

**UMS HOLDINGS LIMITED**  
**COMPANY REGISTRATION NO: 200100340R**  
**Third Quarter Financial Statement And Dividend Announcement**

**PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3) HALF YEAR AND FULL YEAR ANNOUNCEMENTS**

- 1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

**UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

	Group					
	3Q			9 Months Ended		
	30-Sep-18 S\$'000	30-Sep-17 S\$'000	Change %	30-Sep-18 S\$'000	30-Sep-17 S\$'000	Change %
Revenue	29,288	39,339	-26%	102,033	123,833	-18%
Net finance (expense)/ income (Note (a))	(96)	(17)	465%	(238)	32	N.M
Changes in inventories	10,110	10,550	-4%	17,024	17,195	-1%
Raw material purchases and subcontractor charges	(22,207)	(26,767)	-17%	(57,814)	(74,633)	-23%
Employee benefits expense	(4,870)	(3,946)	23%	(12,789)	(11,361)	13%
Depreciation expense	(1,553)	(998)	56%	(3,967)	(3,309)	20%
Other expenses (Note (b))	(2,885)	(2,907)	-1%	(8,921)	(9,285)	-4%
Other credits/ (charges) (Note (c))	683	(362)	N.M	1,025	(2,598)	N.M
Share of result of associate (net of income tax)	358	(33)	N.M	283	(33)	N.M
<b>Profit before income tax</b>	<b>8,828</b>	<b>14,859</b>	<b>-41%</b>	<b>36,636</b>	<b>39,841</b>	<b>-8%</b>
Income tax expense (Note (d))	(1,105)	(1,459)	-24%	(3,263)	(3,980)	-18%
<b>Net profit for the period</b>	<b>7,723</b>	<b>13,400</b>	<b>-42%</b>	<b>33,373</b>	<b>35,861</b>	<b>-7%</b>
<b>Profit attributable to:</b>						
<b>Owners of the parent</b>	<b>7,588</b>	<b>13,561</b>	<b>-44%</b>	<b>33,484</b>	<b>36,211</b>	<b>-8%</b>
Non- controlling interest	135	(161)	N.M	(111)	(350)	-68%
	<b>7,723</b>	<b>13,400</b>	<b>-42%</b>	<b>33,373</b>	<b>35,861</b>	<b>-7%</b>

N.M - Not meaningful

## NOTES TO INCOME STATEMENT

### Note (a) Net finance (expense)/ income

	Group					
	3Q			9 Months Ended		
	30-Sep-18 S\$'000	30-Sep-17 S\$'000	Change %	30-Sep-18 S\$'000	30-Sep-17 S\$'000	Change %
Interest income from cash and cash equivalents	38	57	-33%	139	171	-19%
Interest income from an associate	-	73	-100%	29	99	-71%
Interest expense from bank borrowings	(61)	(87)	-30%	(217)	(118)	84%
Interest expense from loans from related parties	(73)	(60)	22%	(189)	(120)	58%
Net finance (expense)/ income	(96)	(17)	465%	(238)	32	N.M

### Note (b) Other expenses

	Group					
	3Q			9 Months Ended		
	30-Sep-18 S\$'000	30-Sep-17 S\$'000	Change %	30-Sep-18 S\$'000	30-Sep-17 S\$'000	Change %
Legal and professional fees (Note (i))	(479)	(522)	-8%	(1,699)	(1,706)	0%
Rental expense (Note (ii))	(127)	(267)	-52%	(389)	(793)	-51%
Utilities (Note (iii))	(911)	(705)	29%	(2,514)	(2,123)	18%
Freight charges	(160)	(203)	-21%	(574)	(687)	-16%
Insurance	(144)	(118)	22%	(377)	(363)	4%
Upkeep of properties and equipment (Note (iv))	(157)	(158)	-1%	(454)	(323)	41%
Upkeep of machinery (Note (v))	(342)	(435)	-21%	(1,386)	(1,992)	-30%
Others	(565)	(499)	13%	(1,528)	(1,298)	18%
	(2,885)	(2,907)	-1%	(8,921)	(9,285)	-4%

Note 1(a)(b)(i) – Professional fees relates mainly to amounts payable to the Group's sales consultant. Refer to note 13.

Note 1(a)(b)(ii) – The decrease was mainly due to the lease termination of 25 Changi North Rise in Q4 2017.

Note 1(a)(b)(iii) – The increase in utilities was mainly due to higher average electricity tariff rates as compared to last year.

Note 1(a)(b)(iv) – The increase was mainly due to higher maintenance of equipment carried out during the period.

Note 1(a)(b)(v) – The decrease was mainly due to lower maintenance of machinery carried out during the period.

