

MICRO-MECHANICS (HOLDINGS) LTD

Condensed Interim Financial Statements  
For Third Quarter and 9 Months Ended  
31 March 2024

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**A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER AND 9 MONTHS ENDED 31 MARCH 2024**

	Note	Group					
		Q3			Year-to-date (9 months)		
		Jan to Mar 2024 S\$	Jan to Mar 2023 S\$	Change	Jul to Mar 2024 S\$	Jul to Mar 2023 S\$	Change
Revenue	E4	13,609,940	14,912,076	(8.7%)	42,962,432	51,826,511	(17.1%)
Cost of sales		(7,292,186)	(8,385,920)	(13.0%)	(22,712,294)	(27,436,804)	(17.2%)
<b>Gross profit</b>		<b>6,317,754</b>	<b>6,526,156</b>	(3.2%)	<b>20,250,138</b>	<b>24,389,707</b>	(17.0%)
Other income	E5	86,109	189,423	(54.5%)	280,254	418,653	(33.1%)
Distribution costs		(762,123)	(673,358)	13.2%	(2,165,231)	(2,116,140)	2.3%
Administrative expenses		(2,144,818)	(2,392,177)	(10.3%)	(6,714,165)	(7,858,602)	(14.6%)
Other operating expenses		(883,860)	(1,263,327)	(30.0%)	(2,815,517)	(3,907,296)	(27.9%)
<b>Profit from operations</b>		<b>2,613,062</b>	<b>2,386,717</b>	9.5%	<b>8,835,479</b>	<b>10,926,322</b>	(19.1%)
Finance income		45,905	34,333	33.7%	155,764	124,476	25.1%
Finance costs		(72,539)	(83,454)	(13.1%)	(376,339)	(288,955)	30.2%
Net finance costs		(26,634)	(49,121)	(45.8%)	(220,575)	(164,479)	34.1%
<b>Profit before income tax</b>	E5	<b>2,586,428</b>	<b>2,337,596</b>	10.6%	<b>8,614,904</b>	<b>10,761,843</b>	(19.9%)
Income tax expense	E6	(742,169)	(702,110)	5.7%	(2,657,139)	(2,982,709)	(10.9%)
<b>Profit after tax</b>		<b>1,844,259</b>	<b>1,635,486</b>	12.8%	<b>5,957,765</b>	<b>7,779,134</b>	(23.4%)
<b>Non-controlling interests</b>		-	-		-	-	
<b>Profit for the period</b>		<b>1,844,259</b>	<b>1,635,486</b>	12.8%	<b>5,957,765</b>	<b>7,779,134</b>	(23.4%)
Profit for the period		<b>1,844,259</b>	<b>1,635,486</b>	12.8%	<b>5,957,765</b>	<b>7,779,134</b>	(23.4%)
<b>Other comprehensive income:</b>							
<b>Item that is or may be reclassified subsequently to profit or loss:</b>							
Foreign currency translation differences for foreign operations, net of tax		335,588	(120,428)	(378.7%)	(158,012)	(1,728,894)	(90.9%)
<b>Total comprehensive income for the period</b>		<b>2,179,847</b>	<b>1,515,058</b>	43.9%	<b>5,799,753</b>	<b>6,050,240</b>	(4.1%)
Earnings per share:	E7						
Basic (SGD in cent)		1.33	1.18	12.7%	4.29	5.60	(23.4%)
Diluted (SGD in cent)		1.33	1.18	12.7%	4.29	5.60	(23.4%)

**B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**

	Note	Group 31 Mar 24 S\$	Group 30 Jun 23 S\$	Company 31 Mar 24 S\$	Company 30 Jun 23 S\$
<b>Non-current assets</b>					
Property, plant and equipment	E9	23,103,460	25,445,458	-	-
Right-of-use assets		2,030,561	2,119,176	-	-
Investment property	E10	266,388	280,958	-	-
Subsidiaries		-	-	29,095,544	29,095,544
Trade and other receivables	E11	496,599	488,744	-	-
Deferred tax asset		20,198	22,072	-	-
		25,917,206	28,356,408	29,095,544	29,095,544
<b>Current assets</b>					
Current tax assets		-	-	25	-
Inventories		4,197,192	4,323,055	-	-
Trade and other receivables	E11	11,047,252	11,244,667	1,344,916	1,546,791
Cash and cash equivalents		13,050,071	14,266,863	2,664,963	2,326,039
		28,294,515	29,834,585	4,009,904	3,872,830
<b>Total assets</b>		54,211,721	58,190,993	33,105,448	32,968,374
<b>Shareholders' equity</b>					
Share capital	E12	14,782,931	14,782,931	14,782,931	14,782,931
Reserves		(2,154,360)	(1,996,348)	-	-
Accumulated profits		31,271,320	33,655,467	17,659,783	17,467,364
		43,899,891	46,442,050	32,442,714	32,250,295
<b>Non-current liabilities</b>					
Deferred tax liabilities		1,500,178	1,591,500	279,187	206,203
Trade and other payables	E13	512,426	713,584	-	-
Provisions		359,649	327,091	-	-
Lease liabilities		679,673	1,012,723	-	-
		3,051,926	3,644,898	279,187	206,203
<b>Current liabilities</b>					
Trade and other payables	E13	4,574,811	5,908,553	383,547	509,459
Lease liabilities		1,455,825	1,183,468	-	-
Current tax payable		1,229,268	1,012,024	-	2,417
		7,259,904	8,104,045	383,547	511,876
<b>Total liabilities</b>		10,311,830	11,748,943	662,734	718,079
<b>Total equity and liabilities</b>		54,211,721	58,190,993	33,105,448	32,968,374

**C. CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**

	Share Capital	Foreign Currency Translation Reserve	Accumulated remeasure- ment on retirement benefits	Accumulated Profits	Total
	S\$	S\$	S\$	S\$	S\$
<b>The Group</b>					
As at 1 July 2022	14,782,931	144,547	27,959	43,349,450	58,304,887
<b>Total comprehensive income for the period:</b>					
Profit for the period	-	-	-	7,779,134	7,779,134
<b>Other comprehensive income:</b>					
Foreign currency translation differences	-	(1,728,894)	-	-	(1,728,894)
Total comprehensive income for the period	-	(1,728,894)	-	7,779,134	6,050,240
<b>Transactions with owners of the Company, recognised directly in equity</b>					
Final dividend of 6.0 cents per share & special dividend of 2.0 cent per share (one tier tax- exempt) in respect of FY2022	-	-	-	(11,122,551)	(11,122,551)
Interim dividend of 6.0 cents per share (one-tier tax exempt) in respect of FY2023	-	-	-	(8,341,912)	(8,341,912)
Total transactions with owners of the Company	-	-	-	(19,464,463)	(19,464,463)
<b>As at 31 March 2023</b>	<b>14,782,931</b>	<b>(1,584,347)</b>	<b>27,959</b>	<b>31,664,121</b>	<b>44,890,664</b>
As at 1 July 2023	14,782,931	(2,004,754)	8,406	33,655,467	46,442,050
<b>Total comprehensive income for the period:</b>					
Profit for the period	-	-	-	5,957,765	5,957,765
<b>Other comprehensive income:</b>					
Foreign currency translation differences	-	(158,012)	-	-	(158,012)
Total comprehensive income for the period	-	(158,012)	-	5,957,765	5,799,753
<b>Transactions with owners of the Company, recognised directly in equity</b>					
Final dividend of 3.0 cents per share (one-tier tax exempt) in respect of FY2023	-	-	-	(4,170,956)	(4,170,956)
Interim dividend of 3.0 cents per share (one-tier tax exempt) in respect of FY2024	-	-	-	(4,170,956)	(4,170,956)
Total transactions with owners of the Company	-	-	-	(8,341,912)	(8,341,912)
<b>As at 31 March 2024</b>	<b>14,782,931</b>	<b>(2,162,766)</b>	<b>8,406</b>	<b>31,271,320</b>	<b>43,899,891</b>

