

MICRO-MECHANICS (HOLDINGS) LTD

Unaudited Third Quarter Financial Statements Announcement for the period ended 31/03/2015

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF THIRD QUARTER RESULTS

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

	Note	Group					
		Q3			Year –to-date (9 months)		
		Jan to Mar 2015 S\$	Jan to Mar 2014 S\$	Change	Jul to Mar 2015 S\$	Jul to Mar 2014 S\$	Change
Revenue	(1)	13,397,284	10,631,782	26.0%	39,329,460	32,195,252	22.2%
Cost of sales	(2)	(6,011,654)	(5,268,726)	14.1%	(17,993,029)	(15,867,708)	13.4%
Gross profit		7,385,630	5,363,056	37.7%	21,336,431	16,327,544	30.7%
Other income	(3)	690,694	322,978	113.9%	1,531,683	871,406	75.8%
Distribution costs		(788,150)	(803,813)	(1.9%)	(2,355,781)	(2,396,898)	(1.7%)
Administrative expenses	(4)	(1,958,677)	(2,002,189)	(2.2%)	(6,441,925)	(5,844,995)	10.2%
Other operating expenses	(5)	(732,260)	(677,929)	8.0%	(2,124,974)	(2,036,849)	4.3%
Profit from operations		4,597,237	2,202,103	108.8%	11,945,434	6,920,208	72.6%
Finance costs		-	-	-	-	-	-
Profit before income tax	(6)	4,597,237	2,202,103	108.8%	11,945,434	6,920,208	72.6%
Income tax expense	(7)	(876,221)	(406,731)	115.4%	(2,754,066)	(1,603,258)	71.8%
Profit after tax		3,721,016	1,795,372	107.3%	9,191,368	5,316,950	72.9%
Non-controlling interests		-	-	-	-	-	-
Profit for the period		3,721,016	1,795,372	107.3%	9,191,368	5,316,950	72.9%
Statement of Comprehensive Income							
Profit for the period		3,721,016	1,795,372	107.3%	9,191,368	5,316,950	72.9%
Other comprehensive income:							
Foreign currency translation differences for foreign operations, net of tax		(11,945)	(79,997)	(85.1%)	(19,517)	(475,837)	(95.9%)
Total comprehensive income for the period		3,709,071	1,715,375	116.2%	9,171,851	4,841,113	89.5%

n.m.: Not meaningful

Notes:

(1) Please refer to section 8 of this announcement for an analysis of the Group's revenue.

(2) Cost of sales increased in line with revenue. Production headcount reduced to 297 in 3Q15 from 312 in 3Q14.

(3) Other income consists of:

	Q3			Year-to-Date (9 months)		
	Jan to Mar 2015 S\$	Jan to Mar 2014 S\$	Change	Jul to Mar 2015 S\$	Jul to Mar 2014 S\$	Change
Gain on disposal of property, plant and equipment	13,279	8,392	58.2%	62,169	10,308	503.1%
Gain on disposal of assets held for disposal	5,326	-	n.m.	255,710	279,606	(8.5%).
Interest income from banks and others	37,799	21,103	79.1%	105,107	86,036	22.2%
Rental income	31,329	32,341	(3.1%)	96,571	86,743	11.3%
Government grant – Skill Redevelopment, Wage Credit and Capability Development Scheme	84,434	200,559	(57.9%)	104,051	208,735	(50.2%)
Exchange gain	487,958	13,654	3473.7%	806,011	61,530	1209.9%
Others	30,569	46,929	(34.9%)	102,064	138,448	(26.3%)

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

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

(6) Profit before income tax includes the following expenses:

	Q3			Year-to-date (9 months)		
	Jan to Mar 2015 S\$	Jan to Mar 2014 S\$	Change	Jul to Mar 2015 S\$	Jul to Mar 2014 S\$	Change
Trade receivables written off	-	-	-	1,165	7,790	(85.0%)
Depreciation of property, plant and equipment	1,184,095	1,104,958	7.2%	3,527,211	3,222,490	9.5%
Inventories written off	18,280	8,374	118.3%	77,121	68,382	12.8%
Fixed assets written off	22,064	-	n.m.	75,559	-	n.m.