**Note (c) Other charges**

	<b>Group</b>					
	<b>3Q</b>			<b>9 Months Ended</b>		
	<b>30-Sep-18</b>	<b>30-Sep-17</b>	<b>Change</b>	<b>30-Sep-18</b>	<b>30-Sep-17</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Foreign exchange gain/ (loss) (Note (i))	878	(417)	N.M	1,149	(2,333)	N.M
Gain on disposal of property, plant and equipment	7	41	-83%	7	57	-88%
Property, plant & equipment written off	(3)	-	N.M	(3)	-	N.M
Inventories written off	-	-	N.M	-	(224)	-100%
Write back of allowance for inventories obsolescence	-	-	N.M	-	221	-100%
Allowance for inventories obsolescence	(189)	-	N.M	(189)	(370)	-49%
Others	(10)	14	N.M	61	51	20%
	<b>683</b>	<b>(362)</b>	<b>N.M</b>	<b>1,025</b>	<b>(2,598)</b>	<b>N.M</b>

Note 1(a)(c)(i) - The exchange gain was mainly due to the appreciation of the US dollar against the Singapore dollar during the period.

**Note (d) Income tax**

	<b>Group</b>					
	<b>3Q</b>			<b>9 Months Ended</b>		
	<b>30-Sep-18</b>	<b>30-Sep-17</b>	<b>Change</b>	<b>30-Sep-18</b>	<b>30-Sep-17</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Income tax:						
- Current	(1,105)	(1,459)	-24%	(3,263)	(3,917)	-17%
- Prior years	-	-	N.M	-	(63)	-100%
	<b>(1,105)</b>	<b>(1,459)</b>	<b>-24%</b>	<b>(3,263)</b>	<b>(3,980)</b>	<b>-18%</b>

Note 1(a)(d) - The decrease in current income tax was due to lower profits during the period.

**1(b)(i) A statement of financial position (for the issuer and the group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Group		Company	
	30 Sep 2018 S\$'000	31 Dec 2017 S\$'000	30 Sep 2018 S\$'000	31 Dec 2017 S\$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and bank balances (Note (ii))	19,959	59,571	491	805
Trade receivables and other current assets	23,511	23,431	3,623	10,097
Loan to subsidiaries	-	-	2,339	-
Inventories (Note (iii))	66,658	49,633	-	-
<b>Total Current Assets</b>	<b>110,128</b>	<b>132,635</b>	<b>6,453</b>	<b>10,902</b>
<b>Non-Current Assets</b>				
Investment in subsidiaries (Note (i))	-	-	200,481	193,405
Property, plant and equipment (Note (ii))	49,081	38,782	-	-
Investment property	2,126	2,240	-	-
Investment in associates (Note (iv))	29,259	-	28,976	-
Loan to associate	3,354	3,296	3,354	3,296
Goodwill	82,201	82,201	-	-
<b>Total Non-Current Assets</b>	<b>166,021</b>	<b>126,519</b>	<b>232,811</b>	<b>196,701</b>
<b>Total Assets</b>	<b>276,149</b>	<b>259,154</b>	<b>239,264</b>	<b>207,603</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Bank borrowings (Note 1(b)(ii))	19,915	19,001	-	-
Trade and other payables	16,724	18,077	44,878	5,575
Loan from related parties (Note (v))	2,105	-	-	-
Income tax payable	3,599	3,285	-	27
<b>Total Current Liabilities</b>	<b>42,343</b>	<b>40,363</b>	<b>44,878</b>	<b>5,602</b>
<b>Non Current Liabilities</b>				
Loan from related parties (Note (v))	3,364	3,158	-	-
Deferred tax liabilities	1,458	1,427	-	-
Long-term provision*	405	405	-	-
<b>Total Non-Current Liabilities</b>	<b>5,227</b>	<b>4,990</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>47,570</b>	<b>45,353</b>	<b>44,878</b>	<b>5,602</b>
<b>Capital and Reserves</b>				
Share Capital	136,623	136,623	136,623	136,623
Reserves	(10,774)	(10,560)	-	-
Retained earnings	101,072	89,045	57,763	65,378
	226,921	215,108	194,386	202,001
<b>Non-controlling interest</b>	<b>1,658</b>	<b>(1,307)</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>	<b>228,579</b>	<b>213,801</b>	<b>194,386</b>	<b>202,001</b>
<b>Total Liabilities and Equity</b>	<b>276,149</b>	<b>259,154</b>	<b>239,264</b>	<b>207,603</b>

\* Provision for reinstatement of leased premises.

