

**UMS HOLDINGS LIMITED**  
**COMPANY REGISTRATION NO: 200100340R**  
**First 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 31 MARCH 2019**

	<b>Group</b>		
	<b>3 Months Ended</b>		
	<b>31-Mar-19</b>	<b>31-Mar-18</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Revenue	28,602	37,516	-24%
Net finance expense (Note (a))	(156)	(55)	184%
Changes in inventories	(6,576)	710	N.M
Raw material purchases and subcontractor charges	(6,817)	(16,706)	-59%
Employee benefits expense	(3,950)	(4,047)	-2%
Depreciation expense (Note (b))	(1,697)	(1,143)	48%
Other expenses (Note (c))	(2,502)	(3,071)	-19%
Other charges (Note (d))	8	(1,070)	N.M
Share of result of associate (net of income tax)	458	16	2763%
<b>Profit before income tax</b>	<b>7,370</b>	<b>12,150</b>	<b>-39%</b>
Income tax expense (Note (e))	(550)	(879)	-37%
<b>Net profit for the period from continuing operations</b>	<b>6,820</b>	<b>11,271</b>	<b>-39%</b>
<b>Profit attributable to:</b>			
<b>Owners of the parent</b>	<b>7,049</b>	<b>11,400</b>	<b>-38%</b>
Non- controlling interest	(229)	(129)	78%
	<b>6,820</b>	<b>11,271</b>	<b>-39%</b>

N.M - Not meaningful

## **NOTES TO INCOME STATEMENT**

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

	<b>Group</b>		
	<b>3 Months Ended</b>		
	<b>31-Mar-19</b>	<b>31-Mar-18</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Interest income from cash and cash equivalents	36	56	-36%
Interest income from an associate	-	29	-100%
Interest expense on lease liabilities (Note (i))	(52)	-	N.M
Interest expense from bank borrowings	(72)	(83)	-13%
Interest expense from loans from related parties	(68)	(57)	19%
Net finance expense	<b>(156)</b>	<b>(55)</b>	<b>184%</b>

Note 1 (a)(a)(i) – The increase in interest expense on lease liabilities is mainly due to the adoption of the new Singapore Financial Reporting Standards (International) (SFRS(I)) 16 *Leases*.

### **Note (b) Depreciation expense**

The increase in depreciation was mainly due fixed assets additions in FY2018 and the recognition of right-of-use assets as a result of the adoption of the new SFRS(I) 16 *Leases*.

### **Note (c) Other expenses**

	<b>Group</b>		
	<b>3 Months Ended</b>		
	<b>31-Mar-19</b>	<b>31-Mar-18</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Legal and professional fees (Note (i))	(637)	(762)	-16%
Rental expense (Note (ii))	-	(134)	-100%
Utilities (Note (iii))	(802)	(698)	15%
Freight charges (Note (iv))	(89)	(166)	-46%
Insurance	(100)	(120)	-17%
Upkeep of properties and equipment (Note (iv))	(119)	(141)	-16%
Upkeep of machinery (Note (iv))	(314)	(527)	-40%
Others	(441)	(523)	-16%
	<b>(2,502)</b>	<b>(3,071)</b>	<b>-19%</b>

Note 1 (a)(c)(i) – The decrease in professional fees was mainly due to lower incentive payment made to the Group's sales consultant in 1Q2019 as compared to 1Q2018. Refer to note 13.

Note 1(a)(c)(ii) – . The decrease in rental expenses was mainly due to the adoption of the new SFRS(I) 16 *Leases*.

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

Note 1 (a)(c)(iv) – The decrease was mainly due to lower production volume during the period.

**Note (d) Other charges**

	<b>Group</b>		
	<b>3 Months Ended</b>		
	<b>31-Mar-19</b>	<b>31-Mar-18</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Foreign exchange loss (Note (i))	(15)	(1,121)	-99%
Gain on disposal of property, plant and equipment	1	-	N.M
Others	22	51	-57%
	<b>8</b>	<b>(1,070)</b>	<b>-101%</b>

Note 1(a)(d)(i) - The decrease in foreign exchange loss was mainly due to the relative stability of the US dollar against the Singapore dollar during the period.