(7) The effective tax rate for 3Q15 was 19.1% as compared to 18.5% in 3Q14. Included in the tax expense for 9M15 was withholding tax of S\$351k paid in relation to dividends remitted to Singapore from various overseas subsidiaries and a provision made of S\$329k in relation to withholding tax on dividends to be remitted to Singapore from various overseas subsidiaries.

(8) Depreciation expenses in 3Q15 increased 7.2% year-on-year to S\$1.18 million due to purchases of new production equipment and upgrading of machinery.

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 31 Mar 15 S\$	Group 30 Jun 14 S\$	Company 31 Mar 15 S\$	Company 30 Jun 14 S\$
Non-current assets					
Property, plant and equipment		26,531,822	26,632,893	-	-
Subsidiaries		-	-	17,654,378	17,654,378
Trade and other receivables		414,061	524,456	4,406,925	4,265,364
		26,945,883	27,157,349	22,061,303	21,919,742
Current assets					
Inventories		3,394,255	3,089,440	-	-
Trade and other receivables		10,711,648	9,552,149	4,134,024	4,769,664
Cash and cash equivalents		14,070,717	11,081,995	3,443,817	4,094,745
Assets held for sale		-	55,294	-	-
		28,176,620	23,778,878	7,577,841	8,864,409
Total assets		55,122,503	50,936,227	29,639,144	30,784,151
Shareholders' equity					
Share capital		14,782,931	14,782,931	14,782,931	14,782,931
Foreign currency translation reserve		(2,692,660)	(2,673,143)	-	-
Accumulated profits		32,632,988	29,002,896	14,582,409	15,728,174
		44,723,259	41,112,684	29,365,340	30,511,105
Non-current liabilities					
Deferred tax liabilities		1,591,040	1,283,567	-	-
		1,591,040	1,283,567	-	-
Current liabilities					
Trade and other payables		6,968,101	7,296,759	269,935	266,522
Current tax payable		1,840,103	1,243,217	3,869	6,524
		8,808,204	8,539,976	273,804	273,046
Total liabilities		10,399,244	9,823,543	273,804	273,046
Total equity and liabilities		55,122,503	50,936,227	29,639,144	30,784,151

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

Amount repayable in one year or less or on demand

As at 31 Mar 15		As at 31 Mar 14	
Secured	Unsecured	Secured	Unsecured
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 31 Mar 15		As at 31 Mar 14	
Secured	Unsecured	Secured	Unsecured
Nil	Nil	Nil	Nil

Details of any collateral

Not applicable

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

	Note	GROUP			
		Q3		Year-to-date (9 months)	
		Jan to Mar 2015 S\$	Jan to Mar 2014 S\$	Jul to Mar 2015 S\$	Jul to Mar 2014 S\$
Cash flows from operating activities					
Profit before income tax		4,597,237	2,202,103	11,945,434	6,920,208
Adjustments for:					
Depreciation of property, plant and equipment		1,184,095	1,104,958	3,527,211	3,222,490
Fixed assets written off		22,064	-	75,559	-
Gain on disposal of property, plant and equipment		(13,279)	(8,392)	(62,169)	(10,308)
Gain on disposal of assets held for sale		(5,326)	-	(255,710)	(279,606)
Interest income		(37,799)	(21,103)	(105,107)	(86,036)
Operating profit before changes in working capital		5,746,992	3,277,566	15,125,218	9,766,748
Inventories		49,629	(198,307)	(304,814)	(542,655)
Trade and other receivables		182,233	(32,931)	(1,350,210)	(421,793)
Trade and other payables		(1,087,000)	2,429,458	(737,251)	2,510,394
Cash generated from operations		4,891,854	5,475,786	12,732,943	11,312,694
Income tax paid		(586,340)	(343,947)	(1,439,303)	(1,372,921)
Net cash from operating activities		4,305,514	5,131,839	11,293,640	9,939,773
Cash flows from investing activities					
Purchase of property, plant and equipment		(758,556)	(3,672,077)	(3,120,990)	(5,060,458)
Proceeds from disposal of property, plant and equipment		31,082	10,961	348,947	44,279
Proceeds from disposal of assets held for sale		12,912	-	330,048	365,299
Interest received		40,645	21,811	125,059	89,477
Net cash used in investing activities		(673,917)	(3,639,305)	(2,316,936)	(4,561,403)
Cash flows from financing activities					
Deposits pledged		12,287	5	17,288	6,790
Dividends paid	(1)	(2,780,638)	(1,390,319)	(5,561,275)	(4,170,956)
Net cash used in financing activities		(2,768,351)	(1,390,314)	(5,543,987)	(4,164,166)
Net increase in cash and cash equivalents		863,246	102,220	3,432,717	1,214,204
Cash and cash equivalents at beginning of period		13,257,412	9,839,460	10,879,132	8,943,935
Effect of exchange rate fluctuations		(235,514)	(36,017)	(426,705)	(252,476)
Cash and cash equivalents at the end of period	(2)	13,885,144	9,905,663	13,885,144	9,905,663

