

UMS HOLDINGS LIMITED
COMPANY REGISTRATION NO: 200100340R
Full Year 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 YEAR ENDED 31 DECEMBER 2018

	Group					
	4Q			Full Year Ended		
	31-Dec-18 S\$'000	31-Dec-17 S\$'000	Change %	31-Dec-18 S\$'000	31-Dec-17 S\$'000	Change %
Revenue	25,906	38,665	-33%	127,939	162,498	-21%
Net finance expense (Note (a))	(163)	(33)	394%	(401)	(1)	N.M
Changes in inventories	3,781	714	430%	20,805	17,909	16%
Raw material purchases and subcontractor charges	(13,911)	(16,843)	-17%	(71,725)	(91,476)	-22%
Employee benefits expense	(3,827)	(5,232)	-27%	(16,616)	(16,593)	0%
Depreciation expense	(1,704)	(1,012)	68%	(5,671)	(4,321)	31%
Other expenses (Note (b))	(2,786)	(3,037)	-8%	(11,707)	(12,322)	-5%
Other credits/ (charges) (Note (c))	1,332	2,184	-39%	2,357	(414)	N.M
Share of result of associate (net of income tax)	242	(9)	N.M	525	(42)	N.M
Profit before income tax	8,870	15,397	-42%	45,506	55,238	-18%
Income tax expense (Note (d))	410	457	-10%	(2,853)	(3,523)	-19%
Net profit for the period	9,280	15,854	-41%	42,653	51,715	-18%
Profit attributable to:						
Owners of the parent	9,587	15,826	-39%	43,071	52,037	-17%
Non- controlling interest	(307)	28	N.M	(418)	(322)	30%
	9,280	15,854	-41%	42,653	51,715	-18%

N.M - Not meaningful

NOTES TO INCOME STATEMENT

Note (a) Net finance expense

	Group					
	4Q			Full Year Ended		
	31-Dec-18	31-Dec-17	Change	31-Dec-18	31-Dec-17	Change
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Interest income from cash and cash equivalents	42	61	-31%	181	232	-22%
Interest income from loan to associate	-	30	-100%	29	129	-78%
Unwinding discount on long-term provision	-	28	-100%	-	28	-100%
Interest expense from bank borrowings	(104)	(92)	13%	(321)	(210)	53%
Interest expense from loans from related parties	(101)	(60)	68%	(290)	(180)	61%
Net finance expense	(163)	(33)	394%	(401)	(1)	N.M

Note (b) Other expenses

	Group					
	4Q			Full Year Ended		
	31-Dec-18	31-Dec-17	Change	31-Dec-18	31-Dec-17	Change
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Legal and professional fees (Note (i))	(398)	(640)	-38%	(2,097)	(2,346)	-11%
Rental expense (Note (ii))	(100)	(184)	-46%	(489)	(977)	-50%
Utilities (Note (iii))	(910)	(765)	19%	(3,424)	(2,888)	19%
Freight charges	(123)	(122)	1%	(697)	(809)	-14%
Insurance	(117)	(112)	4%	(494)	(475)	4%
Upkeep of properties and equipment (Note (iv))	(114)	(173)	-34%	(568)	(496)	15%
Upkeep of machinery (Note (v))	(559)	(509)	10%	(1,945)	(2,501)	-22%
Others	(465)	(532)	-13%	(1,993)	(1,830)	9%
	(2,786)	(3,037)	-8%	(11,707)	(12,322)	-5%

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 and the consolidation of US operations into the Milpitas location.

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 during the year was mainly due to higher maintenance of properties and equipment carried out.

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

Note (c) Other credits/ (charges)

	Group					
	4Q			Full Year Ended		
	31-Dec-18	31-Dec-17	Change	31-Dec-18	31-Dec-17	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Foreign exchange (loss)/ gain (Note (i))	(398)	(759)	-48%	751	(3,092)	N.M
Allowance for doubtful trade debts	(90)	-	N.M	(90)	-	N.M
Gain on acquisition of a subsidiary (Note (ii))	1,580	-	N.M	1,580	-	N.M
Gain on disposal of property, plant and equipment	3	1,843	-100%	10	1,900	-99%
Property, plant & equipment written off	(1)	-	N.M	(4)	-	N.M
Inventories written off	(61)	(1)	N.M	(61)	(225)	-73%
Reversal of allowance for inventories obsolescence	223	1,059	-79%	34	910	-96%
Others	76	42	81%	137	93	47%
	1,332	2,184	-39%	2,357	(414)	N.M

