the board room to the shop floor. 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 and Stakeholder Value

Since our listing we have also maintained a consistent practice of rewarding shareholders for their continuous support of Micro-Mechanics. For the half year ended 31 December 2018, the Group paid an interim dividend of 4 cents per ordinary share (one-tier tax exempt). Subject to approval at the upcoming Annual General Meeting on 30 October 2019, we plan to distribute a final dividend of 5 cents and a special dividend of 1 cent per ordinary share. This will bring the total dividend payment for FY2019 to 10 cents per ordinary share, compared with 10 cents per ordinary share for FY2018 and 8 cents per ordinary share for FY2017.

Including the proposed final dividend and special dividend, we will have distributed a total of 73.9 cents per share to our shareholders since 2003. Based on dividends alone, this translates into a return of nearly 400% for our shareholders who bought Micro-Mechanics shares at our Initial Public Offer.

We would also like to express our appreciation to all our people at Micro-Mechanics for their vision, teamwork and tireless commitment. Indeed, *People Make Everything Happen!*

We look forward to continuing to work 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 18 February 2019	Final Dividend Recommended by Directors on 29 August 2019
Dividend Type	Cash	Cash
Dividend Amount	Interim dividend 4.0 cents per ordinary share (one tier tax-exempt)	Final dividend 5 cents per ordinary share (one tier tax-exempt) Special dividend 1 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 5 cents and a special dividend of 1 cent per ordinary share (one tier tax-exempt) amounting to approximately S\$8.3 million.

(b) Corresponding Period of the Immediately Preceding Financial Year

A final dividend of 5.0 cents and special dividend of 1.0 cent per ordinary share (one tier tax-exempt) in respect of FY2018 was approved during the Annual General Meeting held on 29 October 2018 and paid on 20 November 2018.

An interim dividend of 4.0 cent per ordinary share (one tier tax-exempt) was paid on 18 February 2018 in respect of financial year ended 30 June 2018.

(c) Date payable

Payment of the dividend, if approved by the members at the Twenty-Third Annual General Meeting to be held on 30 October 2019, will be paid on 19 November 2019.

(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 8 November 2019 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 7 November 2019 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 7 November 2019 will be entitled to the proposed dividend.

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

Not applicable

13. 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 22 October 2018, the Group announced that its wholly-owned subsidiary Micro-Mechanics Inc (MMUS) has entered into an agreement relating to the payment of electrical services provided to its factory with Sarcadia LLC, a controlling shareholder of the Company and a family company set up by Mr. Christopher Reid Borch, the CEO of the Company.

For the financial year ended 30 June 2019, the Group has made rental payment of US\$374,000 (30 June 2018: US\$362,000) and electrical services payment of US\$85,067 (30 June 2018: Nil) 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.

14. 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.

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

15. 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 FY2019

	Singapore	Malaysia	The Philippines	USA	China	Elimination	Consolidated
	\$	\$	\$	\$	\$	\$	\$
Total revenue from external customers	14,397,292	11,792,273	6,368,866	11,303,664	16,468,851	-	60,330,946
Inter-segment revenue	6,304,772	1,049,005	586,015	262	-	(7,940,054)	-
Total revenue	20,702,064	12,841,278	6,954,881	11,303,926	16,468,851	(7,940,054)	60,330,946
Segment result	4,488,533	5,447,959	3,172,631	(1,039,236)	5,397,562	292,467	17,759,916
Unallocated expenses							(690,692)
Profit from operations							17,069,224
Income tax expense							(4,120,519)
Net profit for the year							12,948,705
Segment asset	19,327,114	13,532,830	4,300,017	14,848,922	11,713,017	(2,600,542)	61,121,358
Unallocated assets							
Others							8,757,771
Total assets							69,879,129
Segment liabilities	3,866,043	725,752	3,968,383	2,644,750	1,773,833	(4,586,529)	8,392,232
Unallocated liabilities							
Income tax							2,624,167
Others							502,743
Total liabilities							11,519,142
Other segment information:							
Capital expenditure	1,241,939	710,876	407,835	644,355	413,140	-	3,418,145
Depreciation	1,943,152	837,341	568,561	2,246,595	935,070	-	6,530,719
Non-current assets	10,766,637	5,457,836	2,177,677	10,746,149	4,051,760	(97,075)	33,102,984

