

NEWS RELEASE

Micro-Mechanics Net Profit Soars 96% to S\$2.7 million in 2Q15

- Improved profitability driven by higher sales, margin expansion and tight rein on expenses
- Net profit in 1H15 reaches a half-yearly record of S\$5.5 million
- Group is paying special and interim dividends totaling 2 cents per share for 1H15

Singapore, 31 January 2015 – Micro-Mechanics (Holdings) Ltd. (“Micro-Mechanics” or the “Group”), a manufacturer of high precision tools, parts and assemblies for high technology industries, today reported a 96% jump in its net profit to S\$2.7 million for the three months ended 31 December 2014 (“2Q15”).

The sterling improvement in the Group’s profitability in 2Q15 was attained on the back of revenue growth of 23.0% to S\$12.9 million, higher gross profit margin of 54.7% and a tight rein on overhead expenses.

Coupled with its strong performance in 1Q15, the Group achieved its highest-ever half-year net profit of S\$5.5 million for the six months ended 31 December 2014 (1H15), up 55.3% from S\$3.5 million in 1H14.

In line with Micro-Mechanics’ long-held practice of fairly rewarding its shareholders, the Group has raised its dividend payout to 2 cents per share for 1H15. This will comprise a special dividend of 1 cent per share on top of an interim dividend of 1.0 cent per share, which are to be paid on 17 February 2015.

CEO of Micro-Mechanics, Mr Chris Borch said, “The Group continued to perform strongly in 2Q15, thanks to the focus, effort and investments that we have put into improving operational efficiency and enhancing customer value.”

Micro-Mechanics’ results in 2Q15 were lifted by an improved performance of its semiconductor tooling division despite the seasonally slower conditions in the semiconductor sector during this period. This division, which serves customers that assemble and test semiconductors, posted robust sales growth of 28.5% to S\$11.1 million while its gross profit margin expanded to 61.8% from 55.4% in 2Q14.

“The Group continued to strengthen our foothold in the markets of North Asia. In 1H15, sales of our semiconductor tools in China and Taiwan grew by 37.4% and 39.5% respectively to provide a combined contribution of 35.9% of Group revenue. We intend to focus on steadily growing our business in these markets, particularly China where chip manufacturing activities are still expanding,” said Mr Borch.

The Custom Machining & Assembly (“CMA”) division is also making good progress with its engineering and development initiatives as nearly 70% of its manufacturing has successfully shifted to its new *24/7 Machining* line in the USA. To improve the CMA division’s performance, the Group is working to expedite this manufacturing transition, strengthen its engineering team and bolster its business development efforts.

As at 31 December 2014, Micro-Mechanics’ financial position remained sound with cash and cash equivalents of S\$13.5 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 31 January 2015.

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 five time recipient of the Best Investor Relations Award (small cap category) at the Singapore Corporate Awards 2014, 2013, 2012, 2011 and 2010. The Group also won the Gold award for Best Managed Board (small cap category) at the Singapore Corporate Awards 2012. In addition, it has received six 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