**Note (e) Income tax**

	<b>Group</b>		
	<b>3 Months Ended</b>		
	<b>31-Mar-19</b>	<b>31-Mar-18</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Income tax:			
- Current	(570)	(879)	-35%
- Prior years	20	-	N.M
	<b>(550)</b>	<b>(879)</b>	<b>-37%</b>

Note 1(a)(e) - 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 Mar 2019 S\$'000	31 Dec 2018 S\$'000	31 Mar 2019 S\$'000	31 Dec 2018 S\$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and bank balances (Note (ii))	28,383	18,926	411	181
Trade receivables and other current assets	19,108	15,149	3,605	8,736
Loan to subsidiary	-	-	2,316	2,322
Inventories (Note (iv))	63,862	70,438	-	-
<b>Total Current Assets</b>	<b>111,353</b>	<b>104,513</b>	<b>6,332</b>	<b>11,239</b>
<b>Non-Current Assets</b>				
Investment in subsidiaries (Note (i))	-	-	200,481	200,481
Property, plant and equipment (Note (ii))	53,159	53,368	-	-
Investment property	2,062	2,100	-	-
Right-of-use assets (Note (iii))	3,946	-	-	-
Investment in associate (Note (v))	29,997	29,501	29,014	28,976
Loan to associate	3,334	3,345	3,334	3,345
Goodwill	82,201	82,201	-	-
<b>Total Non-Current Assets</b>	<b>174,699</b>	<b>170,515</b>	<b>232,829</b>	<b>232,802</b>
<b>Total Assets</b>	<b>286,052</b>	<b>275,028</b>	<b>239,161</b>	<b>244,041</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Bank borrowings (Note 1(b)(ii))	19,132	20,295	-	-
Trade and other payables	14,874	14,123	34,909	38,755
Loan from related parties (Note (vi))	1,403	1,403	-	-
Lease liabilities (Note (vii))	87	-	-	-
Income tax payable	2,626	2,316	14	14
<b>Total Current Liabilities</b>	<b>38,122</b>	<b>38,137</b>	<b>34,923</b>	<b>38,769</b>
<b>Non Current Liabilities</b>				
Loan from related parties (Note (vi))	3,469	3,419	-	-
Lease liabilities (Note (vii))	3,876	-	-	-
Deferred tax liabilities	2,598	2,606	-	-
Long-term provision*	405	405	-	-
<b>Total Non-Current Liabilities</b>	<b>10,348</b>	<b>6,430</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>48,470</b>	<b>44,567</b>	<b>34,923</b>	<b>38,769</b>
<b>Capital and Reserves</b>				
Share Capital	136,623	136,623	136,623	136,623
Reserves	(10,405)	(10,683)	-	-
Retained earnings	109,661	102,612	67,615	68,649
	235,879	228,552	204,238	205,272
<b>Non-controlling interest</b>	<b>1,703</b>	<b>1,909</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>	<b>237,582</b>	<b>230,461</b>	<b>204,238</b>	<b>205,272</b>
<b>Total Liabilities and Equity</b>	<b>286,052</b>	<b>275,028</b>	<b>239,161</b>	<b>244,041</b>

\* Provision for reinstatement of leased premises.

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

The details of the subsidiaries as at 31 March 2019 are as follows:

Name	Effective percentage of equity held by the group		Company's cost of investment	
	31-Mar-2019 %	31-Dec-2018 %	31-Mar-2019 S\$'000	31-Dec-2018 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	70	7,076	7,076
			<hr/>	
Unquoted equity shares, at cost			224,279	224,279
Less: Provision for impairment			(23,798)	(23,798)
			<hr/>	
			200,481	200,481
<hr/>				
<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	100		

Note 1(b)(i)(ii) – The net increase in cash and cash equivalents by S\$10.6 million (after netting-off short-term borrowing) was mainly due to the net cash generated from operating activities, partially offset by S\$1.2 million capital expenditure and repayment of S\$1.0 million short term loan during the year.