Major customers

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

	Singapore	Malaysia	The Philippines	USA	China	Total
	\$	\$	\$	\$	\$	\$
2019						
Revenue	-	3,150,546	5,068,056	10,057,404	2,778,927	21,054,933
Number of customers	-	2	4	4	1	11

Operating Segments FY2018

	Singapore	Malaysia	The Philippines	USA	China	Elimination	Consolidated
	\$	\$	\$	\$	\$	\$	\$
Total revenue from external customers	15,918,357	12,883,706	6,631,743	12,308,965	17,359,087	-	65,101,858
Inter-segment revenue	6,341,863	1,296,257	556,401	288	-	(8,194,809)	-
Total revenue	22,260,220	14,179,963	7,188,144	12,309,253	17,359,087	(8,194,809)	65,101,858
Segment result	6,557,974	6,376,285	3,371,300	514,297	6,162,718	(387,915)	22,594,659
Unallocated expenses							(744,312)
Profit from operations							21,850,347
Income tax expense							(4,706,833)
Net profit for the year							17,143,514
Segment asset	26,010,560	14,543,356	4,477,450	16,846,424	12,725,963	(3,365,753)	71,238,000
Unallocated assets							2,052,725
Others							73,290,725
Total assets							
Segment liabilities	4,058,412	789,376	4,051,080	3,512,698	2,256,815	(4,782,174)	9,886,207
Unallocated liabilities							3,099,931
Income tax							46
Others							12,986,184
Total liabilities							
Other segment information:							
Capital expenditure	2,154,776	1,512,372	692,312	5,313,331	2,447,922	-	12,120,713
Depreciation	1,885,315	756,298	529,305	1,858,377	879,091	-	5,908,386
Non-current assets	10,731,844	5,846,060	2,265,491	12,224,198	4,754,534	(95,576)	35,726,551

Major customers

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

	Singapore	Malaysia	The Philippines	USA	China	Total
	\$	\$	\$	\$	\$	\$
2018						
Revenue	-	1,687,926	4,874,117	9,725,820	2,742,300	19,030,163
Number of customers	-	1	4	3	1	9

16. 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

17. A breakdown of sales.

	Group	Group	Increase/
	FY2019	FY2018	(decrease)
	S\$	S\$	
Sales reported for first half year	32,042,163	33,343,952	(3.9%)
Operating profit after tax before deducting non-controlling interest reported for first half year	7,631,125	9,074,764	(15.9%)
Sales reported for second half year	28,288,783	31,757,906	(10.9%)
Operating profit after tax before deducting non-controlling interest reported for second half year	5,317,580	8,068,750	(34.1%)

18. 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 (FY2019)	Previous Full Year (FY2018)
	S\$	S\$
Ordinary	13,903,188	13,903,188
Preference	-	-
Total:	13,903,188	13,903,188

Note: The total annual dividend comprises the interim dividend of S\$5,561,275 paid on 18 February 2019 and the proposed final dividend of S\$8,341,913

19. 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.

Mr. Kyle Borch, the eldest son of Mr. Christopher Borch joined Micro-Mechanics, Inc (a subsidiary of the Company) on 27 August 2018 as a Manufacturing Engineer. Mr. Borch received a BS in Physics and Math from the University of California Los Angeles (UCLA) in 2014 and MS degrees in Mechanical Engineering and Engineering Management from the University of Southern California in 2018. Mr. Borch's current role is non-managerial with total remuneration during the financial year ended 30 June 2019 of approximately S\$92k.

BY ORDER OF THE BOARD

CHOW KAM WING
Company Secretary
29 August 2019