



NEWS RELEASE

Micro-Mechanics Net Profit Leaps by 51% to S\$7.7 Million in FY2014

- Group registers third consecutive year of revenue and net profit growth
- Bottom line improvement driven by increased sales, higher GP margin and tight cost control
- Proposes final dividend of 2 cents per share; brings total dividends for FY2014 to 3 cents per share

Singapore, 28 August 2014 – Micro-Mechanics (Holdings) Ltd. (“Micro-Mechanics” or the “Group”) a manufacturer of high precision tools, parts and assemblies for high technology industries, today reported that its net profit leaped by 51.0% to S\$7.7 million for the 12 months ended 30 June 2014 (“FY2014”).

The Group’s improved profitability in FY2014 was achieved on the back of revenue growth of 12.0% to S\$43.9 million, an expansion in its gross profit margin to 50.7% and its tight rein on overhead expenses. In its fourth quarter ended 30 June 2014 (“4Q14”), the Group’s net profit jumped 57.8% to S\$2.4 million, marking its seventh consecutive quarter of double-digit, year-on-year net profit gains since 2Q13.

The Board of Directors has recommended a final dividend of 2.0 cents per share (1-tier tax exempt) payable on 19 November 2014. This will bring total dividends for FY2014 to 3.0 cents per share, unchanged from FY2013. Including this final dividend for FY2014, the Group would have distributed a total of 34.9 cents to shareholders since its public listing in 2003.

CEO of Micro-Mechanics, Mr Chris Borch said, “The Group delivered its third straight year of higher revenue and net profit in FY2014. Besides benefiting from higher sales and improved operational efficiencies, we were also able to keep overhead expenses in check despite escalating cost pressures in many of the markets where we operate. As a result, the Group’s net profit margin in FY2014 expanded significantly to 17.6%, compared to 13.1% in FY2013.”

The Group’s semiconductor tooling division saw steady sales growth of 8.7% to S\$36.7 million in FY2014 to account for 83.7% of Group revenue. The Custom Machining & Assembly (“CMA”) division also had an encouraging performance with sales increasing 32.9% to S\$7.1 million in FY2014.

“As China continues developing into a major center for global chip manufacturing activity, we have been steadily broadening our customer base and expanding sales in this key market for semiconductor tools. As a result, sales of our semiconductor tools in China increased 19.4% to S\$9.9 million in FY2014 which made China our largest geographical market with a contribution of 22% to Group revenue.

Our CMA division also showed steady progress during FY2014. In addition to increased sales, the division’s GP margin widened to 23.2% from 6.3% in FY2013. We intend to continue advancing our innovative approach and operational processes for repeatable, scalable and cost-effective machining,” said Mr Borch.

As at 30 June 2014, Micro-Mechanics remained in a sound financial position with a balance sheet that had cash and cash equivalents of S\$11.1 million and no bank borrowings.

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This news release should be read in conjunction with the Group's financial statements posted on the SGX website on 28 August 2014.

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