Notes:

(1) The Company paid an interim dividend of 1 cent and special dividend of 1 cent in respect of FY2015.

(2) Cash and cash equivalent is derived from:

	Group 31 Mar 15 S\$	Group 31 Mar 14 S\$
Cash and cash equivalent balances	14,070,717	10,107,113
Less: Pledged cash placed with bank	(185,573)	(201,450)
	13,885,144	9,905,663

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

	Share Capital S\$	Foreign Currency Translation Reserve S\$	Accumulated Profits S\$	Total S\$
The Group				
As at 1 July 2014	14,782,931	(2,673,143)	29,002,896	41,112,684
Total comprehensive income for the period				
Net profit for the period	-	-	5,470,352	5,470,352
Other comprehensive income				
Foreign currency translation differences, net of tax	-	(7,572)	-	(7,572)
Total comprehensive income for the period	-	(7,572)	5,470,352	5,462,780
Transactions with owners, recorded directly in equity				
Final dividend of 2 cents per share (one-tier tax exempt) in respect of FY2014	-	-	(2,780,638)	(2,780,638)
Total transactions with owners, recorded directly in equity	-	-	(2,780,638)	(2,780,638)
As at 31 December 2014	14,782,931	(2,680,715)	31,692,610	43,794,826
As at 1 January 2015	14,782,931	(2,680,715)	31,692,610	43,794,826
Total comprehensive income for the period				
Net profit for the period	-	-	3,721,016	3,721,016
Other comprehensive income				
Foreign currency translation differences, net of tax	-	(11,945)	-	(11,945)
Total comprehensive income for the period	-	(11,945)	3,721,016	3,709,071
Transactions with owners, recorded directly in equity				
Interim dividend of 1 cent per share (one-tier tax exempt) in respect of FY2015	-	-	(1,390,319)	(1,390,319)
Special dividend of 1 cent per share (one-tier tax exempt) in respect of FY2015	-	-	(1,390,319)	(1,390,319)
Total transactions with owners, recorded directly in equity	-	-	(2,780,638)	(2,780,638)
As at 31 March 2015	14,782,931	(2,692,660)	32,632,988	44,723,259

	Share Capital	Foreign Currency Translation Reserve	Accumulated Profits	Total
	S\$	S\$	S\$	S\$
The Company				
As at 1 July 2014	14,782,931	-	15,728,174	30,511,105
Total comprehensive income for the period				
Net profit for the period	-	-	3,675,974	3,675,974
Total comprehensive income for the period	-	-	3,675,974	3,675,974
Transactions with owners, recorded directly in equity				
Final dividend of 2 cents per share (one-tier tax exempt) in respect of FY2014	-	-	(2,780,638)	(2,780,638)
Total transactions with owners, recorded directly in equity	-	-	(2,780,638)	(2,780,638)
As at 31 December 2014	14,782,931	-	16,623,510	31,406,441
As at 1 January 2015	14,782,931	-	16,623,510	31,406,441
Total comprehensive income for the period				
Net profit for the period	-	-	739,537	739,537
Total comprehensive income for the period	-	-	739,537	739,537
Transactions with owners, recorded directly in equity				
Interim dividend of 1 cent per share (one-tier tax exempt) in respect of FY2015	-	-	(1,390,319)	(1,390,319)
Special dividend of 1 cent per share (one-tier tax exempt) in respect of FY2015	-	-	(1,390,319)	(1,390,319)
Total transactions with owners, recorded directly in equity	-	-	(2,780,638)	(2,780,638)
As at 31 March 2015	14,782,931	-	14,582,409	29,365,340

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.