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

Note 1(a)(c)(ii) – This relates to gain arising from the 70% equity acquisition of Starke Singapore Pte Ltd

Note (d) Income tax

	Group					
	4Q			Full Year Ended		
	31-Dec-18	31-Dec-17	Change	31-Dec-18	31-Dec-17	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Income tax:						
- Current	330	298	11%	(2,933)	(3,619)	-19%
- Prior years	80	159	-50%	80	96	-17%
	410	457	-10%	(2,853)	(3,523)	-19%

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	
	31 Dec 2018 S\$'000	31 Dec 2017 S\$'000	31 Dec 2018 S\$'000	31 Dec 2017 S\$'000
ASSETS				
Current Assets				
Cash and bank balances (Note (ii))	18,926	59,571	181	805
Trade receivables and other current assets	15,149	23,431	8,736	10,097
Loan to subsidiary	-	-	2,322	-
Inventories (Note (iii))	70,438	49,633	-	-
Total Current Assets	104,513	132,635	11,239	10,902
Non-Current Assets				
Investment in subsidiaries (Note (i))	-	-	200,481	193,405
Property, plant and equipment (Note (ii))	53,368	38,782	-	-
Investment property	2,100	2,240	-	-
Investment in associate (Note (iv))	29,501	-	28,976	-
Loan to associate	3,345	3,296	3,345	3,296
Goodwill	82,201	82,201	-	-
Total Non-Current Assets	170,515	126,519	232,802	196,701
Total Assets	275,028	259,154	244,041	207,603
LIABILITIES AND EQUITY				
Current Liabilities				
Bank borrowings (Note 1(b)(ii))	20,295	19,001	-	-
Trade and other payables	14,123	18,077	38,755	5,575
Loan from related parties (Note (v))	1,403	-	-	-
Income tax payable	2,316	3,285	14	27
Total Current Liabilities	38,137	40,363	38,769	5,602
Non Current Liabilities				
Loan from related parties (Note (v))	3,419	3,158	-	-
Deferred tax liabilities	2,606	1,427	-	-
Long-term provision*	405	405	-	-
Total Non-Current Liabilities	6,430	4,990	-	-
Total Liabilities	44,567	45,353	38,769	5,602
Capital and Reserves				
Share Capital	136,623	136,623	136,623	136,623
Reserves	(10,683)	(10,560)	-	-
Retained earnings	102,612	89,045	68,649	65,378
	228,552	215,108	205,272	202,001
Non-controlling interest	1,909	(1,307)	-	-
Total Equity	230,461	213,801	205,272	202,001
Total Liabilities and Equity	275,028	259,154	244,041	207,603

* Provision for reinstatement of leased premises.

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

The details of the subsidiaries as at 31 December 2018 are as follows:

Name	Effective percentage of equity held by the group		Company's cost of investment	
	31-Dec-2018 %	31-Dec-2017 %	31-Dec-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\$41.9 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\$29.0 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\$20.8 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 27.93% 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 year. The Group has also fully impaired the cost of investment in Allstar Manufacturing Sdn Bhd as at 31 December 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 note 13.