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Condensed Interim Financial Statements for Third Quarter and 9 Months Ended 31 March 2024

	Share Capital  S\$	Foreign Currency Translation Reserve  S\$	Accumulated Profits  S\$	Total  S\$
<b>The Company</b>				
As at 1 July 2022	14,782,931	-	24,020,106	38,803,037
<b>Total comprehensive income for the period:</b>				
Profit for the period	-	-	9,665,061	9,665,061
Total comprehensive income for the period	-	-	9,665,061	9,665,061
<b>Transactions with owners of the Company, recognised directly in equity</b>				
Final dividend of 6.0 cents per share & special dividend of 2.0 cent per share (one tier tax- exempt) in respect of FY2022	-	-	(11,122,551)	(11,122,551)
Interim dividend of 6 cents per share (one-tier tax exempt) in respect of FY2023	-	-	(8,341,912)	(8,341,912)
Total transactions with owners of the Company	-	-	(19,464,463)	(19,464,463)
<b>As at 31 March 2023</b>	<b>14,782,931</b>	<b>-</b>	<b>14,220,704</b>	<b>29,003,635</b>
As at 1 July 2023	14,782,931	-	17,467,364	32,250,295
<b>Total comprehensive income for the period:</b>				
Profit for the period	-	-	8,534,331	8,534,331
Total comprehensive income for the period	-	-	8,534,331	8,534,331
<b>Transactions with owners of the Company, recognised directly in equity</b>				
Final dividend of 3.0 cents per share (one-tier tax exempt) in respect of FY2023	-	-	(4,170,956)	(4,170,956)
Interim dividend of 3.0 cents per share (one-tier tax exempt) in respect of FY2024	-	-	(4,170,956)	(4,170,956)
Total transactions with owners of the Company	-	-	(8,341,912)	(8,341,912)
<b>As at 31 March 2024</b>	<b>14,782,931</b>	<b>-</b>	<b>17,659,783</b>	<b>32,442,714</b>

**D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASHFLOW FOR THE 9 MONTHS ENDED 31 MARCH 2024**

	GROUP			
	Q3		Year-to-date (9 months)	
	Jan to Mar 2024 S\$	Jan to Mar 2023 S\$	Jul to Mar 2024 S\$	Jul to Mar 2023 S\$
<b>Cash flows from operating activities</b>				
Profit for the period	1,844,259	1,635,486	5,957,765	7,779,134
Adjustments for:				
Depreciation of property, plant and equipment	1,590,153	1,670,104	4,901,899	5,037,599
Depreciation of investment property	3,226	3,455	9,811	10,438
Property, plant and equipment written off	198	13	8,582	61
Loss/ (gain) on disposal of property, plant and equipment	37	(57,545)	(9,523)	(63,917)
Interest income	(45,905)	(34,333)	(155,764)	(124,476)
Interest expense on lease liabilities	39,903	27,678	136,729	66,110
Tax expense	742,169	702,110	2,657,139	2,982,709
<b>Operating profit before changes in working capital</b>	<b>4,174,040</b>	<b>3,946,968</b>	<b>13,506,638</b>	<b>15,687,658</b>
Inventories	39,597	254,839	116,266	417,540
Trade and other receivables	(118,334)	923,222	182,420	4,669,052
Trade and other payables	(119,115)	(1,730,873)	(1,103,964)	(2,864,752)
Cash generated from operations	3,976,188	3,394,156	12,701,360	17,909,498
Income tax paid	(790,452)	(1,770,069)	(2,525,339)	(3,986,309)
<b>Net cash from operating activities</b>	<b>3,185,736</b>	<b>1,624,087</b>	<b>10,176,021</b>	<b>13,923,189</b>
<b>Cash flows from investing activities</b>				
Payment of property, plant and equipment	(662,231)	(426,168)	(1,960,026)	(2,938,864)
Proceeds from disposal of property, plant and equipment	2,142	60,276	17,935	81,633
Interest received	47,117	34,180	151,851	114,634
<b>Net cash used in investing activities</b>	<b>(612,972)</b>	<b>(331,712)</b>	<b>(1,790,240)</b>	<b>(2,742,597)</b>
<b>Cash flows from financing activities</b>				
Payment of lease liabilities	(397,817)	(329,958)	(1,172,547)	(972,272)
Dividends paid	(4,170,956)	(8,341,912)	(8,341,912)	(19,464,463)
<b>Net cash used in financing activities</b>	<b>(4,568,773)</b>	<b>(8,671,870)</b>	<b>(9,514,459)</b>	<b>(20,436,735)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,996,009)</b>	<b>(7,379,495)</b>	<b>(1,128,678)</b>	<b>(9,256,143)</b>
Cash and cash equivalents at beginning of period	14,825,828	17,861,944	14,122,013	20,210,293
Effect of exchange rate fluctuations	77,902	41,898	(85,614)	(429,803)
<b>Cash and cash equivalents at the end of period</b>	<b>12,907,721</b>	<b>10,524,347</b>	<b>12,907,721</b>	<b>10,524,347</b>

Note:

(i) Cash and cash equivalent is derived from:

	Group 31 Mar 24 S\$	Group 31 Mar 23 S\$
Cash and cash equivalent balances	13,050,071	10,674,797
Less: Pledged cash placed with bank	(142,350)	(150,450)
	12,907,721	10,524,347

## **E. SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

### **E1 Corporate information**

Micro-Mechanics (Holdings) Ltd. (the Company) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for third quarter and 9 months ended 31 March 2024 comprise the Company and its subsidiaries (collectively, the Group).

The Group is primarily involved in the manufacturing of precision tools and components.

### **E2 Basis of preparation**

The condensed interim financial statements have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 30 June 2023.

Other than adoption of the amended standards as set out in E2.2, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 30 June 2023, which were in accordance with SFRS(I)s.

