

NEWS RELEASE

## Micro-Mechanics Posts Stable Net Profit of S\$11.9 Million in FY2016; To Pay Higher Dividends

- Higher productivity and operational efficiencies lift GP margin to 56.9% in FY2016
- Sound balance sheet – Cash of S\$20.1 million and zero debt
- Proposes final dividend of 3 cents per share and special dividend of 1 cent per share
- Total dividends of 6 cents per share in FY2016, up from 5 cents per share in FY2015

**Singapore, 29 August 2016** – Micro-Mechanics (Holdings) Ltd. (“Micro-Mechanics” or the “Group”), a manufacturer of high precision tools, parts and assemblies for high technology industries, has reported a steady financial performance with net profit of S\$11.9 million on the back of revenue of S\$51.3 million for the 12 months ended 30 June 2016 (“FY2016”).

Group revenue dipped marginally by 1.8% due mainly to the translational impact of the Chinese and Malaysian currencies’ depreciation against the Singapore Dollar as sales in China and Malaysia markets accounted for 49% of Group revenue.

Although the Group’s revenue declined, its gross profit (GP) in FY2016 increased 1.6% to S\$29.1 million which widened GP margin to 56.9% from 55.0% in FY2015. At the bottom line, net profit softened 1.1% to S\$11.9 million in FY2016 due mainly to higher tax expenses.

In line with Micro-Mechanics’ consistent practice of rewarding shareholders, the Group plans to pay a final dividend of 3.0 cents per share and a special dividend of 1.0 cent per share on 18 November 2016. Together with the interim dividend of 2.0 cents per share, this will raise its total dividends for FY2016 to 6.0 cents per share from 5.0 cents for FY2015, and translate to a payout ratio of 70%. Including this final dividend, the Group would have distributed a total of 45.9 cents per share to shareholders since its public listing in 2003.

CEO of Micro-Mechanics, Mr Chris Borch said, “The Group was able to deliver a resilient performance in FY2016 despite a cyclical slowdown in the global semiconductor industry since the second half of 2015. Our revenue would have been higher if not for the depreciation of the Renminbi and Ringgit as our two largest markets – China and Malaysia – recorded increased sales volumes.

While growing the Group’s top line and the value we create for our customers remains a key priority, we have also been benefiting from our continuous efforts to improve the Group’s GP margin by focusing on various strategies, such as 24/7 Machining, IT automation and department integration to enhance productivity and operational efficiency.”

As at 30 June 2016, Micro-Mechanics remained in a sound financial position. Its balance sheet had total assets of S\$59.3 million, shareholders’ equity of S\$50.2 million, cash and cash equivalents of S\$20.1 million and no bank borrowings.

*This news release should be read in conjunction with the Group’s financial statements posted on the SGX website on 29 August 2016.*

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## **About Micro-Mechanics**

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

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

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

Micro-Mechanics has won wide recognition for its high standard of corporate governance and quality of disclosure, corporate transparency and communications with investors. It is a six time recipient of the Best Investor Relations Award (small cap category) at the Singapore Corporate Awards 2015, 2014, 2013, 2012, 2011 and 2010. The Group was also a winner of the Best Managed Board (small cap category) at the Singapore Corporate Awards 2016, 2015 and 2012. In addition, it has received seven awards from the Securities Investors Association Singapore for its corporate transparency and governance practices, and was twice voted 'Best for Shareholders Rights and Equitable Treatment in Singapore' in the Asiamoney Corporate Governance Polls in 2009 and 2010.

For more information, please visit the Group's website at [www.micro-mechanics.com](http://www.micro-mechanics.com)