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

Amount repayable in one year or less, or on demand

As at 31 Dec 2018			As at 31 Dec 2017		
Secured	Unsecured	Total	Secured	Unsecured	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
-	20,295	20,295	-	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			
	4Q		Full Year Ended	
	31-Dec-18 S\$'000	31-Dec-17 S\$'000	31-Dec-18 S\$'000	31-Dec-17 S\$'000
Cash flows from operating activities				
Profit before income tax	8,870	15,397	45,506	55,238
Adjustments for:				
Depreciation expense	1,704	1,012	5,671	4,321
Gain on acquisition of a subsidiary	(1,580)	-	(1,580)	-
Allowance for doubtful trade debts	90	-	90	-
Reversal of allowance for inventories obsolescence	(223)	(1,059)	(34)	(910)
Inventories written off	61	1	61	225
Property, plant and equipment written off	1	-	4	-
Unwinding discount on long-term provision	-	(28)	-	(28)
Gain on disposal of property, plant and equipment	(3)	(1,843)	(10)	(1,900)
Interest income	(42)	(91)	(210)	(361)
Interest expense	205	152	611	390
Share of result of associate (net of income tax)	(242)	9	(525)	42
Unrealised foreign exchange gain	832	689	103	2,605
Operating cash flows before working capital changes	9,673	14,239	49,687	59,622
Changes in working capital:				
Trade receivables and other current assets	7,516	5,407	11,188	(1,425)
Inventories	(3,760)	655	(13,030)	(16,745)
Trade and other payables	(1,698)	(8,551)	(5,609)	581
Cash generated from operations	11,731	11,750	42,236	42,033
Income tax paid	(137)	(307)	(3,566)	(2,060)
Net cash generated from operating activities	11,594	11,443	38,670	39,973
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	4	-	21	1,901
Purchase of property, plant and equipment	(3,756)	(4,665)	(15,685)	(10,564)
Improvement to investment property	(12)	(42)	(12)	(103)
Net cash outflow on acquisition of a subsidiary	-	115	(4,386)	(866)
Loan to associate	-	(65)	-	(2,468)
Investment in associate	-	(9)	(28,976)	(42)
Interest received	42	91	210	361
Net cash used in investing activities	(3,722)	(4,575)	(48,828)	(11,781)
Cash flows from financing activities				
Proceeds from bank borrowings	6,514	5,573	48,320	25,766
Repayment of bank borrowings	(6,421)	(7,014)	(47,254)	(7,014)
Dividends paid	(8,047)	(9,656)	(29,504)	(26,822)
Repayment of loan from related parties	(701)	-	(1,403)	-
Interest paid	(205)	(152)	(611)	(390)
Net cash generated used in financing activities	(8,860)	(11,249)	(30,452)	(8,460)
Net effect of exchange rate changes	(45)	(373)	(35)	(2,781)
Net (decrease)/ increase in cash and cash equivalents	(1,033)	(4,754)	(40,645)	16,951
Cash and cash equivalents at beginning of the period	19,959	64,325	59,571	42,620
Cash and cash equivalents at end of the period	18,926	59,571	18,926	59,571

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					
	4Q			Full Year Ended		
	31-Dec-18	31-Dec-17	Change	31-Dec-18	31-Dec-17	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Net Profit for the period	9,280	15,854	-41%	42,653	51,715	-18%
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	82	1,032	-92%	(199)	502	N.M
Total comprehensive income for the period	9,362	16,886	-45%	42,454	52,217	-19%
Attributable to:						
Equity holders of the Company	9,678	16,770	-42%	42,948	52,440	-18%
Non-controlling interests	(316)	116	N.M	(494)	(223)	122%
	9,362	16,886	-45%	42,454	52,217	-19%

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
Group						
Balance at 1 January 2017	136,623	(10,963)	63,830	189,490	-	189,490
Changes in equity for first quarter						
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)
Total comprehensive income for the quarter	-	(1,045)	11,168	10,123	-	10,123
Balance at 31 March 2017	136,623	(12,008)	74,998	199,613	-	199,613
Changes in equity for second quarter						
Net profit/ (loss) 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
Total comprehensive income for the quarter	-	460	11,482	11,942	(168)	11,774
Dividend paid	-	-	(12,874)	(12,874)	-	(12,874)
Effect on non-controlling interest on acquisition of a subsidiary	-	-	-	-	(1,050)	(1,050)
As at 30 June 2017	136,623	(11,548)	73,606	198,681	(1,218)	197,463
Changes in equity for third quarter						
Net profit/ (loss) 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
Total comprehensive income for the quarter	-	44	13,561	13,605	(171)	13,434
Dividend paid	-	-	(4,292)	(4,292)	-	(4,292)
As at 30 September 2017	136,623	(11,504)	82,875	207,994	(1,389)	206,605
Changes in equity for third quarter						
Net profit for the period	-	-	15,826	15,826	28	15,854
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	944	-	944	88	1,032
Total comprehensive income for the quarter	-	944	15,826	16,770	116	16,886
Dividend paid	-	-	(9,656)	(9,656)	-	(9,656)
Effect on non-controlling interest on acquisition of a subsidiary	-	-	-	-	(34)	(34)
As at 31 December 2017	136,623	(10,560)	89,045	215,108	(1,307)	213,801