The condensed financial statements are prepared on the historical cost basis, except for certain financial instruments which are stated at fair value.

The condensed financial statements are presented in Singapore dollars which is the Company's functional currency.

#### **E2.1 Use of estimates and judgements**

The preparation of condensed financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### **E2.2 Changes in accounting policies**

New standards and amendments

The Group has adopted the following SFRS(I) and amendments to SFRS(I) for the first time for the annual period beginning on 1 July 2023:

- Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-Current
- SFRS(I) 17 Insurance Contracts and Amendments to SFRS(I) 17 Insurance Contracts
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies
- Amendments to SFRS(I) 1-8: Definition of Accounting Estimates
- Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback

The adoption of the above SFRS(I) and amendments to SFRS(I) does not have a material effect on the financial statements of the Group and of the Company.



**E3 Seasonal operations**

The Group's businesses were not affected significantly by seasonal factors during the financial period.

**E4 Revenue**

Revenue of the Group represents the value of goods invoiced to third parties. Revenue comprises sale of precision tools and components.

**Revenue breakdown by Geographical Market**

Country	Group									
	3Q24		3Q23		% change	9M24		9M23		% change
	S\$	%	S\$	%		S\$	%	S\$	%	
Singapore	1,399,415	10.3%	1,587,522	10.6%	(11.8%)	3,597,364	8.4%	6,570,872	12.7%	(45.3%)
Malaysia	2,154,541	15.8%	2,056,017	13.8%	4.8%	7,025,842	16.4%	7,403,470	14.3%	(5.1%)
Philippines	781,753	5.8%	1,180,095	7.9%	(33.8%)	2,468,121	5.7%	3,875,068	7.5%	(36.3%)
Thailand	284,457	2.1%	246,512	1.7%	15.4%	804,839	1.9%	899,305	1.7%	(10.5%)
China	4,777,780	35.1%	4,247,320	28.5%	12.5%	15,039,367	35.0%	14,150,323	27.3%	6.3%
USA	2,264,262	16.6%	3,901,806	26.2%	(42.0%)	8,477,071	19.7%	13,296,026	25.7%	(36.2%)
Europe	669,861	4.9%	760,235	5.1%	(11.9%)	2,026,934	4.7%	2,343,759	4.5%	(13.5%)
Japan	170,566	1.3%	194,649	1.3%	(12.4%)	623,415	1.5%	637,881	1.2%	(2.3%)
Taiwan	1,010,982	7.4%	626,790	4.2%	61.3%	2,580,317	6.0%	2,190,951	4.2%	17.8%
Rest of world	96,323	0.7%	111,130	0.7%	(13.3%)	319,162	0.7%	458,856	0.9%	(30.4%)
<b>Total</b>	<b>13,609,940</b>	<b>100%</b>	<b>14,912,076</b>	<b>100%</b>	<b>(8.7%)</b>	<b>42,962,432</b>	<b>100%</b>	<b>51,826,511</b>	<b>100%</b>	<b>(17.1%)</b>

**E5 Profit before income tax**

The following items have been included in arriving at the profit before income tax:

	Q3			Year-to-date (9 months)		
	Jan to Mar 2024 S\$	Jan to Mar 2023 S\$	Change	Jul to Mar 2024 S\$	Jul to Mar 2023 S\$	Change
<b>Income:</b>						
(Loss)/gain on disposal of property, plant and equipment	(37)	57,545	(100.1%)	9,523	63,917	(85.1%)
Rental income	30,716	32,906	(6.7%)	93,406	97,968	(4.7%)
Government grant – Skill Redevelopment, Wage Credit and Capability Development Scheme	6,898	32,714	(78.9%)	23,888	48,587	(50.8%)
Others	48,532	66,258	(26.8%)	153,437	208,181	(26.3%)
<b>Expenses:</b>						
Depreciation of property, plant and equipment	1,229,419	1,360,927	(9.7%)	3,837,913	4,119,932	(6.8%)
Depreciation of investment property	3,226	3,455	(6.6%)	9,811	10,438	(6.0%)
Depreciation of right-of-use assets	360,734	309,177	16.7%	1,063,986	917,667	15.9%
Inventories written off	30,661	17,933	71.0%	84,796	55,910	51.7%
Property, plant and equipment written off	198	13	n.m.	8,582	61	n.m.
Trade receivables written off	1,798	-	n.m.	3,891	141	n.m.

n.m. not meaningful

**E5 Profit before income tax (continued)**

	Q3			Year-to-date (9 months)		
	Jan to Mar 2024 S\$	Jan to Mar 2023 S\$	Change	Jul to Mar 2024 S\$	Jul to Mar 2023 S\$	Change
<b>Finance income:</b>						
Interest income from banks and others	45,905	34,333	33.7%	155,764	124,476	25.1%
<b>Finance cost:</b>						
Bank charges	20,437	20,582	(0.7%)	67,087	68,966	(2.7%)
Unwind of discount on restoration cost provision	4,644	4,396	5.6%	13,743	9,128	50.6%
Interest expense on lease liabilities	39,903	27,679	44.2%	136,729	66,110	106.8%
Exchange loss	7,555	30,797	(75.5%)	158,780	144,751	9.7%

**E6 Income tax expense**

	Q3		Year-to-date (9 months)	
	Jan to Mar 2024 S\$	Jan to Mar 2023 S\$	Jul to Mar 2024 S\$	Jul to Mar 2023 S\$
<b>Tax charge</b>				
Current period	813,986	605,832	2,692,191	2,572,807
Over provision in prior years	(105,812)	(28,180)	(105,812)	(23,965)
	708,174	577,652	2,586,379	2,548,842
<b>Deferred tax</b>				
Origination and reversal of temporary differences	18,766	123,847	59,998	433,256
Under provision in prior years	15,229	611	10,762	611
	33,995	124,458	70,760	433,867
Total tax expense	742,169	702,110	2,657,139	2,982,709

**E7 Earnings per share**

The calculation of the basic earnings per share is based on:

	Group (Year-to-date) 9 months ended	
	31 Mar 2024	31 Mar 2023
Profit for the period	5,957,765	7,779,134
Weighted average number of ordinary shares in issue for calculation of basic and diluted earnings per share	139,031,881	139,031,881
Basic earnings per share (cents)	4.29	5.60

There is no difference between the basic earnings per ordinary share and the diluted earnings per ordinary share as there are no potentially dilutive ordinary shares at the end of either period.

**E8 Net Asset Value**

	<b>Group 31 Mar 24</b>	<b>Group 30 Jun 23</b>	<b>Company 31 Mar 24</b>	<b>Company 30 Jun 23</b>
Net Asset Value per ordinary share (cents)	31.58	33.40	23.33	23.20

The net asset value per ordinary share is calculated based on net assets of S\$43.9 million (30 June 2023: S\$46.4 million) and 139,031,881 (30 June 2023: 139,031,881) shares in issue at the end of the current financial period reported on/immediately preceding financial year.