Note 1 (b)(i)(i) Investment in Subsidiaries

The details of the subsidiaries as at 30 September 2018 are as follows:

Name	Effective percentage of equity held by the group		Company's cost of investment	
	30-Sep-2018 %	31-Dec-2017 %	30-Sep-2018 S\$'000	31-Dec-2017 S\$'000
<u>Held by the Company</u>				
UMS Systems Pte Ltd (Singapore)	100	100	9,561	9,561
UMS International Pte Ltd (Singapore)	100	100	800	800
UMS Pte Ltd (Singapore)	100	100	127,081	127,081
UMS Aerospace Pte Ltd (Singapore)	100	100	20,000	20,000
Integrated Manufacturing Technologies Pte Ltd (Singapore)	100	100	19,803	19,803
Integrated Manufacturing Technologies Inc. (United States)	100	100	8,196	8,196
Ultimate Machining Solutions (M) Sdn. Bhd. (Malaysia)	100	100	30,772	30,772
Kalf Engineering Pte Ltd (Singapore)	51	51	990	990
Starke Singapore Pte Ltd (Singapore)	70	-	7,076	-
Unquoted equity shares, at cost			224,279	217,203
Less: Provision for impairment			(23,798)	(23,798)
			200,481	193,405
<u>Held through UMS International Pte Ltd</u>				
Ultimate Manufacturing Solutions (M) Sdn. Bhd. (Malaysia)	100	100		
<u>Held through UMS Pte Ltd</u>				
UMS Solutions Pte Ltd (Singapore)	100	100		
<u>Held through Kalf Engineering Pte. Ltd.</u>				
浙江凯富环境治理工程有限公司 (People's Republic of China)	100	100		
<u>Held through Starke Singapore Pte Ltd</u>				
Starke Asia Sdn. Bhd. (Malaysia)	100	-		

Note 1(b)(i)(ii) – The net decrease in cash and cash equivalents by S\$40.5 million (after netting-off short-term borrowing) was mainly due to the net cash generated from operating activities, offset by capital expenditure, inventory purchases, S\$28.9 million investment in JEP Holdings Ltd, acquisition of Starke Singapore Pte Ltd (“Starke”) and dividends made during the period.

Note 1(b)(i)(iii) – The increase in inventories by S\$17.0 million was mainly due to the acquisition of Starke and higher purchases made during the period.

Note 1(b)(i)(iv) – Investment in associates relate to the Group’s 29% equity interest investment in JEP Holdings Ltd and 10% equity interest in Allstar Manufacturing Sdn Bhd (the “ Associates”). The Group has recognised its share of profit of JEP Holdings Ltd for the period. The Group has also fully impaired the cost of investment in Allstar Manufacturing Sdn Bhd as at 30 Sep 2018.

Note 1(b)(i)(v) – The current loan from related parties relates to amount owing to minority shareholders resulting from the acquisition of Starke and the non-current loan from related parties relates to loan from Full City Investments Ltd. Refer to note13.

**1(b)(ii) Aggregate amount of group’s borrowings and debt securities**

Amount repayable in one year or less, or on demand

As at 30 Sep 2018			As at 31 Dec 2017		
Secured	Unsecured	Total	Secured	Unsecured	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
-	19,915	19,915	-	19,001	19,001

**Details of any collateral**

Not applicable.