	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
Group						
Balance at 1 January 2018	136,623	(10,560)	89,045	215,108	(1,307)	213,801
Changes in equity for first quarter						
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
Total comprehensive income for the quarter	-	994	11,400	12,394	(114)	12,280
Balance at 31 March 2018	136,623	(9,566)	100,445	227,502	(1,421)	226,081
Changes in equity for second quarter						
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)
Total comprehensive income for the quarter	-	(127)	14,496	14,369	(201)	14,168
Dividend paid	-	-	(16,093)	(16,093)	-	(16,093)
As at 30 June 2018	136,623	(9,693)	98,848	225,778	(1,622)	224,156
Changes in equity for third quarter						
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)
Total comprehensive income for the quarter	-	(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
As at 30 September 2018	136,623	(10,774)	101,072	226,921	1,658	228,579
Changes in equity for third quarter						
Net profit/ (loss) for the period	-	-	9,587	9,587	(307)	9,280
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	91	-	91	(9)	82
Total comprehensive income for the quarter	-	91	9,587	9,678	(316)	9,362
Dividend paid	-	-	(8,047)	(8,047)	-	(8,047)
Effect on non-controlling interest on acquisition of a subsidiary	-	-	-	-	567	567
As at 31 December 2018	136,623	(10,683)	102,612	228,552	1,909	230,461

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
Balance at 1 January 2017	136,623	-	54,493	191,116
Changes in equity for first quarter				
Net loss for the period	-	-	(571)	(571)
Total comprehensive expenses for the quarter	-	-	(571)	(571)
Balance at 31 March 2017	136,623	-	53,922	190,545
Changes in equity for second quarter				
Net profit for the period	-	-	8,324	8,324
Total comprehensive income for the quarter	-	-	8,324	8,324
Dividend paid	-	-	(12,874)	(12,874)
As at 30 June 2017	136,623	-	49,372	185,995
Changes in equity for third quarter				
Net profit for the period	-	-	13,805	13,805
Total comprehensive income for the quarter	-	-	13,805	13,805
Dividend paid	-	-	(4,292)	(4,292)
As at 30 September 2017	136,623	-	58,885	195,508
Changes in equity for fourth quarter				
Net profit for the period	-	-	16,149	16,149
Total comprehensive income for the quarter	-	-	16,149	16,149
Dividend paid	-	-	(9,656)	(9,656)
As at 31 December 2017	136,623	-	65,378	202,001

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
Balance at 1 January 2018	136,623	-	65,378	202,001
Changes in equity for first quarter				
Net loss for the period	-	-	(1,120)	(1,120)
Total comprehensive expenses for the quarter	-	-	(1,120)	(1,120)
Balance at 31 March 2018	136,623	-	64,258	200,881
Changes in equity for second quarter				
Net profit for the period	-	-	8,004	8,004
Total comprehensive income for the quarter	-	-	8,004	8,004
Dividend paid	-	-	(16,093)	(16,093)
As at 30 June 2018	136,623	-	56,169	192,792
Changes in equity for third quarter				
Net profit for the period	-	-	6,958	6,958
Total comprehensive income for the quarter	-	-	6,958	6,958
Dividend paid	-	-	(5,364)	(5,364)
As at 30 September 2018	136,623	-	57,763	194,386
Changes in equity for fourth quarter				
Net profit for the period	-	-	18,933	18,933
Total comprehensive income for the quarter	-	-	18,933	18,933
Dividend paid	-	-	(8,047)	(8,047)
As at 31 December 2018	136,623	-	68,649	205,272

- 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 the last financial year ended 31 December 2017 to 31 December 2018. There are neither treasury shares nor subsidiary holdings as at 31 December 2018 and 31 December 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 31 December 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 31 December 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 31 December 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 31 December 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			
4Q		Full Year Ended	
31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17

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	1.79 cents	2.95 cents	8.03 cents	9.70 cents
- Weighted average number of shares	536,429,579	536,429,579	536,429,579	536,429,579
(b) On a fully diluted basis	1.79 cents	2.95 cents	8.03 cents	9.70 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 31 December 2018 and 31 December 2017.