**E9 Property, plant and equipment**

During the financial period ended 31 March 2024, the Group acquired property, plant and equipment with an aggregate cost of S\$1,612,708 (31 March 2023: S\$2,938,864). The amount of assets disposed for financial period ended 31 March 2024 was S\$16,994 (31 March 2023: S\$17,729).

**E10 Investment Property**

The property is an industrial building located in Malaysia. The fair value of the investment property as at 31 March 2024 was S\$2,847,000 (30 June 2023: S\$2,897,000). No independent valuer was engaged to perform the valuation. Management estimated the fair value of the Group's investment property by using the latest available market information for similar properties and recent experience and knowledge in the location and category of property being valued.

**E11 Trade and other receivables**

	<b>Group 31 Mar 24 S\$</b>	<b>Group 30 Jun 23 S\$</b>	<b>Company 31 Mar 24 S\$</b>	<b>Company 30 Jun 23 S\$</b>
Trade receivables	10,203,778	10,643,097	–	–
Other receivables	25,455	19,764	–	–
Deposits	416,328	409,694	–	–
Amount owing by subsidiaries (non-trade)	–	–	1,317,636	1,533,843
Financial assets at amortised cost	10,645,561	11,072,555	1,317,636	1,533,843
Advances to suppliers	104,218	107,228	–	–
Prepayments	746,787	505,126	27,280	12,948
GST receivables	46,220	44,102	–	–
Forward exchange contracts	1,065	4,400	–	–
Trade and other receivables	11,543,851	11,733,411	1,344,916	1,546,791
Non-current	496,599	488,744	–	–
Current	11,047,252	11,244,667	1,344,916	1,546,791
	11,543,851	11,733,411	1,344,916	1,546,791

The decrease in trade receivables was in line with the lower sales. The Company provides customers with credit terms that range from between 30 days to 90 days. There was no change in the Group's business activities or its credit terms during the financial period.

There were no trade receivables classified under non-current assets as at 31 March 2024. The amount of S\$496,599 (30 June 2023: S\$488,744) classified as non-current comprised of mainly deposits for factory rental, utilities and advances to suppliers for the purchase of equipment.

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The aging profile of the Group's trade and other receivables (excluding deposits) as at 31 March 2024 were as follows:

	<b>Group 31 Mar 24 S\$</b>	<b>Group 30 Jun 23 S\$</b>	<b>Company 31 Mar 24 S\$</b>	<b>Company 30 Jun 23 S\$</b>
Current	7,667,519	8,425,602	–	1,395,320
Past due 1-30 days	1,795,627	1,810,298	–	–
Past due 31-60 days	634,155	287,123	–	–
Past due 61-90 days	73,297	65,779	–	–
More than 90 days	58,635	74,059	1,317,636	138,523
	<b>10,229,233</b>	<b>10,662,861</b>	<b>1,317,636</b>	<b>1,533,843</b>

During the financial period ended 31 March 2024, the Group registered bad debts written off amounted to S\$3,891 (31 March 2023: S\$141). The outstanding amounts over 90 days in past years have been generally minimal. The Group's finance team has been conscientiously engaging customers to ensure timely collection of payment.

The Board has no immediate concern on the recoverability of the trade and other receivables balances as at 31 March 2024.

**E12 Share Capital**

	<b>31 March 2024</b>		<b>30 June 2023</b>	
	<b>Number of shares</b>	<b>S\$</b>	<b>Number of shares</b>	<b>S\$</b>
Fully paid ordinary shares with no par value				
At 1 July and 31 March	139,031,881	14,782,931	139,031,881	14,782,931

There was no movement in the issued and paid-up capital of the Company since 30 June 2023.

There were no outstanding convertibles as at 31 March 2024 (30 June 2023: Nil).

The Company did not hold any treasury shares as at 31 March 2024 (30 June 2023: Nil). There was no sale, transfer, disposal, cancellation and use of treasury shares during the nine months ended 31 March 2024.

**E13 Trade and other payables**

	<b>Group 31 Mar 24 S\$</b>	<b>Group 30 Jun 23 S\$</b>	<b>Company 31 Mar 24 S\$</b>	<b>Company 30 Jun 23 S\$</b>
Trade payables	703,788	726,583	–	–
Other payables	888,590	1,442,220	35,250	31,182
Amount owing to subsidiaries (non-trade)	–	–	–	–
Accrued expenses	2,812,271	3,854,680	348,297	478,277
Advances from customers	142,732	75,661	–	–
Forward exchange contracts	35,265	38,595	–	–
Provision for retirement benefits	504,591	484,398	–	–
	<b>5,087,237</b>	<b>6,622,137</b>	<b>383,547</b>	<b>509,459</b>
Non-current	512,426	713,584	–	–
Current	4,574,811	5,908,553	383,547	509,459
	<b>5,087,237</b>	<b>6,622,137</b>	<b>383,547</b>	<b>509,459</b>

#### E14 Borrowings

The Group does not have any bank borrowings as at 31 March 2024 and 30 June 2023.

#### E15 Financial assets and financial liabilities

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Financial assets at amortised cost S\$	Designated at fair value S\$	Other financial liabilities S\$	Total carrying amount S\$	Fair value S\$
<b>Group</b>					
<b>31 March 2024</b>					
Trade and other receivables*	10,645,561	–	–	10,645,561	
Forward exchange contracts – assets	–	1,065	–	1,065	1,065
Cash and cash equivalents	13,050,071	–	–	13,050,071	
	<u>23,695,632</u>	<u>1,065</u>	<u>–</u>	<u>23,696,697</u>	
Trade and other payables**	–	–	(2,489,705)	(2,489,705)	
Forward exchange contracts - liability	–	(35,265)	–	(35,265)	(35,265)
	<u>–</u>	<u>(35,265)</u>	<u>(2,489,705)</u>	<u>(2,524,970)</u>	
	Financial assets at amortised cost S\$	Designated at fair value S\$	Other financial liabilities S\$	Total carrying amount S\$	Fair value S\$
<b>Group</b>					
<b>30 June 2023</b>					
Trade and other receivables*	11,072,555	–	–	11,072,555	
Forward exchange contracts - assets	–	4,400	–	4,400	4,400
Cash and cash equivalents	14,266,863	–	–	14,266,863	
	<u>25,339,418</u>	<u>4,400</u>	<u>–</u>	<u>25,343,818</u>	
Trade and other payables**	–	–	(2,825,108)	(2,825,108)	
Forward exchange contracts - liability	–	(38,595)	–	(38,595)	(38,595)
	<u>–</u>	<u>(38,595)</u>	<u>(2,825,108)</u>	<u>(2,863,703)</u>	
<b>Company</b>					
<b>31 March 2024</b>					
Trade and other receivables*	1,317,636	–	–	1,317,636	
Cash and cash equivalents	2,664,963	–	–	2,664,963	
	<u>3,982,599</u>	<u>–</u>	<u>–</u>	<u>3,982,599</u>	
Trade and other payables**	<u>–</u>	<u>–</u>	<u>(383,547)</u>	<u>(383,547)</u>	
<b>30 June 2023</b>					
Trade and other receivables*	1,533,843	–	–	1,533,843	
Cash and cash equivalents	2,326,039	–	–	2,326,039	
	<u>3,859,882</u>	<u>–</u>	<u>–</u>	<u>3,859,882</u>	
Trade and other payables**	<u>–</u>	<u>–</u>	<u>(509,459)</u>	<u>(509,459)</u>	

\* Excluding advances to suppliers, prepayments and forward exchange contracts.