There was no change in share capital for the financial period ended 31 March 2015.

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 31 March 2015 and 31 March 2014. The Company did not have any treasury shares as at the end of the current financial year and as at the end of the immediately preceding year.

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

Not applicable.

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

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

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

Not applicable.

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

Yes.

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

Not applicable.

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

	GROUP			
	Q3		Year-to-date (9 months)	
	Jan to Mar 2015	Jan to Mar 2014	Jul to Mar 2015	Jul to Mar 2014
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	2.68 cents	1.29 cents	6.61 cents	3.82 cents
(ii) On a fully diluted basis	2.68 cents	1.29 cents	6.61 cents	3.82 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 (31 March 2014: 139,031,881).

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

	Group 31 Mar 15	Group 30 Jun 14	Company 31 Mar 15	Company 30 Jun 14
Net Asset Value per ordinary share (cents)	32.17	29.57	21.12	21.95

The net asset value per ordinary share is calculated based on net assets of S\$44.7 million (30 June 2014: S\$41.1 million) and 139,031,881 (30 June 2014: 139,031,881) shares in issue at the end of the current financial period 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 the Semiconductor Industry Association (SIA), the global semiconductor industry achieved its second consecutive year of record sales in 2014 with growth of 9.9% to US\$335.8 billion from US\$305.6 billion in 2013. Worldwide chip sales also exceeded the World Semiconductor Trade Statistics (WSTS) organization's industry forecast of US\$333.2 billion for 2014.

The SIA said the industry's record performance was driven by broad and sustained growth across nearly all regions and product categories. Annual sales in all four regional markets increased for the first time since 2010 led by the Americas market and followed by Asia Pacific, Europe and Japan.

The SIA said the industry is now well-positioned for continued growth in 2015 and beyond. The WSTS expects all product categories and regions to show steady but moderate growth this year. It projects worldwide semiconductor sales to rise 4.9% to US\$352 billion in 2015.

Group Revenue

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

For the three months ended 31 March 2015 (3Q15), the Group achieved record quarterly revenue of S\$13.4 million, an increase of 26.0% from S\$10.6 million in 3Q14, lifted mainly by higher sales of our semiconductor tooling business. On a sequential basis, Group revenue in 3Q15 registered a 3.9% gain from S\$12.9 million in 2Q15, mainly attributable to improved sales of the Custom Machining & Assembly (CMA) division.

Together with the Group's stronger performance in 1H15, revenue for the nine months ended 31 March 2015 (9M15) increased 22.2% to S\$39.3 million, compared to S\$32.2 million in 9M14.

Revenue breakdown by product segment

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

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

The Group's semiconductor tooling segment, which serves customers involved in the assembly and testing of semiconductors, registered strong revenue growth of 30.7% to S\$11.3 million in 3Q15, from S\$8.7 million in 3Q14. This was driven mainly by increased sales in all the Group's markets for semiconductor tools with the exception of Thailand. On a quarter-on-quarter (qoq) basis, sales of our semiconductor tooling segment in 3Q15 edged higher from S\$11.1 million in 2Q15.

The CMA division, which serves high technology capital equipment manufacturers in the aerospace, medical, laser and wafer fabrication industries, posted sales of S\$2.1 million in 3Q15. This translated into an increase of 5.6% year-on-year from S\$2.0 million in 3Q14, and qoq growth of 19.0% from S\$1.7 million in 2Q15.

For 9M15, revenue from the semiconductor tooling segment increased 26.3% to S\$33.8 million while the CMA division increased its revenue by 1.6% to S\$5.5 million. Correspondingly, the semiconductor tooling and CMA segments accounted for 86% and 14% respectively of Group revenue in 9M15.