Note 1(b)(i)(iii) – The recognition of right-of-use assets from the adoption of the new SFRS(I) 16 *Leases*.

Note 1(b)(i)(iv) – The decrease in inventories by S\$6.6 million was mainly due to lower purchases made during the period.

Note 1(b)(i)(v) – Investment in associates relate to the Group’s 27.89% 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 31 Mar 2019.

Note 1(b)(i)(vi) – The current loan from related parties relates to amount owing to minority shareholders of Starke Singapore Pte Ltd and the non-current loan from related parties relates to loan from Full City Investments Ltd. Refer to note 13.

Note 1(b)(i)(vii) – Lease liabilities arose from the adoption of the new SFRS(I) 16 *Leases*, which relates to the present value of future lease payments due to the lessors.

**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 Mar 2019			As at 31 Dec 2018		
Secured	Unsecured	Total	Secured	Unsecured	Total
S\$’000	S\$’000	S\$’000	S\$’000	S\$’000	S\$’000
-	19,132	19,132	-	20,295	20,295

**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.

	<b>Group</b>	
	<b>3 Months Ended</b>	
	<b>31-Mar-19</b>	<b>31-Mar-18</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before income tax	7,370	12,150
Adjustments for:		
Depreciation expense	1,697	1,143
Gain on disposal of property, plant and equipment	(1)	-
Interest income	(36)	(85)
Interest expense	192	140
Share of result of associate (net of income tax)	(458)	(16)
Unrealised foreign exchange loss	(188)	737
<b>Operating cash flows before working capital changes</b>	<b>8,576</b>	<b>14,069</b>
Changes in working capital:		
Trade receivables and other current assets	(4,059)	712
Inventories	6,560	(748)
Trade and other payables	1,069	1,186
<b>Cash generated from operations</b>	<b>12,146</b>	<b>15,219</b>
Income tax paid	(248)	(57)
Interest paid	(52)	-
<b>Net cash generated from operating activities</b>	<b>11,846</b>	<b>15,162</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	13	-
Purchase of property, plant and equipment	(1,209)	(3,166)
Investment in associate	(38)	(28,187)
Interest received	36	85
<b>Net cash used in investing activities</b>	<b>(1,198)</b>	<b>(31,268)</b>
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings	-	2,163
Repayment of bank borrowings	(1,000)	(4,109)
Repayment of lease liabilities	(74)	-
Interest paid	(140)	(140)
<b>Net cash used in financing activities</b>	<b>(1,214)</b>	<b>(2,086)</b>
Net effect of exchange rate changes	23	(487)
Net increase/ (decrease) in cash and cash equivalents	9,457	(18,679)
Cash and cash equivalents at beginning of the period	18,926	59,571
<b>Cash and cash equivalents at end of the period</b>	<b>28,383</b>	<b>40,892</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.

	<b>Group</b>		
	<b>3 Months Ended</b>		
	<b>31-Mar-19</b>	<b>31-Mar-18</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Net Profit for the period</b>	<b>6,820</b>	<b>11,271</b>	<b>-39%</b>
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	301	1,009	-70%
<b>Total comprehensive income for the period</b>	<b>7,121</b>	<b>12,280</b>	<b>-42%</b>
<b>Attributable to:</b>			
Equity holders of the Company	7,327	12,394	-41%
Non-controlling interests	(206)	(114)	81%
	<b>7,121</b>	<b>12,280</b>	<b>-42%</b>



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 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>	136,623	(9,566)	100,445	227,502	(1,421)	226,081

	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 2019</b>	136,623	(10,683)	102,612	228,552	1,909	230,461
<b>Changes in equity for first quarter</b>						
Net profit for the period	-	-	7,049	7,049	(229)	6,820
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	278	-	278	23	301
<b>Total comprehensive income for the quarter</b>	-	278	7,049	7,327	(206)	7,121
<b>Balance at 31 March 2019</b>	136,623	(10,405)	109,661	235,879	1,703	237,582