\*\* Excluding advances from customers, forward exchange contracts, provision for reinstatement costs and provision for retirement benefits.

*Fair value hierarchy*

The table below analyses fair value measurements for financial assets and financial liabilities, the levels of fair value hierarchy based on the inputs to valuation techniques. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	<b>Level 2</b>	<b>Total</b>
	<b>S\$</b>	<b>S\$</b>
<b>Group</b>		
<b>31 March 2024</b>		
Forward exchange contracts – asset	1,065	1,065
Forward exchange contracts – liability	(35,265)	(35,265)
	<hr/> <hr/>	<hr/> <hr/>
<b>30 June 2023</b>		
Forward exchange contracts – asset	4,400	4,400
Forward exchange contracts – liability	(38,595)	(38,595)
	<hr/> <hr/>	<hr/> <hr/>

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**E16 Segment reporting**

**Operating Segments 9M24**

	Singapore	Malaysia	The Philippines	USA	China	Elimination	Consolidated
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Total revenue from external customers	10,791,853	7,480,034	2,609,855	7,500,002	14,580,688	-	42,962,432
Inter-segment revenue	4,154,115	872,261	322,610	1,399	-	(5,350,385)	-
<b>Total revenue</b>	<b>14,945,968</b>	<b>8,352,295</b>	<b>2,932,465</b>	<b>7,501,401</b>	<b>14,580,688</b>	<b>(5,350,385)</b>	<b>42,962,432</b>
Segment result	2,701,487	3,311,521	350,398	(1,837,237)	4,852,944	(186,837)	9,192,276
Unallocated expenses							(577,372)
Profit from operations							8,614,904
Income tax expenses	(435,571)	(704,180)	(50,927)	(4,070)	(1,235,125)	(227,266)	(2,657,139)
Net profit for the period							<u>5,957,765</u>
Segment assets	16,298,890	8,422,123	2,854,764	11,404,780	12,923,464	(384,544)	51,519,477
Unallocated assets							
Others							2,692,244
<b>Total assets</b>							<u>54,211,721</u>
Segment liabilities	(2,473,626)	(426,664)	(882,624)	(1,575,778)	(1,563,785)	(276,359)	(7,198,836)
Unallocated liabilities							
Income tax	(1,528,323)	(504,208)	(23,415)	-	(394,338)	(279,162)	(2,729,446)
Others							(383,548)
<b>Total liabilities</b>							<u>(10,311,830)</u>
Other segment information:							
Capital expenditure	528,718	209,972	442,299	107,268	324,450	-	1,612,707
Depreciation	1,629,087	521,867	372,641	1,687,272	708,975	(8,132)	4,911,710
Non-current assets	9,994,150	4,035,003	1,752,251	6,723,715	3,502,838	(90,751)	25,917,206

**Major customers**

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

	Singapore	Malaysia	The Philippines	USA	China	Total
	S\$	S\$	S\$	S\$	S\$	S\$
<b>9M24</b>						
Revenue	1,186,119	1,995,248	1,851,644	6,464,770	1,892,049	13,389,830
Number of customers	1	2	4	4	1	12

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**Operating Segments 9M23**

	Singapore	Malaysia	The Philippines	USA	China	Elimination	Consolidated
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Total revenue from external customers	11,392,548	8,185,356	4,015,957	14,875,151	13,357,499	-	51,826,511
Inter-segment revenue	3,984,575	880,284	302,241	3,618	-	(5,170,718)	-
Total revenue	15,377,123	9,065,640	4,318,198	14,878,769	13,357,499	(5,170,718)	51,826,511
Segment result	2,662,698	3,737,454	1,378,822	(810,237)	4,787,513	(415,602)	11,340,648
Unallocated expenses							(578,805)
Profit from operations							10,761,843
Income tax expense	(462,542)	(898,335)	(101,952)	(5,253)	(1,188,452)	(326,175)	(2,982,709)
Net profit for the period							7,779,134
Segment assets	16,889,633	10,026,734	3,029,512	13,692,944	13,297,596	(549,648)	56,386,771
Unallocated assets							433,482
Others							56,820,253
Total assets							
Segment liabilities	(2,986,904)	(535,451)	(895,627)	(1,538,492)	(1,932,050)	(603,415)	(8,491,939)
Unallocated liabilities							
Income tax	(1,442,457)	(526,094)	(30,197)	-	(589,161)	(452,018)	(3,039,927)
Others							(397,723)
Total liabilities							(11,929,589)
Other segment information:							
Capital expenditure	1,170,741	810,247	284,348	633,837	148,743	(109,052)	2,938,864
Depreciation	1,721,759	555,415	375,828	1,665,153	745,973	(16,091)	5,048,037
Non-current assets	11,861,229	4,620,467	1,813,781	7,740,807	4,044,904	(106,051)	29,975,137

**Major customers**

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

	Singapore	Malaysia	The Philippines	USA	China	Total
	S\$	S\$	S\$	S\$	S\$	S\$
<b>9M23</b>						
Revenue	1,648,471	2,160,440	3,145,715	13,827,920	2,090,688	22,873,234
Number of customers	1	2	4	4	1	12

**E17 Subsequent events**

There were no known subsequent events which have led to adjustments to this set of condensed interim financial statements.



**F. OTHER INFORMATION REQUIRE BY LISTING RULE APPENDIX 7.2****F1 Review**

The condensed interim consolidated statement of financial position of Micro-Mechanics (Holdings) Ltd and its subsidiaries as at 31 March 2024 and the related condensed interim consolidated profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the period then ended and certain explanatory notes have not been audited or reviewed.

**F1.1 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**F1.2 Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—****(a) Updates on the efforts taken to resolve each outstanding audit issue.**

The audited financial statements for the year ended 30 June 2023 was not subjected to an adverse opinion, qualified opinion or disclaimer of opinion.

**(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable.

**F2 Review of Group Performance****REVIEW OF PROFIT AND LOSS*****Semiconductor Industry Review***

According to the Semiconductor Industry Association (SIA), global semiconductor sales for the months of January and February 2024 totaled US\$93.8 billion, which represented an increase of around 16% from the same two-month period in 2023. On a sequential basis however, chip sales has decreased from US\$48.7 billion in December 2023 to US\$47.6 billion in January 2024 and US\$46.2 billion in February 2024. Despite slightly lower month-to-month sales, SIA said that market growth is projected to persist during the remainder of the year in view of the continuation of strong year-to-year growth in sales.