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

	Group			
	3Q		9 Months Ended	
	30-Sep-18 S\$'000	30-Sep-17 S\$'000	30-Sep-18 S\$'000	30-Sep-17 S\$'000
<b>Cash flows from operating activities</b>				
Profit before income tax	8,828	14,859	36,636	39,841
Adjustments for:				
Depreciation expense	1,553	998	3,967	3,309
Write back of allowance for inventories obsolescence	-	-	-	(221)
Inventories written off	-	-	-	224
Allowance for inventories obsolescence	189	-	189	370
Property, plant and equipment written off	3	-	3	-
Gain on disposal of property, plant and equipment	(7)	(41)	(7)	(57)
Interest income	(38)	(130)	(168)	(270)
Interest expense	134	147	406	238
Share of result of associate (net of income tax)	(358)	33	(283)	33
Unrealised foreign exchange (gain)/ loss	(461)	379	(729)	1,916
<b>Operating cash flows before working capital changes</b>	<b>9,843</b>	<b>16,245</b>	<b>40,014</b>	<b>45,383</b>
Changes in working capital:				
Trade receivables and other current assets	1,246	(24)	3,672	(5,793)
Inventories	(2,962)	(10,536)	(9,270)	(17,400)
Trade and other payables	468	4,292	(3,911)	9,132
<b>Cash generated from operations</b>	<b>8,595</b>	<b>9,977</b>	<b>30,505</b>	<b>31,322</b>
Income tax paid	(1,694)	(1,184)	(3,429)	(1,753)
<b>Net cash generated from operating activities</b>	<b>6,901</b>	<b>8,793</b>	<b>27,076</b>	<b>29,569</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	17	42	17	59
Purchase of property, plant and equipment	(7,068)	(2,256)	(11,929)	(5,899)
Improvement to investment property	-	-	-	(61)
Net cash outflow on acquisition of subsidiaries	(4,386)	-	(4,386)	(178)
Loan to associate	-	(2,061)	-	(2,403)
Investment in associate	(789)	(33)	(28,976)	(33)
Interest received	38	130	168	270
<b>Net cash used in investing activities</b>	<b>(12,188)</b>	<b>(4,178)</b>	<b>(45,106)</b>	<b>(8,245)</b>
<b>Cash flows from financing activities</b>				
Proceeds from bank borrowings	15,249	1,538	41,806	20,193
Repayment of bank borrowings	(5,743)	-	(40,833)	-
Dividends paid	(5,364)	(4,292)	(21,457)	(17,166)
Repayment of loan from related parties	(702)	-	(702)	-
Interest paid	(134)	(147)	(406)	(238)
<b>Net cash generated from/ (used in) financing activities</b>	<b>3,306</b>	<b>(2,901)</b>	<b>(21,592)</b>	<b>2,789</b>
Net effect of exchange rate changes	(204)	(343)	10	(2,408)
Net (decrease)/ increase in cash and cash equivalents	(2,185)	1,371	(39,612)	21,705
Cash and cash equivalents at beginning of the period	22,144	62,954	59,571	42,620
<b>Cash and cash equivalents at end of the period</b>	<b>19,959</b>	<b>64,325</b>	<b>19,959</b>	<b>64,325</b>

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

	Group					
	3Q			9 Months Ended		
	30-Sep-18 S\$'000	30-Sep-17 S\$'000	Change %	30-Sep-18 S\$'000	30-Sep-17 S\$'000	Change %
<b>Net Profit for the period</b>	7,723	13,400	-42%	33,373	35,861	-7%
Other comprehensive income, net of income tax:						
<i>Items that may be classified subsequently to profit and loss:</i>						
Exchange differences on translation of foreign operations	(1,079)	34	N.M	(281)	(530)	N.M
<b>Total comprehensive income for the period</b>	6,644	13,434	-51%	33,092	35,331	-6%
<b>Attributable to:</b>						
Equity holders of the Company	6,507	13,605	-52%	33,270	35,670	-7%
Non-controlling interests	137	(171)	-180%	(178)	(339)	-47%
	6,644	13,434	-51%	33,092	35,331	-6%

1(e)(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 capitalization issues and distribution to shareholders, together with a comparative statement for the corresponding period of the immediate preceding financial year.

	Share Capital S\$'000	Foreign Exchange Translation Reserve S\$'000	Retained Earnings S\$'000	Total equity attributable to equity of holders of the Company S\$'000	Non- controlling Interests S\$'000	Total Equity S\$'000
<b>Group</b>						
<b>Balance at 1 January 2017</b>	136,623	(10,963)	63,830	189,490	-	189,490
<b>Changes in equity for first quarter</b>						
Net profit for the period	-	-	11,168	11,168	-	11,168
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	(1,045)	-	(1,045)	-	(1,045)
<b>Total comprehensive income for the quarter</b>	-	(1,045)	11,168	10,123	-	10,123
<b>Balance at 31 March 2017</b>	<u>136,623</u>	<u>(12,008)</u>	<u>74,998</u>	<u>199,613</u>	<u>-</u>	<u>199,613</u>
<b>Changes in equity for second quarter</b>						
Net profit for the period	-	-	11,482	11,482	(189)	11,293
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	460	-	460	21	481
<b>Total comprehensive income for the quarter</b>	-	460	11,482	11,942	(168)	11,774
Disposal of a subsidiary	-	-	-	-	-	-
Dividend paid	-	-	(12,874)	(12,874)	-	(12,874)
Acquisition of subsidiary with non-controlling interests	-	-	-	-	(1,050)	(1,050)
<b>As at 30 June 2017</b>	<u>136,623</u>	<u>(11,548)</u>	<u>73,606</u>	<u>198,681</u>	<u>(1,218)</u>	<u>197,463</u>
<b>Changes in equity for third quarter</b>						
Net profit for the period	-	-	13,561	13,561	(161)	13,400
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	44	-	44	(10)	34
<b>Total comprehensive income for the quarter</b>	-	44	13,561	13,605	(171)	13,434
Disposal of a subsidiary	-	-	-	-	-	-
Dividend paid	-	-	(4,292)	(4,292)	-	(4,292)
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-
<b>As at 30 September 2017</b>	<u>136,623</u>	<u>(11,504)</u>	<u>82,875</u>	<u>207,994</u>	<u>(1,389)</u>	<u>206,605</u>