	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>				
Balance at 1 January 2018	136,623	-	65,378	202,001
<b>Changes in equity for first quarter</b>				
Net loss for the period	-	-	(1,120)	(1,120)
Total comprehensive expenses for the quarter	-	-	(1,120)	(1,120)
<b>Balance at 31 March 2018</b>	<b>136,623</b>	<b>-</b>	<b>64,258</b>	<b>200,881</b>

	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>				
Balance at 1 January 2019	136,623	-	68,649	205,272
<b>Changes in equity for first quarter</b>				
Net loss for the period	-	-	(1,034)	(1,034)
Total comprehensive expenses for the quarter	-	-	(1,034)	(1,034)
<b>Balance at 31 March 2019</b>	<b>136,623</b>	<b>-</b>	<b>67,615</b>	<b>204,238</b>

- 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 2018 to 31 March 2019. There are neither treasury shares nor subsidiary holdings as at 31 March 2019 and 31 March 2018.

- 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 March 2019 was 536,429,579 (31 December 2018: 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 2018 and 31 March 2019.

**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 March 2019.

**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 2018.

**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.**

The adoption of new and revised standards did not have substantial effect on the financial performance and position of the Group except for the adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) 16 *Leases* which took effect on 1 January 2019, using the modified retrospective approach at the date of initial application which is on 1 January 2019. In compliance with SFRS(I) 16 *Leases*, the Group has applied the practical expedients to recognise the amount of right-of-use assets equal to the lease liabilities, adjusted by the amount of accrued lease payment related to that lease recognised in the statement of financial position immediately from 1 January 2019.

**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.**

	<b>Group</b>	
	<b>3 Months Ended</b>	
	<b>31-Mar-19</b>	<b>31-Mar-18</b>
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	1.31 cents	2.13 cents
- Weighted average number of shares	536,429,579	536,429,579
(b) On a fully diluted basis	1.31 cents	2.13 cents
- Weighted average number of shares	536,429,579	536,429,579

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-Mar-19	31-Dec-18	31-Mar-19	31-Dec-18
Net asset per ordinary share based on existing issued share capital as at end of period reported on	43.97 cents	42.61 cents	38.07 cents	38.27 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  
1Q2019 Vs 1Q2018**

	Group		
	3 Months Ended		
	31-Mar-19 S\$'000	31-Mar-18 S\$'000	Change %
<b>Business Segments</b>			
Semiconductor (Semicon)	27,022	37,027	-27%
Others	1,580	489	223%
	<u>28,602</u>	<u>37,516</u>	<u>-24%</u>

**Geographical Regions**

Singapore	17,207	23,776	-28%
United States of America ('US')	5,291	5,981	-12%
Taiwan	5,201	5,841	-11%
Malaysia	640	1,737	-63%
Others	263	181	45%
	<u>28,602</u>	<u>37,516</u>	<u>-24%</u>

**Revenue**

Compared to 4Q2018, Group revenue improved to S\$28.6 million in 1Q2019 from S\$25.9 million. This was attributed to higher sales achieved by the semiconductor segment in 1Q2019.

Compared to 1Q2018, revenue for the first quarter declined by 24% from S\$37.5 million a year ago. This was due to a 27% decrease in revenue from its semiconductor business while sales from its "Others" segment shot up by 223%.

Revenue from "Others" segment came from Kalf Engineering's projects and Starke Singapore's material distribution business. Starke Singapore began contributing to the Group's performance since 3Q2018.

Within the semiconductor segment, revenue from its integrated systems business decline 32% from S\$18.4 million in 1Q2018 to S\$12.5 million in 1Q2019 while revenue from component sales fell by 22% from S\$18.6 million to S\$14.5 million during the same period.

The semiconductor equipment industry faced weak near term demands brought about by lower memory prices and a decline in capital expenditures caused by a shift in chipmakers' strategies in response to global trade tensions. These trends exerted downward pressure on the Group's revenues in 1Q2019 in all geographical markets.