In its Semiconductor Market Forecast released on 28 November 2023, the World Semiconductor Trade Statistics Organization (WSTS) is projecting the worldwide semiconductor market to grow 13.1% to US\$588 billion in 2024.

*Note: The SIA report covers global semiconductor sales, and while the Group's manufacturing of high precision tools and parts is part of the semiconductor industry's supply chain, the performance of our specific business segment in any particular time period may not always correlate with the general sales trend of the semiconductor industry.*

***Group Revenue***

		1Q	2Q	3Q	4Q	Full Year
REVENUE	FY2024	S\$15,850,106	S\$13,502,386	S\$13,609,940	NA	NA
	FY2023	S\$20,193,798	S\$16,720,637	S\$14,912,076	S\$15,195,482	S\$67,021,993
	% growth	(21.5%)	(19.2%)	(8.7%)	NA	NA

For the three months ended 31 March 2024 (3Q24), the Group's revenue decreased by 8.7% year-on-year (yoy) from S\$14.9 million in 3Q23 to S\$13.6 million. On a quarter-on-quarter (qoq) basis, Group revenue in 3Q24 was comparable to S\$13.5 million in 2Q24.

For the nine months ended 31 March 2024 (9M24), the Group's revenue decreased by 17.1% to S\$43.0 million as compared to S\$51.8 million in 9M23. This was due mainly to the global semiconductor industry which continued to work through excess inventory built up during the recent downturn. The slowdown was relatively significant in the Wafer-Fabrication Equipment ("WFE") sector. This affected its subsidiary in the USA ("MMUS") where sales declined to S\$7.5 million in 9M24 from S\$14.9 million in the previous corresponding period. Subsidiaries in Asia, which produce mainly process-critical consumable tools for chip packaging processes, registered a marginal dip in sales of 4% to S\$35.5 million, mainly mitigated by a pick-up in orders from China market during 9M24.

#### Revenue breakdown by Geographical Market

Country	Group										
	2Q24 S\$ m	3Q24 S\$ m	%	3Q23 S\$ m	%	% change	9M24 S\$ m	9M24 S\$ m	9M23 S\$ m	%	% change S\$ m
Singapore	1.1	1.4	10.3%	1.6	10.6%	(11.8%)	3.6	8.4%	6.6	12.7%	(45.3%)
Malaysia	2.3	2.2	15.8%	2.1	13.8%	4.8%	7.1	16.4%	7.4	14.3%	(5.1%)
Philippines	0.8	0.8	5.8%	1.2	7.9%	(33.8%)	2.5	5.7%	3.9	7.5%	(36.3%)
Thailand	0.2	0.3	2.1%	0.2	1.7%	15.4%	0.8	1.9%	0.9	1.7%	(10.5%)
China	4.9	4.7	35.1%	4.2	28.5%	12.5%	15.0	35.0%	14.1	27.3%	6.3%
USA	2.5	2.2	16.6%	3.9	26.2%	(42.0%)	8.5	19.7%	13.3	25.7%	(36.2%)
Europe	0.6	0.7	4.9%	0.8	5.1%	(11.9%)	2.0	4.7%	2.3	4.5%	(13.5%)
Japan	0.2	0.2	1.3%	0.2	1.3%	(12.4%)	0.6	1.5%	0.6	1.2%	(2.3%)
Taiwan	0.8	1.0	7.4%	0.6	4.2%	61.3%	2.6	6.0%	2.2	4.2%	17.8%
Rest of world	0.1	0.1	0.7%	0.1	0.7%	(13.3%)	0.3	0.7%	0.5	0.9%	(30.4%)
<b>Total</b>	<b>13.5</b>	<b>13.6</b>	<b>100%</b>	<b>14.9</b>	<b>100%</b>	<b>(8.7%)</b>	<b>43.0</b>	<b>100%</b>	<b>51.8</b>	<b>100%</b>	<b>(17.1%)</b>

Based on geographical markets, the Group registered higher yoy sales in China, Malaysia and Taiwan which partially buffered the decreased sales in other markets in 3Q24.

Sales in China grew 12.5% yoy to S\$4.7 million in 3Q24 on the back of stable domestic sales that was driven by demand from the electric vehicle and mobile phone sectors. China remained as the Group's largest geographical market with a 35.1% contribution to Group revenue in 3Q24.

Sales in the USA decreased 42.0% to S\$2.2 million in 3Q24 in tandem with the subdued conditions in the WFE sector. The USA market remained as our second largest market which accounted for 16.6% of Group revenue in 3Q24.

In Malaysia, the Group registered a moderate increase in sales of 4.8% to S\$2.2 million in 3Q24 which constituted 15.8% of Group revenue. Sales in Singapore decreased 11.8% to S\$1.4 million in 3Q24, due mainly to lower sales of WFE products. The Singapore market made up 10.3% of Group revenue in 3Q24.

#### Capacity Utilisation

Capacity Utilisation		1Q	2Q	3Q	4Q	Full Year
	FY2024	50%	41%	47%	NA	NA
FY2023	61%	55%	50%	50%	54%	

The Group's average capacity utilisation rate decreased to 47% in 3Q24 from 50% in 3Q23, in tandem with the reduction in the Group's revenue.

#### Gross Profit (GP) Margin

Group GP Margin		1Q	2Q	3Q	4Q	Full Year
	FY2024	48.8%	45.9%	46.4%	NA	NA
	FY2023	51.0%	45.2%	43.8%	44.7%	46.5%

The Group's gross profit decreased 3.2% yoy to S\$6.3 million in 3Q24. As the cost structure of the Group's operations is largely fixed in nature, any significant reduction in our revenue can have an adverse impact on the Group's GP margin. Notwithstanding lower revenue in 3Q24, the Group's GP margin improved from 43.8% in 3Q23 to 46.4% in 3Q24, attributed mainly to a change in sales mix and our ongoing efforts to control costs.

The Group GP margin remained stable at 47.1% for both 9M24 and 9M23.

#### *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
	FY2024	S\$3,982,469	S\$3,921,439	S\$3,731,326	NA	NA
	% of sales	25.1%	29.0%	27.4%		
FY2023	S\$4,651,508	S\$4,787,796	S\$4,188,560	S\$3,932,982	S\$17,560,846	
% of sales	23.0%	28.6%	28.1%	25.9%	26.2%	

Other income decreased 54.5% to S\$86k in 3Q24 from S\$189k in 3Q23, owing mainly to an absence of gain on disposal of assets.

The Group continue to exercise vigilance on cost management. The rise in distribution costs by 13.2% to S\$0.8 million from the previous year's S\$0.7 million is attributed to higher travel expenses and sales commissions, which correlates with the uptick in sales activity in the Taiwanese market.