Revenue breakdown by Geographical Market

Country	Group										
	2Q15	3Q15		3Q14		% change	9M15		9M14		% change
		S\$ m	%	S\$ m	%		S\$ m	%	S\$ m	%	
Singapore	0.9	1.0	7%	0.9	8%	13.0%	2.7	7%	2.5	8%	4.9%
Malaysia	2.7	2.8	21%	2.0	19%	38.6%	8.5	22%	6.7	21%	26.6%
Philippines	1.1	1.3	10%	0.9	8%	48.8%	3.5	9%	2.9	9%	21.8%
Thailand	0.2	0.2	2%	0.5	5%	(58.8%)	1.0	3%	1.6	5%	(36.8%)
China	3.4	3.6	27%	2.6	25%	38.7%	10.3	26%	7.5	23%	37.9%
USA	1.8	1.9	14%	1.9	17%	4.7%	5.6	14%	5.0	15%	12.6%
Europe	0.6	0.5	4%	0.5	5%	4.6%	1.6	4%	1.6	5%	(0.7%)
Japan	0.3	0.2	2%	0.2	2%	3.9%	0.8	2%	0.7	2%	12.1%
Taiwan	1.4	1.3	10%	0.9	9%	41.3%	3.9	10%	2.8	9%	40.1%
Rest of World	0.5	0.6	3%	0.2	2%	113.7%	1.4	3%	0.9	3%	59.8%
Total	12.9	13.4	100%	10.6	100%	26.0%	39.3	100%	32.2	100%	22.2%

Sales in China posted strong growth of 38.7% to S\$3.6 million in 3Q15 to remain as the Group's largest geographical market. It was followed by Malaysia, where sales grew 38.6% to S\$2.8 million. Together, these two markets for our semiconductor tools contributed 48% of Group revenue in 3Q15. We also witnessed strong performances for our semiconductor tools in the Philippines and Taiwan markets with sales growth of 48.8% and 41.3% respectively. The sales reduction from the Thailand market was due to the cessation of our manufacturing plant there in October 2014.

Sales to customers in the USA, which is mainly a market for our CMA business, remained steady at S\$1.9 million in 3Q15.

Capacity Utilisation

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

While Group sales registered a year-on-year increase in 3Q15, the average capacity utilisation rate of our factories remained at 53% due to improved efficiency of our production operations.

Gross Profit (GP) Margin

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

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

The Group's GP increased 37.7% to S\$7.4 million in 3Q15, from S\$5.4 million in 3Q14. As GP grew at a faster pace than revenue, the Group's overall GP margin expanded to 55.1% in 3Q15 from 50.4% in 3Q14.

In terms of product segment, GP margin of our semiconductor tooling business expanded to 61.6% in 3Q15 compared to 55.3% in 3Q14, due to higher capacity utilisation as well as our continual focus on operational efficiency and productivity improvements. Our CMA division had a lower GP margin of 20.0% in 3Q15, compared to 29.1% in 3Q14, due mainly to higher depreciation expenses at our CMA factory in the USA.

Other income, Distribution Cost, Administrative Expenses and Other Operating Expenses

Admin, Distribution and Other Operating Expenses (net of other income)		1Q	2Q	3Q	4Q	Full Year
	FY2015 % of sales	S\$3,325,523 25.5%	S\$3,277,081 25.4%	S\$2,788,393 20.8%	NA	NA
	FY2014 % of sales	S\$2,992,187 27.0%	S\$3,254,196 31.0%	S\$3,160,953 29.7%	S\$3,083,640 26.4%	S\$12,490,976 28.5%

Other income doubled to S\$691k in 3Q15 from S\$323k in 3Q14, attributable mainly to higher foreign exchange gain as a result of strengthening of US dollar which has appreciated by 4% since January 2015.

We continued to keep a close watch on our expense structure in 3Q15. Distribution expenses decreased to S\$788k from S\$804k in 3Q14. Administrative expenses decreased 2.2% to S\$2.0 million due to reduced headcount. Other operating expenses increased to S\$732k from S\$678k in 3Q14.