1Q2019 revenue in Singapore declined 28% as compared to 1Q2018 mainly due to weaker demand for Semiconductor Integrated Systems. Softer demand for components also impacted the performance of the Group's other regions. Revenue in US eased 12% vs 1Q2018, while Taiwan sales softened by 11%.

## Profitability

The Group remained profitable despite reporting a lower revenue for the first quarter of the year.

Gross material margins eased to 53% from 57% in the corresponding period last year. This was due to a change in product mix and higher contribution from subsidiary company Starke Singapore which earns lower margins from its material distribution business compared to the Group's semiconductor business.

The weaker gross margin was mitigated by improved contributions from its associate - JEP Holdings which continued to grow its bottom line in the quarter.

The Group also cut its expenses. Personnel costs eased 2% while other expenses went down 19%. Foreign exchange losses were slashed by 99% as the USD remained stable during the quarter while income tax expenses fell 37% in line with the lower profits.

Overall, the Group recorded a 38% lower profit attributable to shareholders of \$7.0 million in the first quarter compared to \$11.4 million in the same period last year.

## Cashflow

UMS continues to generate healthy cash flow of S\$11.8 million in net cash from operating activities and S\$10.7 million free cash flow in in 1Q2019. This was largely due to reduction in capex spending and running down of inventory.

Bank borrowings were pared down by S\$1.0 million. The Group's net cash and cash equivalents stayed healthy at S\$9.3 million as at 31 Mar 2019 - compared to a net debt of \$1.4 million as at 31 Dec 2018.

### **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 25 February 2019.

### **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.**

The Group continued to deliver positive first quarter results in a challenging business environment.

Near-term uncertainties remain as global markets are still grappling with the negative impact of the trade tensions between the world's two largest economies - US and China.

The Group's order volumes however stayed stable. And together with its key customer, the Group is making concerted efforts to navigate the current market dynamics to stay ahead of the competition.

Global fab equipment spending is expected to decline 14 percent (US\$ 53 billion) in 2019 but stage a strong recovery of 27 percent (US\$ 67 billion) to set a new record in 2020, according to the Q1 2019 World Fab Forecast report issued by the Industry Research & Statistics Group at SEMI.

[source: <http://www1.semi.org/en/global-fab-spending-see-2019-decline-new-highs-2020>]

In view of this trend, the Group maintains an optimistic view about the long-term prospects of the industry's future growth.

The Group also expects to further benefit from its diversification strategy as it continues to reap improved contributions from its associate and subsidiary companies.

A mandatory conditional cash offer ("Offer") to acquire all the remaining issued and paid-up ordinary shares (which UMS does not already own or control) of its associate company - SGX Catalist-listed JEP Holdings Ltd ("JEP") has been announced on 13 May 2019. The proposed acquisition is in line with the Group's diversification strategy to grow its revenue base beyond semiconductors to other high-growth sectors especially the buoyant aerospace industry. The Share Offer Document will be despatched to Shareholders in due course.

Barring any unforeseen circumstances, the Group will stay profitable in FY2019

**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**

26 July 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 12 July 2019, for the purpose of determining members' entitlements to the First Interim Dividend of 0.5 cent per ordinary share (tax-exempt one-tier) for the financial year ending 31 December 2019.

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 11 July 2019 will be registered before entitlement to the First Interim Dividend are determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 11 July 2019 will be entitled to the First 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>3 Months Period Ended 31 March 2019</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</b>	
Interest expenses from Shareholders loan ( <b>Note 1</b> )	59
<b>Sure Achieve Consultant Pte Ltd</b>	
Consultancy Services charges and commission ( <b>Note 2</b> )	331

**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 31 March 2019 amounted to S\$59,000 which represents approximately 0.04% of the Group's latest audited net tangible assets as at 31 December 2018.

**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 March 2019 amounted to S\$331,000 which represents approximately 0.22% of the Group's latest audited net tangible assets as at 31 December 2018.

14 **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 1Q2019 and the period ended 31 March 2019 financial results to be false or misleading in any material respect.

15 **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).

**BY ORDER OF THE BOARD**

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

15 May 2019