Administrative expenses have declined by 10.3% to S\$2.1 million from S\$2.4 million in 3Q23, a reflection of reduced staff expenses following a decrease in headcount. Similarly, other operating expenses saw a significantly decrease by 30.0% to S\$0.9 million compared to the same period last year, as a result of manpower optimisation initiatives at MMUS.

Overall, the Group's overhead expenses, net of other income, have reduced to S\$3.7 million from S\$4.2 million in 3Q23 with a lower overhead expense ratio of 27.4% against revenue. This is a notable improvement from the 28.1% recorded in 3Q23, reflecting the Group's continued efforts in cost management and resource optimisation.

#### *Profit before Tax and Net Profit*

Net Profit after tax		1Q	2Q	3Q	4Q	Full Year
	FY2024	S\$2,699,060	S\$1,414,446	S\$1,844,259	NA	NA
	FY2023	S\$4,246,771	S\$1,896,877	S\$1,635,486	S\$1,991,346	S\$9,770,480
% growth	(36.4%)	(25.4%)	12.8%	NA	NA	

As a result of the above, the Group's profit before tax increased by 10.6% to S\$2.6 million in 3Q24 from S\$2.3 million in 3Q23.

Income tax expenses increased by 5.7% to S\$742k in 3Q24 from S\$702k in 3Q23. The tax expense in 3Q24 included a provision of S\$226k for withholding tax on dividends to be remitted to Singapore from various overseas subsidiaries. The Group's effective tax rate decreased to 28.7% in 3Q24 from 30.0% in 3Q23 due mainly to higher taxable profit.

After deducting income tax expenses, the Group's net profit grew by 12.8% yoy to S\$1.8 million in 3Q24 from S\$1.6 million in 3Q23.

For 9M24, the Group's net profit decreased by 23.4% to S\$6.0 million from S\$7.8 million in 9M23 due to lower profit registered in 1H24. Net profit margin was 13.9% in 9M24 as compared to 15.0% in 9M23.

Correspondingly, the Group's earnings per share decreased to 4.29 cents in 9M24 from 5.60 cents in 9M23.

**Balance Sheet**

The Group remains in a sound financial position. As at 31 March 2024, it had a balance sheet with total assets of S\$54.2 million, shareholders' equity of S\$43.9 million, cash and cash equivalents of S\$13.1 million and no bank borrowings.

**Long Term Assets**

As at 31 March 2024, non-current assets decreased to S\$25.9 million as compared to S\$28.4 million as at 30 June 2023 due mainly to the depreciation of property, plant and equipment.

**Trade Receivables**

		As at end of 1Q	As at end of 1H	As at end of 3Q	As at end of 2H
Trade Receivables	FY2024	S\$11,126,896	S\$10,009,584	S\$10,203,778	NA
	≥ 90 days	0.1%	0.03%	0.6%	
	Write-off	S\$1,613	S\$480	S\$1,798	
	FY2023	S\$14,127,188	S\$11,246,346	S\$10,259,853	S\$10,643,097
	≥ 90 days	1.2%	0.2%	3.8%	0.7%
	Write-off	-	S\$141	-	-

Trade receivables decreased to S\$10.2 million as at 31 March 2024 from S\$10.6 million as at 30 June 2023 in tandem with lower revenue. Of this, S\$59k was outstanding for 90 days or more (30 June 2023: S\$4k). There was bad debts written off of approximately S\$4k during 9M24 (9M23: S\$141).

**Trade & Other Payables**

As at 31 March 2024, our trade payables stood at S\$0.7 million (30 June 2023: S\$0.7 million). Non-trade payables totaled S\$0.9 million (30 June 2023 : S\$1.4 million).

**Long term liabilities**

As at 31 March 2024, the deferred tax liabilities was S\$1.5 million compared to S\$1.6 million as at 30 June 2023.

**Inventory**

As a percentage of annualised sales, the Group's inventory of S\$4.2 million as at 31 March 2024 (30 June 2023: S\$4.3 million) was 7.3% (30 June 2023: 6.5%). Inventory written off in 3Q24 totaled S\$30.7k, as compared to S\$17.9k in 3Q23.

**Capital Expenditure**

		1Q	2Q	3Q	4Q	Full Year
Capital Expenditure	FY2024	S\$443,959	S\$608,964	S\$559,784	NA	NA
	% of sales					
	FY2023	S\$714,552	S\$1,798,144	S\$426,168	S\$1,016,742	S\$3,955,606
	% of sales					5.9%

The Group's capital expenditure in 3Q24 and 9M24 amounted to S\$560k and S\$1.6 million respectively. During 9M24, approximately S\$0.8 million was incurred for the acquisition of new machines and accessories for the Group's five factories worldwide; S\$0.5 million was utilised for renovation works at its factories in Singapore, the Philippines and China; and almost S\$0.2 million was used for the purchase of computers and IT software. Capital expenditure for the full year FY2024 is estimated to be around S\$2.5 million.

**Cash Flow Analysis**

The Group generated net cash from operations of S\$3.2 million in 3Q24 (S\$1.6 million in 3Q23). After deducting net cash used in investing activities of S\$0.6 million and net cash used in financing activities of S\$4.6 million which was attributed largely to payment of dividends, we ended 3Q24 with cash and cash equivalents of S\$13.1 million, which included S\$0.1 million in pledged deposits.

**F3. 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 period. There is no material variance from our previous financial period commentary under Section F4.

**F4. 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.**

During 3Q24, the Group continued to experience significant challenges due to slow market conditions in the semiconductor industry, particularly the WFE sector which had a significant impact on MMUS's sales. As a result, the Group's revenue decreased 8.7% to S\$13.6 million from S\$14.9 million in the same period a year ago. Despite lower revenue, the Group's saw an increase in profit before tax of 10.6% to S\$2.6 million from S\$2.3 million in 3Q23 due to its cost management efforts. Net profit for the quarter also rose 12.8% to S\$1.8 million. For 9M24, Group revenue declined 17.1% to S\$43.0 million while net profit declined 23.4% to S\$6.0 million due to weaker performance recorded in 1H24.

**Business Strategy / Plans**

As the Group moves into 4Q24, it is cautiously optimistic that the worst of the semiconductor industry downturn may be behind us. During 3Q24, Group sales increased slightly by 0.8% from S\$13.5 million in 2Q24 as market conditions remained uneven across geographical and business segments.

At MMUS, revenue for 9M24 declined nearly 50% to S\$7.5 million from S\$14.9 million in 9M23. Notwithstanding this, the Group is encouraged to see an uptick in new orders from customers. During 3Q24, MMUS' new orders increased 55.6% to S\$3.4 million from S\$2.2 million in 3Q23. While disappointed with MMUS' segment loss of S\$1.9 million in 9M24, the Group remains optimistic about the tremendous mid and long-term potential in the US market. The potential is supported by the US government's significant investment in the semiconductor industry and the surging demand for advanced AI and memory chips. Over the last nine months, the Group has been working diligently to make MMUS become a profitable contributor to the Group. To simultaneously address the present downturn and optimistic future, we have taken actions that are expected to increase productivity by way of process improvement, automation, and optimization of manpower resources.