In aggregate, our distribution, administrative and other operating expenses (inclusive of other income) declined 11.8% to S\$2.8 million in 3Q15. As a percentage of Group sales, these overhead expenses decreased to 20.8% in 3Q15 from 29.7% in 3Q14.

Profit before Tax and Net Profit

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

As a result of higher revenue and improved GP margin, the Group's profit before tax increased 108.8% to S\$4.6 million in 3Q15 from S\$2.2 million in 3Q14.

After deducting income tax expense of S\$876k (S\$407k in 3Q14), the Group reported a record quarterly net profit of S\$3.7 million in 3Q15, an improvement of 107.3% from S\$1.8 million in 3Q14. As Group net profit grew at a faster pace than sales, net profit margin expanded to 27.8% in 3Q15 from 16.9% in 3Q14.

For 9M15, the Group posted net profit after tax of S\$9.2 million. This is an increase of 72.9% from S\$5.3 million in 9M14 and has exceeded the net profit of S\$7.7 million reported for FY2014.

Correspondingly, the Group's earnings per share in 9M15 increased to 6.61 cents from 3.82 cents in 9M14.

Balance Sheet

As at 31 March 2015, the Group remained in a sound financial position with total assets of S\$55.1 million, shareholders' equity of S\$44.7 million, cash and cash equivalents of S\$14.1 million and no bank borrowings.

Long Term Assets

Non-current assets stood at S\$27.0 million as at 31 March 2015 as compared to S\$27.2 million as at 30 June 2014.

Trade Receivables

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

In tandem with higher sales during 3Q15, the Group's total trade receivables increased to S\$9.8 million as at 31 March 2015 from S\$8.0 million as at 30 June 2014. Of the amount outstanding at the end of 9M15, 0.1% was outstanding for 90 days or more (0.2% as at 30 June 2014). Trade receivables written off during 9M15 was S\$1.6k or 0.01% of trade receivables.

Inventory

Inventory increased to S\$3.4 million as at 31 March 2015, from S\$3.1 million as at 30 June 2014, to fulfill an increase in customers' orders. As a percentage of annualised sales however, our inventory at at 31 March 2015 was 6.5% (7.0% as at 30 June 2014). Inventory written off in 9M15 totaled S\$77k, compared to S\$68k in 9M14.

Trade Payables

As at 31 March 2015, our trade payables totaled S\$0.8 million, of which S\$37k was outstanding for 30 days or more. Non-trade payables totaled S\$2.6 million. Of this, S\$2.4 million was outstanding for more than 30 days, including an interest free credit term of S\$2.0 million up to July 2015 granted by a machine vendor. Other accrued expenses stood at S\$3.5 million.

Deferred Tax Liabilities

Deferred tax liabilities as at 31 March 2015 increased to S\$1.6 million from S\$1.3 million as at 30 June 2014, mainly due to provision made in relation to withholding tax on dividends to be remitted to Singapore from various overseas subsidiaries.

Capital Expenditure

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

During 9M15, our capital expenditure totaled S\$3.1 million which was mainly related to the purchase of equipment and machine accessories to enhance productivity and production efficiency at our factories in Singapore, the USA, Phillipines and Malaysia.

Our planned capital expenditure for FY2015 is expected to amount to approximately S\$6.8 million, which is to be used for the purchase of additional machines and equipment to further enhance automation and operational efficiency.

Cash Flow Analysis

The Group generated net cash from operations of S\$4.3 million in 3Q15 (S\$5.1 million in 3Q14). Net cash used for investing activities amounted to S\$674k, mainly in relation to capital expenditure which was partially offset by proceeds from the disposal of plant, property & equipment and assets held for sales.

We closed the period with cash and cash equivalents of approximately S\$14.1 million, including S\$186k in pledged deposits.

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 Performance

During the third quarter of FY2015, the Group continued to make steady progress as revenue increased 26.0% to reach a quarterly record of S\$13.4 million from S\$10.6 million in the same quarter a year ago. Although the first three months of the calendar year tend to be seasonally slower, our semiconductor tooling division performed well with sales growing 30.7% to S\$11.3 million.