Group	Share Capital S\$'000	Foreign Exchange Translation Reserve S\$'000	Retained Earnings S\$'000	Total equity attributable to equity of holders of the Company S\$'000	Non- controlling Interests S\$'000	Total Equity S\$'000
<b>Balance at 1 January 2018</b>	136,623	(10,560)	89,045	215,108	(1,307)	213,801
<b>Changes in equity for first quarter</b>						
Net profit/ (loss) for the period	-	-	11,400	11,400	(129)	11,271
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	994	-	994	15	1,009
<b>Total comprehensive income for the quarter</b>	-	994	11,400	12,394	(114)	12,280
<b>Balance at 31 March 2018</b>	<u>136,623</u>	<u>(9,566)</u>	<u>100,445</u>	<u>227,502</u>	<u>(1,421)</u>	<u>226,081</u>
<b>Changes in equity for second quarter</b>						
Net profit/ (loss) for the period	-	-	14,496	14,496	(117)	14,379
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	(127)	-	(127)	(84)	(211)
<b>Total comprehensive income for the quarter</b>	-	(127)	14,496	14,369	(201)	14,168
Dividend paid	-	-	(16,093)	(16,093)	-	(16,093)
<b>As at 30 June 2018</b>	<u>136,623</u>	<u>(9,693)</u>	<u>98,848</u>	<u>225,778</u>	<u>(1,622)</u>	<u>224,156</u>
<b>Changes in equity for third quarter</b>						
Net profit for the period	-	-	7,588	7,588	135	7,723
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	(1,081)	-	(1,081)	2	(1,079)
<b>Total comprehensive income for the quarter</b>	-	(1,081)	7,588	6,507	137	6,644
Dividend paid	-	-	(5,364)	(5,364)	-	(5,364)
Effect on non-controlling interest on acquisition of a subsidiary	-	-	-	-	3,143	3,143
<b>As at 30 September 2018</b>	<u>136,623</u>	<u>(10,774)</u>	<u>101,072</u>	<u>226,921</u>	<u>1,658</u>	<u>228,579</u>

	Share Capital S\$'000	Capital Reserve S\$'000	Retained Earnings S\$'000	Total equity attributable to equity of holders of the Company S\$'000
<b>Company</b>				
<b>Balance at 1 January 2017</b>	136,623	-	54,493	191,116
<b>Changes in equity for first quarter</b>				
Net loss for the period	-	-	(571)	(571)
<b>Total comprehensive expenses for the quarter</b>	-	-	(571)	(571)
<b>Balance at 31 March 2017</b>	136,623	-	53,922	190,545
<b>Changes in equity for second quarter</b>				
Net profit for the period	-	-	8,324	8,324
<b>Total comprehensive income for the quarter</b>	-	-	8,324	8,324
Purchase of treasury shares	-	-	-	-
Dividend paid	-	-	(12,874)	(12,874)
<b>As at 30 June 2017</b>	136,623	-	49,372	185,995
<b>Changes in equity for third quarter</b>				
Net profit for the period	-	-	13,805	13,805
<b>Total comprehensive income for the quarter</b>	-	-	13,805	13,805
Cancellation of treasury shares and share buy back	-	-	-	-
Dividend paid	-	-	(4,292)	(4,292)
<b>As at 30 September 2017</b>	136,623	-	58,885	195,508

Company	Share Capital S\$'000	Capital Reserve S\$'000	Retained Earnings S\$'000	Total equity attributable to equity of holders of the Company S\$'000
<b>Balance at 1 January 2018</b>	136,623	-	65,378	202,001
<b>Changes in equity for first quarter</b>				
Net loss for the period	-	-	(1,120)	(1,120)
<b>Total comprehensive expenses for the quarter</b>	-	-	(1,120)	(1,120)
<b>Balance at 31 March 2018</b>	136,623	-	64,258	200,881
<b>Changes in equity for second quarter</b>				
Net profit for the period	-	-	8,004	8,004
<b>Total comprehensive income for the quarter</b>	-	-	8,004	8,004
Dividend paid	-	-	(16,093)	(16,093)
<b>As at 30 June 2018</b>	136,623	-	56,169	192,792
<b>Changes in equity for third quarter</b>				
Net profit for the period	-	-	6,958	6,958
<b>Total comprehensive income for the quarter</b>	-	-	6,958	6,958
Dividend paid	-	-	(5,364)	(5,364)
<b>As at 30 September 2018</b>	136,623	-	57,763	194,386

- 1(e)(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 purposes since the end of the previous period reported on. State the number of shares that may be issued on conversion of all outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 the Company's issued share capital since last financial year ended 31 December 2017 to 30 September 2018. There are neither treasury shares nor subsidiary holdings as at 30 September 2018 and 30 September 2017.