As for the operations in Asia, the Group continues to focus on the value it brings to its customers and strengthen its fundamentals as part of our *Five-Star Factory* initiative. This is to ensure the Group is primed to benefit from a recovery in the semiconductor industry.

Because a single defect can cause disastrous consequences in the ultra-complex manufacturing process of semiconductors, our customers need the parts and tools that we make to be flawless. In the future, the Group expects only a handful of suppliers capable of meeting the increasingly stringent requirements of the semiconductor industry. The Group remains focused on its goal to become a leading *Next Generation Supplier* of high precision tools and parts used in process-critical applications for the wafer-fabrication and assembly processes of the semiconductor industry.

Whether it is the adverse impact of a market downturn, geopolitical unrest or a host of other unforeseen events, the Group remains mindful of the need to have goals, structures and processes in place that make it easier for the Group to adapt to changes in the operating environment and ensure business continuity. This requires the Group to continue focusing on a handful of key areas which include:

- **Being a responsive, cost-effective and resilient supplier** to the Group's customers by continually automating its operations and working to reduce or eliminate tedious processes where it is challenging to find the right people and also prone to human error.

To ensure the Group has the requisite capacity and capabilities, capital investments of S\$0.6 million were made during 3Q24 (S\$0.4 million in 3Q23), bringing the total capital expenditure in 9M24 to S\$1.6 million. For the whole of FY2024, the Group expects to spend about S\$2.5 million for capital expenditure.

- **Maintaining a healthy gross profit margin** through the Group's relentless focus in strengthening its GP margin with initiatives that enhance the value to its customers, improve quality and streamline its plant operations. While the Group's GP margin was under pressure over the last few years due to rapidly rising costs from materials to energy and manpower, it managed to achieve a healthy GP margin of 46.4% in 3Q24 compared to 43.8% in the same period a year ago through its efforts in cost management.
- **Building a lean, effective and resilient operation** by maintaining a tight rein on expenses while striving for operational effectiveness and resilience. With prudent cost management and a stringent process for determining and approving major expenses and investments, the Group was able to reduce overhead expenses in 3Q24 to S\$3.7 million from S\$4.2 million in the same period a year ago. Moving forward, the Group intends to continue focusing on manpower and resource optimisation to support the Group's customers and core manufacturing activity.

In FY2023, the Group began an initiative called "**Five-Star Factory**" with the goal to more clearly define and implement the fundamentals that the Group believes each of its plants need to achieve sustainable success. These include:

- being responsive to the needs of the Group's customers and working to solve their high-value problems;
- cultivating a culture of fresh thinking, ingenuity and innovation;
- being process oriented and using data to enhance decision-making and operational excellence;
- developing and maintaining clean, well-organized, lean and productive work areas;
- continuing to train and develop all its people, and constantly working on succession planning to ensure continuity of key management and leadership positions; and
- working continuously to put the safety and security of its people, data and property as a top priority.

In addition, as the Group starts formal Environmental, Social and Governance ("ESG") reporting, it is also using its Five-Star Factory initiative to identify and implement programs that will improve the way it generates and uses energy, reduces environmental waste, enhances the well-being of its employees and reinforce its commitment to good governance.

### **Leadership Update**

On 1 January 2023, the Group is pleased to appoint Mr. Kyle Borch as Deputy CEO and Executive Director. After traveling extensively to its plants in Asia during 2023, Mr. Kyle Borch has in January 2024 relocated to the Group's headquarters in Singapore where he will continue to oversee the operations of our four plants in Asia and focus on implementing our *Five-Star Factory* initiative.

At the end of April 2024, the Group's former Chief Operating Officer, Mr. Low Ming Wah, will complete a one-year service period as an advisor and fully retire from the Group. The Board of Directors wishes to thank Mr. Low for his invaluable assistance during the last year which has helped the Group to smoothly complete the transition of responsibilities.

### **Good Governance & Financial Discipline**

Micro-Mechanics' commitment to good governance has been a cornerstone of its corporate philosophy since its public listing in 2003. This dedication to aligning operations and decision-making processes across all levels in the Group has not only protected and enhanced stakeholder value, it has also earned the Group over 30 awards in the past two decades. These recognitions are testaments to the Group's efforts in ensuring transparency, good governance, and strong investor relations.

The Group's aim is to build a great manufacturing business with a strong balance sheet while fostering a culture of resourcefulness, discipline and careful decision making. During 3Q24, the Group generated S\$3.2 million in net cash from operating activities (S\$1.6 million in 3Q23). After deducting net cash used in investing activities of S\$0.6 million and net cash used in financing activities of S\$4.6 million mainly for the payment of dividends, the Group ended 3Q24 with cash and cash equivalents of S\$13.1 million, which included S\$0.1 million in pledged deposits.

### **Shareholders' Returns**

Since listing on the SGX in 2003, the Group has regularly exceeded its dividend policy to distribute at least 40% of annual earnings. However, given the current uncertain economic and geopolitical conditions, the Board believes that it may now be prudent for the Group to retain a higher amount of cash than it had typically held on its balance sheet.

For FY2023, the Board paid total dividends of 9 cents per share which translated to a payout ratio of 128%. For 1H24, the Board of Directors declared a one-tier tax-exempt interim dividend of 3 cents per ordinary share totaling S\$4.2 million which was paid during 3Q24 bringing the cumulative dividends distributed since becoming a listed company to 125.9 cents per share. This translates into a return of about 684% based on dividends alone for shareholders who bought Micro-Mechanics shares at its Initial Public Offering.

### **F5. Dividend Information**

#### **(a) Current Financial Period Reported on**

Any dividend recommended for the current financial period reported on?

Nil.

#### **(b) Corresponding Period of the Immediate Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

Nil.

#### **(c) The date dividend is payable**

Not applicable.

#### **(d) Record date for dividend payment**

Not applicable.

#### **(e) If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

No dividend has been declared in the third quarter ended 31 March 2024 which is in line with the Group's usual practice to declare or recommend dividend in the second quarter and fourth quarter of each financial year since its IPO.

### **F6. Interested person 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.

For the year to date ended 31 March 2024, the Group has made rental payment of US\$421,029 (31 March 2023: US\$324,000) and electrical services payment of US\$157,500 (31 March 2023: US\$127,562) 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.

### **F7. 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.

**F8. Disclosure of person occupying a managerial position who are related to a director, CEO or substantial shareholder**

Not applicable.

**F9. Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)**

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 2024 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

**Wendy Tan Wei Lee**  
**Company Secretary**  
30 April 2024