

**UMS HOLDINGS LIMITED**  
**COMPANY REGISTRATION NO: 200100340R**  
**Second 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 JUNE 2019**

	Group					
	2Q			6 Months Ended		
	30-Jun-19 S\$'000	30-Jun-18 S\$'000	Change %	30-Jun-19 S\$'000	30-Jun-18 S\$'000	Change %
Revenue	29,978	35,229	-15%	58,580	72,745	-19%
Net finance expense (Note (a))	(236)	(87)	171%	(392)	(142)	176%
Changes in inventories	(5,753)	6,204	N.M	(12,329)	6,914	N.M
Raw material purchases and subcontractor charges	(8,316)	(18,901)	-56%	(15,133)	(35,607)	-57%
Employee benefits expense	(3,468)	(3,872)	-10%	(7,418)	(7,919)	-6%
Depreciation expense (Note (b))	(1,721)	(1,271)	35%	(3,418)	(2,414)	42%
Other expenses (Note (c))	(2,363)	(2,965)	-20%	(4,865)	(6,036)	-19%
Other (charges)/credits (Note (d))	(379)	1,412	N.M	(371)	342	N.M
Share of result of associate	831	(91)	N.M	1,289	(75)	N.M
<b>Profit before income tax</b>	<b>8,573</b>	<b>15,658</b>	<b>-45%</b>	<b>15,943</b>	<b>27,808</b>	<b>-43%</b>
Income tax expense (Note (e))	(630)	(1,279)	-51%	(1,180)	(2,158)	-45%
<b>Net profit for the period from continuing operations</b>	<b>7,943</b>	<b>14,379</b>	<b>-45%</b>	<b>14,763</b>	<b>25,650</b>	<b>-42%</b>
<b>Profit attributable to:</b>						
<b>Owners of the parent</b>	8,088	14,496	-44%	15,137	25,896	-42%
Non- controlling interest	(145)	(117)	24%	(374)	(246)	52%
	<b>7,943</b>	<b>14,379</b>	<b>-45%</b>	<b>14,763</b>	<b>25,650</b>	<b>-42%</b>

N.M - Not meaningful

## **NOTES TO INCOME STATEMENT**

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

	<b>Group</b>					
	<b>2Q</b>			<b>6 Months Ended</b>		
	<b>30-Jun-19</b>	<b>30-Jun-18</b>	<b>Change</b>	<b>30-Jun-19</b>	<b>30-Jun-18</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Interest income from cash and cash equivalents (Note (i))	142	38	274%	178	94	89%
Interest income from an associate	-	7	-100%	-	36	-100%
Interest expense on lease liabilities (Note (ii))	(90)	-	N.M	(142)	-	N.M
Interest expense from bank borrowings (Note (i))	(220)	(73)	201%	(292)	(156)	87%
Interest expense from loans from related parties	(68)	(59)	15%	(136)	(116)	17%
Net finance expense	<b>(236)</b>	<b>(87)</b>	<b>171%</b>	<b>(392)</b>	<b>(142)</b>	<b>176%</b>

Note 1 (a)(a)(i) – The increase in interest expense from bank borrowings is due to short term borrowings taken to satisfy certain financial condition required for its general offer of JEP Holdings Ltd. Monies borrowed were placed in bank time deposits which resulted in higher interest income.

Note 1 (a)(a)(ii) – 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 to fixed assets additions during the second half of 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>2Q</b>			<b>6 Months Ended</b>		
	<b>30-Jun-19</b>	<b>30-Jun-18</b>	<b>Change</b>	<b>30-Jun-19</b>	<b>30-Jun-18</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Legal and professional fees (Note (i))	(441)	(458)	-4%	(1,078)	(1,220)	-12%
Rental expense (Note (ii))	-	(128)	-100%	-	(262)	-100%
Utilities (Note (iii))	(857)	(905)	-5%	(1,659)	(1,603)	3%
Freight charges (Note (iv))	(111)	(248)	-55%	(200)	(414)	-52%
Insurance	(95)	(113)	-16%	(195)	(233)	-16%
Upkeep of properties and equipment (Note (iv))	(108)	(156)	-31%	(227)	(297)	-24%
Upkeep of machinery (Note (iv))	(320)	(517)	-38%	(634)	(1,044)	-39%
Others	(431)	(440)	-2%	(872)	(963)	-9%
	<b>(2,363)</b>	<b>(2,965)</b>	<b>-20%</b>	<b>(4,865)</b>	<b>(6,036)</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 2QFY2019 as compared to 2QFY2018. 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 for 1HFY2019 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)/credits**