For comparative purposes, the earnings per ordinary share for the financial year ended 31 December 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	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Net asset per ordinary share based on existing issued share capital as at end of period reported on	42.61 cents	40.10 cents	38.27 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
Full Year 2018 Vs 2017

	Group		
	Full Year Ended		
	31-Dec-18	31-Dec-17	Change
	S\$'000	S\$'000	%
Business Segments			
Semiconductor (Semicon)	123,015	160,416	-23%
Others	4,924	2,082	137%
	127,939	162,498	-21%

Geographical Regions

Singapore	70,230	111,871	-37%
United States of America ('US')	24,483	17,352	41%
Taiwan	26,720	23,615	13%
Malaysia	4,488	6,010	-25%
Others	2,018	3,650	-45%
	127,939	162,498	-21%

Revenue
4Q2018 Vs 4Q2017

	Group		
	3 Months Ended		
	31-Dec-18	31-Dec-17	Change
	S\$'000	S\$'000	%
Business Segments			
Semiconductor (Semicon)	24,003	37,497	-36%
Others	1,903	1,168	63%
	25,906	38,665	-33%

Geographical Regions

Singapore	13,064	23,413	-44%
United States of America ('US')	5,568	4,599	21%
Taiwan	6,598	6,536	1%
Malaysia	494	2,238	-78%
Others	182	1,879	-90%
	25,906	38,665	-33%

Revenue

4QFY2018

Revenue for the fourth quarter ended 31 December 2018 decreased by 33% to S\$25.9 million from S\$38.7 million for the corresponding quarter a year ago. The dip was due mainly to a 36% decline in the semiconductor segment which was offset by a 63% rise in sales surge from its "Others" segment comprising mainly revenue from subsidiaries Starke Singapore Pte Ltd and Kalf Engineering Pte Ltd. Revenue from the semiconductor segment fell 10% compared to 3Q2018 while those in the Others segment dipped by 25%.

On a year-on year basis, sales from Semiconductor Integrated System dropped by 57% for the quarter to S\$7.8 million from S\$18.2 million in 4Q2017. Revenue from component sales also dipped by 16% to S\$16.2 million in 4Q2018 from S\$19.3 million in 4Q2017.

Geographically, shipments of semiconductor Integrated System sales from Singapore were down by 44% compared to 4Q2017. Revenue from the USA however saw a 21% pick-up on the back of higher component sales.

FY2018

The Group reported full year revenue of S\$127.9 million.

The softer revenue performance in FY2018 was the result of “a year of two halves”. In contrast to a buoyant first half of FY2018 when our major customers experienced strong orders from its end-users, the performance of the second half was relatively weaker with many customers in the semiconductor industry postponing their capital expenditures. Plunging memory prices and a sudden shift in companies’ strategies in response to trade tensions are driving rapid drops in capital expenditures, especially among leading-edge memory manufacturers, some fabs in China, and some projects for mature nodes such as 28nm.

These headwinds led to an overall 21% dip in revenue for the full financial year.

Revenue from the semiconductor segment declined 23% while sales in the Others segment rose by 137% after the acquisition of Starke Singapore. Semiconductor Integrated System sales fell 47% to S\$46.6 million in FY2018 from S\$87.4 million a year earlier. Revenue from component sales increased by 5% to S\$76.4 million in FY2018 vs S\$73 million in FY2017.

Sales out of Singapore went down by 37% from the previous year. This fall was due to lower demand for the semiconductor Integrated System sales while those from the US and Taiwan shot up 41% and 13% respectively vs FY2017 due to higher component sales. Revenue for Malaysia and Others fell by 25% and 45% respectively because of lower demand for the Group’s products in these two regions.

Profitability

4QFY2018

The Group reported a lower net profit of S\$9.3 million with the decline of Group revenue for the quarter.

Gross material margin however edged up to 60.9% compared to 58.3% for the year-ago quarter. This rise was due to the Group’s product mix, with more higher-margin component sales. The Group also benefitted from a bargain purchase gain of S\$1.6 million from its 70% equity acquisition of Starke Singapore. Also, it continue to benefit from contributions from its associate JEP Holdings which saw significant improvement in its profitability in the second half of FY2018.

The Group took steps to reduce its costs. Personnel costs eased mainly due to lower bonuses while Other expenses dipped 8% over last year; legal and professional fees dived 38%, rental expense fell 46% mainly due to the consolidation of US operations into the Milpitas facility. Its forex loss reduced by half to S\$0.4 million from S\$0.8 million in the previous corresponding period. Its income tax for the period was lower too.