- 1(e)(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 issued shares excluding treasury shares as at 30 September 2018 was 536,429,579 (31 December 2017: 536,429,579).

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

There was no treasury share held as at 31 December 2017 and 30 September 2018.

**1(e)(v) A statement showing all sales, transfers, cancellation and/ or use of subsidiary holdings as at the end of the current financial period reported on.**

There were no sales, transfers, cancellation and/ or use of subsidiary holdings as at 30 September 2018.

**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 our external auditors.

**3 Where the figures have been audited or reviewed, the auditors' report (including and qualifications or emphasis of 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.**

Except as stated in Note 5, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the audited financial statements for the financial year ended 31 December 2017.

**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 reason for, and the effect of the change.**

In the current financial period ended 30 September 2018, the Group has applied a new financial reporting framework known as Singapore Financial Reporting Standards (International) (referred to as SFRS(I)), that is similar to the International Financial Reporting Standards.

The adoption of the SFRS(I) did not result in substantial changes to the accounting policies of the Group and there is no material effect on the amounts reported for the current or prior financial periods.

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

	Group			
	3Q		9 Months Ended	
	30-Sep-18	30-Sep-17 (Restated)	30-Sep-18	30-Sep-17 (Restated)
Earnings per ordinary share of the Group based on net profit attributable to owners of the company:-				
(a) Based on the weighted average number of ordinary shares on issue	1.41cents	2.53 cents	6.24 cents	6.75 cents
- Weighted average number of shares	536,429,579	536,429,579	536,429,579	536,429,579
(b) On a fully diluted basis	1.41 cents	2.53 cents	6.24 cents	6.75 cents
- Weighted average number of shares	536,429,579	536,429,579	536,429,579	536,429,579

The basic and fully diluted earnings per share are the same since there were no potentially dilutive ordinary securities in issue as at 30 September 2018 and 30 September 2017.

For comparative purposes, the earnings per ordinary share for the financial period ended 30 September 2017 was computed based on the number of ordinary shares issued after the issuance of bonus shares of 107,285,632 which was completed on 6 November 2017.

- 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 period reported on and (b) immediate preceding financial year.**

	Group		Company	
	30-Sep-18	31-Dec-17	30-Sep-18	31-Dec-17
Net asset per ordinary share based on existing issued share capital as at end of period reported on	42.30 cents	40.10 cents	36.24 cents	37.66 cents

The net asset per outstanding ordinary share as at both the current and the previous financial year have been calculated based on 536,429,579 outstanding ordinary shares.

- 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 on 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) seasonable 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.

**Revenue  
9 Months 2018 Vs 2017**

	Group		
	9 Months Ended		
	30-Sep-18	30-Sep-17	Change
	S\$'000	S\$'000	%
<b>Business Segments</b>			
Semiconductor (Semicon)	99,013	122,805	-19%
Others	3,020	1,028	194%
	102,033	123,833	-18%

**Geographical Regions**

Singapore	57,166	88,458	-35%
United States of America ('US')	18,915	12,753	48%
Taiwan	20,122	17,080	18%
Malaysia	3,995	3,772	6%
Others	1,835	1,770	4%
	102,033	123,833	-18%

**Revenue  
3Q2018 Vs 3Q2017**

	Group		
	3 Months Ended		
	30-Sep-18	30-Sep-17	Change
	S\$'000	S\$'000	%
<b>Business Segments</b>			
Semiconductor (Semicon)	26,757	39,329	-32%
Others	2,531	10	25210%
	29,288	39,339	-26%

**Geographical Regions**

Singapore	13,188	25,814	-49%
United States of America ('US')	6,945	4,089	70%
Taiwan	6,891	6,969	-1%
Malaysia	880	2,287	-62%
Others	1,384	180	669%
	29,288	39,339	-26%

## Revenue

### **3Q FY2018**

Revenue for the third quarter ended 30 September 2018 reduced by 26% to \$29.3 million from \$39.3 million for the corresponding quarter a year ago. The dip was due mainly to a 32% decline in the semiconductor segment which was offset by a strong sales surge from its “Others” segment. Revenue from both its subsidiaries Starke Singapore Pte Ltd and Kalf Engineering Pte Ltd shot up by 25210%.

Compared to 2QFY2018, revenue from the semiconductor segment was 24% lower.