	<b>Group</b>					
	<b>2Q</b>			<b>6 Months Ended</b>		
	<b>30-Jun-19</b>	<b>30-Jun-18</b>	<b>Change</b>	<b>30-Jun-19</b>	<b>30-Jun-18</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 (Note (i))	73	1,392	-95%	58	271	-79%
Bad debts written off non-trade	(8)	-	N.M	(8)	-	N.M
Property, plant & equipment written off	(35)	-	N.M	(35)	-	N.M
Allowance for inventories obsolescence	(418)	-	N.M	(418)	-	N.M
Others	9	20	-55%	32	71	-55%
	<b>(379)</b>	<b>1,412</b>	<b>N.M</b>	<b>(371)</b>	<b>342</b>	<b>N.M</b>

Note 1(a)(d)(i) - The decrease in foreign exchange gain 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>2Q</b>			<b>6 Months Ended</b>		
	<b>30-Jun-19</b>	<b>30-Jun-18</b>	<b>Change</b>	<b>30-Jun-19</b>	<b>30-Jun-18</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	(630)	(1,279)	-51%	(1,200)	(2,158)	-44%
- Prior years	-	-	N.M	20	-	N.M
	<b>(630)</b>	<b>(1,279)</b>	<b>-51%</b>	<b>(1,180)</b>	<b>(2,158)</b>	<b>-45%</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	
	30 Jun 2019 S\$'000	31 Dec 2018 S\$'000	30 Jun 2019 S\$'000	31 Dec 2018 S\$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and bank balances (Note (ii))	60,730	18,926	39,411	181
Trade receivables and other current assets	15,790	15,149	4,053	8,736
Loan to subsidiary	-	-	2,003	2,322
Inventories (Note (iv))	58,110	70,438	-	-
<b>Total Current Assets</b>	<b>134,630</b>	<b>104,513</b>	<b>45,467</b>	<b>11,239</b>
<b>Non-Current Assets</b>				
Investment in subsidiaries (Note (i))	-	-	200,481	200,481
Property, plant and equipment	51,365	53,368	-	-
Investment property	2,066	2,100	-	-
Right-of-use assets (Note (iii))	3,907	-	-	-
Investment in associate (Note (v))	37,747	29,501	35,933	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>180,620</b>	<b>170,515</b>	<b>239,748</b>	<b>232,802</b>
<b>Total Assets</b>	<b>315,250</b>	<b>275,028</b>	<b>285,215</b>	<b>244,041</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Bank borrowings (Note 1(b)(ii))	54,729	20,295	26,000	-
Trade and other payables	12,418	14,123	62,531	38,755
Loan from related parties (Note (vi))	1,403	1,403	-	-
Lease liabilities (Note (vii))	65	-	-	-
Income tax payable	2,222	2,316	4	14
<b>Total Current Liabilities</b>	<b>70,837</b>	<b>38,137</b>	<b>88,535</b>	<b>38,769</b>
<b>Non Current Liabilities</b>				
Loan from related parties (Note (vi))	3,526	3,419	-	-
Lease liabilities (Note (vii))	3,876	-	-	-
Deferred tax liabilities	2,590	2,606	-	-
Long-term provision*	405	405	-	-
<b>Total Non-Current Liabilities</b>	<b>10,397</b>	<b>6,430</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>81,234</b>	<b>44,567</b>	<b>88,535</b>	<b>38,769</b>
<b>Capital and Reserves</b>				
Share Capital	136,623	136,623	136,623	136,623
Reserves	(11,140)	(10,683)	-	-
Retained earnings	107,020	102,612	60,057	68,649
	<b>232,503</b>	<b>228,552</b>	<b>196,680</b>	<b>205,272</b>
<b>Non-controlling interest</b>	<b>1,513</b>	<b>1,909</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>	<b>234,016</b>	<b>230,461</b>	<b>196,680</b>	<b>205,272</b>
<b>Total Liabilities and Equity</b>	<b>315,250</b>	<b>275,028</b>	<b>285,215</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 30 June 2019 are as follows:

Name	Effective percentage of equity held by the group		Company's cost of investment	
	30-Jun-2019	31-Dec-2018	30-Jun-2019	31-Dec-2018
	%	%	S\$'000	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
Ultimate Mechanical System Sdn. Bhd.	100	-	-*	-
Unquoted equity shares, at cost			224,279	224,279
Less: Provision for impairment			(23,798)	(23,798)
			<u>200,481</u>	<u>200,481</u>
<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		

\* amount less than S\$1,000

Note 1(b)(i)(ii) – The net increase in cash and cash equivalents by S\$7.4 million (after netting-off short-term borrowing) was mainly due to the net cash generated from operating activities, partially offset by S\$1.6 million capital expenditure, S\$7.0 million investment in JEP Holdings Ltd and S\$10.7 million dividend payments made 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\$12.3 million was mainly due to lower purchases made during the period.