FY2018

The Group remained profitable. Net profit attributable to shareholders was S\$43.1 million for FY2018, down by 17% from S\$52 million the previous year.

The gross material margin of 60.2% for FY2018 is higher than FY2017 (54.7%) due to higher percentage of component sales in the Group’s product mix. Personnel costs were flat mainly due to higher salaries resulting from higher headcount offset by lower bonuses. Depreciation rose 31% mainly due to addition of production machinery while other expenses slid 5% over last year. Rental expenses were down 50% after the consolidation of US operations into the Milpitas facility. Freight charges fell 14%, upkeep of machinery expenses fell 22%. Legal and professional fees also went down by 11%.

For the full FY2018, the Group benefitted from a S\$0.8 million foreign exchange gain (vs a loss of S\$3.1 million in FY2017) due to appreciation of USD during the year and a S\$1.6 million gain on bargain purchase of Starke Singapore. Income tax expenses slid by 19% in line with lower profits.

Cashflow

The Group continued to generate healthy net cash flow of S\$11.6 million from operating activities for 4Q2018. Free cash flow was also higher at S\$7.8 million as compared to S\$6.7 million in 4Q2017. Capital expenditure during the quarter had included a portion of RM80 million capex plan previously announced to expand the Group’s Penang production facility. Inventories remained high at S\$70.4m, mainly due to raw materials purchase committed to suppliers before the abrupt downturn in the second half of the year.

For FY2018, the Group posted S\$38.7 million in positive net cash from operating activities against S\$40 million for FY2017 and S\$23 million in free cash flow versus S\$31.2 million for FY2017. The Group had invested S\$29 million in JEP and chalked up a net cash outflow of S\$4.4 million for its 70% acquisition of Starke Singapore. It also paid out S\$29.5 million in dividends vs S\$26.8 million in FY2017.

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 13 November 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 amid challenging global market conditions and currency volatility.

The near-term outlook continues to be negative due to much uncertainty in customers' order flows- attributed partly to the ongoing China-US trade tensions which affected demand from chipmakers in the semiconductor sector.

The longer-term outlook however remains upbeat.

SEMI, the global industry association representing the electronics manufacturing supply chain, has reported that even though worldwide sales of new semiconductor manufacturing equipment are projected to contract slightly by 4.0 percent in 2019, it will grow 20.7 percent to reach US\$71.9 billion, an all-time high in 2020. ¹ The semiconductor industry is forecast to expand over the long-term, driven by massive growth of interconnected devices, with heavy demand for processing power and storage. It is also expected that there will be an exponential increase of data from about 40ZB in 2018 to 50ZB in 2020 to 163 ZB in 2026. ²

The Group is also optimistic of its diversification strategy which has yielded positive results. Its subsidiary Starke Singapore has reported a profitable performance, and its associate JEP Holdings Ltd has done well and made much improved contributions to the Group.

The Group will therefore continue to work hard on both its core business segments and pursue new business and market segments to improve overall performance and shareholder returns.

Barring any unforeseen circumstances, the Group expects to remain profitable for the full FY2019.

Source:

¹ Source: <http://www1.semi.org/en/semiconductor-equipment-sales-forecast-62-billion-2018-new-record-market-reset-2019-new-high-2020>

² Source: <https://blog.semi.org/business-markets/despite-uncertainty-long-term-semiconductor-market-outlook-remains-bright>

11 Dividend

(a) Current Financial Period Reported

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

Name of Dividend	Proposed Final Dividend
Dividend Type	Cash
Dividend Amount (SGD)	2.0 cents per ordinary share, (tax exempt one-tier)
Tax rate	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**

Name of Dividend	Proposed Final Dividend	Proposed Special Dividend
Dividend Type	Cash	Cash
Dividend Amount (SGD)	2.0 cents per ordinary share, (tax exempt one-tier)	1.0 cent per ordinary share, (tax exempt one-tier)
Tax rate	Not applicable	Not applicable

(c) Date payable

The proposed Final Dividend, if approved at the forthcoming Annual General Meeting of the Company, will be paid on 24 May 2019.