The lower revenue in the semiconductor segment is mainly attributed to a 72% drop in Semiconductor Integrated System sales to S\$5.8 million in 3QFY2018 from S\$20.3 million in 3QFY2017. This was mitigated by higher revenue from its component sales which rose by 10% to S\$21.0 million in 3QFY2018 compared to S\$19.0 million in 3QFY2017.

Geographically, the US market saw the largest revenue gain of 70% in 3QFY2018 compared to the same period a year ago, riding upon higher component sales from a new JIT (Just-In-Time) program with its key customer.

Sales from Taiwan remained steady at S\$6.9 million while Singapore’s 3QFY2018 revenue reduced by 49% on weaker demand for Semiconductor Integrated Systems.

The aggregate value of transaction entered into between the Group and JEP Group for the period ended 30 September 2018 amounted to S\$393,000 for purchases and S\$53,000 for sales respectively which represents approximately 0.30% and 0.04% respectively of the Group’s latest audited net tangible assets as at 31 December 2017.

### **9MFY2018**

Revenue for the first 9 months ended 30 September 2018 was 18% lower from the same period a year ago as its semiconductor sales declined by 19% while revenue from the “Others” segment surged by 194%.

Geographically, all the Group’s markets, except Singapore, clocked in improved sales. Both US and Taiwan markets registered double-digit sales increases for 9M2018. Compared to 9MFY2017, US revenue grew by 48% on the back of higher component sales for new systems while Taiwan sales went up 18%, due to higher sales of component spares.

Revenue from Singapore fell 35% as a result of weaker demand for Semiconductor Integrated Systems.

## Profitability

### **3QFY2018**

The Group remained profitable. Net profit attributable to shareholders (including non-controlling interests) was S\$7.7 million for 3QFY2018, down by 42% from S\$13.4 million in the previous year. However, the overall gross material margin stayed steady at 59% - comparable to 3QFY2017. Despite lower margins from Integrated Systems sales as well as Starke’s material distribution business, the Group benefitted from an increase in its higher-margin component sales which enabled it to maintain its profit margins. The Group’s efforts to boost its component business continued to yield positive results.

The Group also earned S\$0.9 million foreign exchange gain as a result of the appreciating US dollar – versus a loss of S\$0.4 million in 3QFY2017.

Overall, expenses were kept under control. Except for higher manpower costs due to increase in staff strength, higher depreciation due to new production equipment, and higher utility fees from rising energy costs, almost all other expenses declined.

Income tax expenses for 3QFY2018 also dropped 24% compared to 3QFY2017, in line with lower profits.

### **9MFY2018**

Net profit attributable to shareholders (including non-controlling interest) for the first 9 months ended 30 September 2018 slipped by 7% to S\$33.4 million compared to S\$35.9 million in 9MFY2017.

The dip in net profit is mainly attributed to higher manpower and depreciation costs.

Gross material margins improved to 60% from 54% in the previous year as a result of a change in product mix. The Group also registered an exchange gain of \$1.1 million in 9MFY2018 compared to a loss of \$2.3 million in 9MFY2017, lower its other expenses by 4% mainly resulting from lower upkeep of machinery and rental expenses, as well as maiden contributions from its associates.

## Cashflow

### **3QFY2018**

The Group continued to generate healthy net cash flow of \$6.9 million from operating activities in 3QFY2018. A small negative free cash flow of \$0.2 million was incurred in the quarter largely due to capex spending of S\$7 million as part of the Group's plans to invest in new capacity to grow the components business.

### **9MFY2018**

The Group's net cash from operations remains strong in 9MFY2018, generating S\$27.1 million compared to \$29.6 million in 9MFY2017. Free cashflow in 9MFY2018 was lower by 36% to \$15.2 million mainly due to higher capex.

## **9 Where a forecast, or prospect statement has been previously disclosed to the shareholders, any variance between it and the actual results.**

The current announced results are in line with the general prospect commentary previously disclosed to shareholders in the previous announcement made on 14 August 2018.

## **10 A commentary at the date of 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.**

### **Outlook**

The Group stayed profitable and cashflow positive despite headwinds in the business environment worldwide, brought on by ongoing trade disputes between global superpowers.

In addition to forex gains from the stronger US dollar, the Group's efforts to boost the product mix in our semiconductor business paid off as a result of higher margins from the components segment. Our diversification strategy also bore fruit as we reaped strong maiden contributions from our associate and subsidiary companies.