With China's development into a major centre for global chip manufacturing activity, we have been steadily gaining a larger share of this key market for semiconductor tools through our efforts to broaden our customer base and increase sales penetration. As a result, China is now our largest geographical market. In 9M15, sales of our semiconductor tools in China grew 37.9% to S\$10.3 million and contributed 26% to Group revenue. While the Group has been seeking new sales opportunities in China, we have also made encouraging progress in our other semiconductor tooling markets such as Taiwan, Malaysia and the Philippines which have delivered double-digit sales growth in 9M15.

As we continue to focus on implementing *24/7 Machining* and other strategies designed to improve operational efficiency and enhance the value we bring to our customers, the GP margin for our semiconductor business has improved to 61.1% in 9M15 compared to 56.0% for the whole of FY2014.

During 3Q15, our subsidiary in the USA, which houses our CMA division, incurred a loss of about S\$187k. While the loss includes S\$347k in depreciation expense, it remains a cause for concern and we are working diligently to improve the division's performance. As we head into the last quarter of FY2015, our main focus is to grow CMA sales by working to strengthen our engineering processes and improve the time it takes to engineer a new part for *24/7 Machining*. During 3Q15, CMA sales increased 19.0% qoq to S\$2.1 million from S\$1.7 million during 2Q15.

When we decided to close our plant in Thailand nine months ago, it was a difficult decision. While we knew this would result in a loss of market share there, this and other decisions designed to streamline the Group's structure have helped to reduce both cost and organizational complexity. During 3Q15, total overhead expenses (distribution, administrative and other expenses including other income) declined 11.8% to S\$2.8 million from S\$3.2 million during the same quarter a year ago.

As a result, profit before tax increased 108.8% to S\$4.6 million. After deducting tax expense of S\$876k, the Group posted a record net profit of S\$3.7 million for 3Q15 compared with S\$1.8 million in the same period a year ago. Together with the improved performance in the first half of FY2015, the Group's net profit of S\$9.2 million for 9M15 has exceeded the net profit of S\$7.7 million that we reported in FY2014.

With no bank borrowings to service and tight control over inventory and receivables, the Group generated S\$4.3 million in net cash from operating activities during the quarter. After capital spending of S\$0.8 million and dividends paid of S\$2.8 million, we ended the period in a strong financial position with S\$14.1 million in cash (including S\$186k held as security deposits) and no bank borrowings.

Market, Industry and Competitive Conditions

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

According to SIA figures released in February 2015, the global semiconductor industry grew nearly 10% to US\$335.8 billion in 2014. While market watchers expect worldwide semiconductor revenues to grow another 5% during 2015, the industry's increasing dependence on demand for consumer electronics brings with it increased price and delivery pressures from our customers. Together with rising costs and a shortage of skilled workers, the operating environment for the Group will continue to be challenging.

Key Operating Strategies

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

As we pursue this mission and the value it represents to our customers, we plan to continue to deploy resources towards the development of automated processes. At the beginning of FY2012, we employed about 601 people around the world. By focusing on our core competencies and implementing initiatives, such as *24/7 Machining*, to improve the quality, velocity and productivity of our operations, we have gradually reduced our headcount by over 25% to 439 people at the end of 3Q15.

Whether it is dealing with cost pressures, implementing complex engineering initiatives or developing a better approach to business planning, we need to foster an environment of continuous learning, innovation and improvement. To implement such a learning culture amongst our people, we have a carefully structured in-house training program which we call *MMUniversity*. During 3Q15, we conducted workshops for more than 100 people on *The Fundamentals of Value-Driven Decision Making* and *Investing Shapes the Future*. The purpose of both these courses is to give our people, at all levels, a common framework for making more informed and aligned decisions based on our mission and an understanding of value.

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

11. Dividend

(a) Current Financial Period Reported On

Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

Nil

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

Not applicable

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

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

Not applicable

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

Not applicable

15. A breakdown of sales.

Not applicable

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable

17. Interested Persons Transactions

There are no interested party transactions for the financial period ended 31 March 2015.

18. Confirmation Pursuant to Rule 705(5) of Listing Manual

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 31 March 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

CHOW KAM WING
Company Secretary
25 April 2015