(d) Books closure date

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of the Company will be closed on 7 May 2019, for the purpose of determining members' entitlements to the Final Dividend of 2.0 cents per ordinary share (tax-exempt one-tier) for the financial year ended 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 6 May 2019 will be registered before entitlement to the Proposed Final Dividend are determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 6 May 2019 will be entitled to the Proposed Final 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.

Full Year Ended 31 December 2018	
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) S\$'000
Kalf Engineering Pte Ltd (Note 1) Interest expenses from Shareholders loan	235
Sure Achieve Consultant Pte Ltd (Note 2) Consultancy Services charges and commission	1,607

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 year ended 31 December 2018 amounted to S\$235,000 which represents approximately 0.18% 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 31 December 2018 amounted to S\$1,607,000 which represents approximately 1.22% 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).

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 15 **Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Business Segments

	<u>Semiconductor</u>		<u>Others</u>		<u>Total</u>	
	2018	2017	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group						
Sales to external parties	123,015	160,416	4,924	2,082	127,939	162,498
Segment results	44,670	55,950	836	(712)	45,506	55,238
Material non-cash items include:						
Depreciation expense	5,385	4,303	286	18	5,671	4,321
Gain on acquisition of a subsidiary	-	-	(1,580)	-	(1,580)	-
Allowance for doubtful trade debts	-	-	90	-	90	-
Inventories written off	61	225	-	-	61	225
(Reversal of) / Allowance for inventories obsolescence, net	(38)	(910)	4	-	(34)	(910)
Total assets	480,166	411,572	20,250	13,499	500,416	425,071
Total assets includes:						
Additions to property, plant and equipment	15,646	10,471	39	93	15,685	10,564
Improvement to investment property	12	103	-	-	12	103
Total liabilities	119,046	76,204	13,165	5,308	132,211	81,512

Geographical Segments

	Singapore		USA		Taiwan		Malaysia		Others		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group												
Total sales to external parties	70,230	111,871	24,483	17,352	26,720	23,615	4,488	6,010	2,018	3,650	127,939	162,498
Other geographical information:												
Non-current assets:												
Property, plant and equipment	18,319	9,377	98	105	-	-	34,951	29,300	-	-	53,368	38,782
Investment property	2,100	2,240	-	-	-	-	-	-	-	-	2,100	2,240
Goodwill	81,277	81,277	-	-	-	-	924	924	-	-	82,201	82,201
	<u>101,696</u>	<u>92,894</u>	<u>98</u>	<u>105</u>	<u>-</u>	<u>-</u>	<u>35,875</u>	<u>30,224</u>	<u>-</u>	<u>-</u>	<u>137,669</u>	<u>123,223</u>

A reconciliation of total assets for reportable segments to total assets is as follows:

	Group	
	2018	2017
	S\$'000	S\$'000
Total asset for reportable segments	500,416	425,071
Elimination of inter-segment assets	(225,388)	(165,917)
Total assets	<u>275,028</u>	<u>259,154</u>

A reconciliation of total liabilities for reportable segments to total liabilities is as follows:

	Group	
	2018	2017
	S\$'000	S\$'000
Total liabilities for reportable segments	132,211	81,512
Elimination of inter-segment liabilities	(87,644)	(36,159)
Total liabilities	<u>44,567</u>	<u>45,353</u>

16 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

17 A breakdown of sales as follows:

	2018	Group	Change
	S\$'000	2017	%
		S\$'000	
(a) Sales reported for first half	72,745	84,494	-14%
(b) Operating profit after tax before deducting minority interests reported for first half year	27,808	24,982	11%
(c) Sales reported for second half	55,194	78,004	-29%
(d) Operating profit after tax before deducting minority interests reported for second half year	17,698	30,256	-42%

18 A breakdown of total annual dividend (in dollar value) of the issuer's latest full year and its previous full year.

	2018	2017
Ordinary	S\$'000	S\$'000
Interim Dividend	13,411	13,948
Final Dividend	10,729	10,729
Special Dividend	-	5,364
Total	24,140	30,041

The Final Dividend and Special Dividend for FY2017 were approved at the Annual General Meeting of the Company on 26 April 2018 and paid on 25 May 2018. The proposed Final Dividend for FY2018, if approved at the forthcoming Annual General Meeting of the Company, will be paid on 25 May 2019.

19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that there is no person occupying a managerial position in the Company who is related to a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Luong Andy
Chief Executive Officer

25 February 2019