In the near term, challenges remain as the uncertain global economy will impact leading chipmakers which will lead to delays in capacity investment and equipment spending.<sup>1</sup>

In the mid-to-long term, prospects for global fab construction investment shows continuing strength. Latest data published in SEMI's World Fab Forecast predicts global fab equipment spending to increase by 10.8 percent in 2018 to US\$62.7 billion and by 7.7 percent to US\$67.6 billion, in 2019.<sup>2</sup>

Growing demand in areas of high-performance computing, data storage, artificial intelligence (AI), cloud computing, and automotive are also expected to drive growth in the semiconductor industry.<sup>3</sup>

Going forward, the Group will stay nimble and prudent in the light of global volatility and technology disruptions and we will focus on leveraging new opportunities to drive growth from our core semiconductor business as well as from our associate and subsidiary companies. We will also persist with our diversification strategy to pursue new M&A targets which have good potential to add value to the Group's long-term growth. To fund our expansion, we will explore ways to balance the Group's dividend payments and financing options to ensure sustainable progress.

Barring any unforeseen circumstances, the Group expects to remain profitable for the full FY2018.

Source:

<sup>1</sup>Source: <https://www.smartkarma.com/insights/semiconductor-wafer-fab-equipment-sector-review-outlook-q2-2018>

<sup>2</sup>Source: <http://www.semi.org/en/627-billion-semiconductor-equipment-forecast-tops-previous-record-korea-top-china-closes-gap>

<sup>3</sup>Source: [https://uploads-ssl.webflow.com/5a749b2fa5fde000189ffc0/5b7189384c38192fd31a5116\\_20180724\\_1200\\_Dickerson.pdf](https://uploads-ssl.webflow.com/5a749b2fa5fde000189ffc0/5b7189384c38192fd31a5116_20180724_1200_Dickerson.pdf)

**11 Dividend****(a) Current Financial Period Reported**

Any dividend declared for the current financial period reported on? **Yes**

<b>Name of Dividend</b>	<b>Proposed Interim Dividend</b>
<b>Dividend Type</b>	Cash
<b>Dividend Amount (SGD)</b>	0.5 cent per ordinary share, (tax exempt one-tier)
<b>Tax rate</b>	Not applicable

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

<b>Name of Dividend</b>	<b>Proposed Interim Dividend</b>
<b>Dividend Type</b>	Cash
<b>Dividend Amount (SGD)</b>	1.0 cent per ordinary share, (tax exempt one-tier)
<b>Tax rate</b>	Not applicable

**(c) Date payable**

17 December 2018.

**(d) Books closure date**

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of the Company will be closed on 4 December 2018, for the purpose of determining members' entitlements to the Third Interim Dividend of 0.5 cent per ordinary share (tax-exempt one-tier) for the financial year ending 31 December 2018.

Duly completed registrable transfers received by the Company's Share Registrar, RHT Corporate Advisory Pte. Ltd., 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619 up to the close of business at 5.00 p.m. on 3 December 2018 will be registered before entitlement to the Third Interim Dividend are determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 3 December 2018 will be entitled to the Third Interim Dividend.

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

Not applicable.

- 13 **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1) (a) (ii). If no IPT mandate has been obtained, a statement to that effect.**

	<b>9 Months Period Ended 30 September 2018</b>
Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual)  <b>S\$'000</b>
<b>Kalf Engineering Pte Ltd (Note 1)</b> Interest expenses from Shareholders loan	175
<b>Sure Achieve Consultant Pte Ltd (Note 2)</b> Consultancy Services charges and commission	1,315

**Note 1:** Kalf Engineering Pte Ltd ("Kalf") is a company in which both executive directors Mr. Luong Andy and Mr. Stanley Loh Meng Chong have an interest.

Transaction above is with Full City Investments Ltd in which Mr. Luong Andy is a director and shareholder. The aggregate value of Interested person transactions entered into between Kalf and Full City Investments Ltd for the period ended 30 September 2018 amounted to S\$175,000 which represents approximately 0.13% of the Group's latest audited net tangible assets as at 31 December 2017.

**Note 2:** Transaction above is with Sure Achieve Consultant Pte Ltd in which Mrs. Sylvia SY Lee Luong is a director and shareholder. She is the wife of the CEO of the Group, Mr. Luong Andy.

The aggregate value of IPT entered into between the Group and Sure Achieve Consultant Pte Ltd for the period ended 30 September 2018 amounted to S\$1,315,000 which represents approximately 1.0% of the Group's latest audited net tangible assets as at 31 December 2017.

- 14 **Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)**

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1).

- 15 **Negative confirmation pursuant to Rule 705 (5)**

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the 3Q2018 and the period ended 30 September 2018 financial results to be false or misleading in any material respect.

**BY ORDER OF THE BOARD**

**Luong Andy**  
**Chief Executive Officer**

13 November 2018