Note 1(b)(i)(v) – Investment in associates relate to the Group’s 38.63% 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 Jun 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 30 Jun 2019			As at 31 Dec 2018		
Secured	Unsecured	Total	Secured	Unsecured	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
-	54,729	54,729	-	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.

	Group			
	2Q		6 Months Ended	
	30-Jun-19 S\$'000	30-Jun-18 S\$'000	30-Jun-19 S\$'000	30-Jun-18 S\$'000
<b>Cash flows from operating activities</b>				
Profit before income tax	8,573	15,658	15,943	27,808
Adjustments for:				
Depreciation expense	1,721	1,271	3,418	2,414
Bad debts written off- non-trade	8	-	8	-
Allowance for inventories obsolescence	418	-	418	-
Property, plant and equipment written off	35	-	35	-
Interest income	(142)	(45)	(178)	(130)
Interest expense	378	132	570	272
Share of result of associate (net of income tax)	(831)	91	(1,289)	75
Unrealised foreign exchange loss	213	(1,005)	37	(268)
<b>Operating cash flows before working capital changes</b>	<b>10,373</b>	<b>16,102</b>	<b>18,962</b>	<b>30,171</b>
Changes in working capital:				
Trade receivables and other current assets	3,134	1,714	(925)	2,426
Inventories	5,364	(5,560)	11,924	(6,308)
Trade and other payables	(2,281)	(5,565)	(1,212)	(4,379)
<b>Cash generated from operations</b>	<b>16,590</b>	<b>6,691</b>	<b>28,749</b>	<b>21,910</b>
Income tax paid	(1,041)	(1,678)	(1,289)	(1,735)
Interest paid	(90)	-	(142)	-
<b>Net cash generated from operating activities</b>	<b>15,459</b>	<b>5,013</b>	<b>27,318</b>	<b>20,175</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	2	-	2	-
Purchase of property, plant and equipment	(334)	(1,695)	(1,543)	(4,861)
Improvement to investment property	(43)	-	(43)	-
Investment in associate	(6,919)	-	(6,957)	(28,187)
Interest received	142	45	178	130
<b>Net cash used in investing activities</b>	<b>(7,152)</b>	<b>(1,650)</b>	<b>(8,363)</b>	<b>(32,918)</b>
<b>Cash flows from financing activities</b>				
Proceeds from bank borrowings	39,543	22,804	39,543	24,967
Repayment of bank borrowings	(4,176)	(29,391)	(5,176)	(33,500)
Dividends paid	(10,729)	(16,093)	(10,729)	(16,093)
Repayment of lease liabilities	(137)	-	(211)	-
Placed in fixed deposit - restricted	(39,000)	-	(39,000)	-
Interest paid	(169)	(132)	(309)	(272)
<b>Net cash used in financing activities</b>	<b>(14,668)</b>	<b>(22,812)</b>	<b>(15,882)</b>	<b>(24,898)</b>
Net effect of exchange rate changes	(292)	701	(269)	214
Net (decrease)/ increase in cash and cash equivalents	(6,653)	(18,748)	2,804	(37,427)
Cash and cash equivalents at beginning of the period	28,383	40,892	18,926	59,571
<b>Cash and cash equivalents at end of the period</b>	<b>21,730</b>	<b>22,144</b>	<b>21,730</b>	<b>22,144</b>
Fixed deposit - restricted in use	39,000	-	39,000	-
<b>Cash and cash equivalents in the Balance Sheet</b>	<b>60,730</b>	<b>22,144</b>	<b>60,730</b>	<b>22,144</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					
	2Q			6 Months Ended		
	30-Jun-19	30-Jun-18	Change	30-Jun-19	30-Jun-18	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Net Profit for the period</b>	<b>7,943</b>	<b>14,379</b>	<b>-45%</b>	<b>14,763</b>	<b>25,650</b>	<b>-42%</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	(780)	(211)	270%	(479)	798	N.M
<b>Total comprehensive income for the period</b>	<b>7,163</b>	<b>14,168</b>	<b>-49%</b>	<b>14,284</b>	<b>26,448</b>	<b>-46%</b>
<b>Attributable to:</b>						
Equity holders of the Company	7,353	14,369	-49%	14,680	26,763	-45%
Non-controlling interests	(190)	(201)	-5%	(396)	(315)	26%
	<b>7,163</b>	<b>14,168</b>	<b>-49%</b>	<b>14,284</b>	<b>26,448</b>	<b>-46%</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.

<b>Group</b>	<b>Share Capital S\$'000</b>	<b>Foreign Exchange Translation Reserve S\$'000</b>	<b>Retained Earnings S\$'000</b>	<b>Total equity attributable to equity of holders of the Company S\$'000</b>	<b>Non- controlling Interests S\$'000</b>	<b>Total Equity S\$'000</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>	<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>Group</b>	<b>Share Capital S\$'000</b>	<b>Foreign Exchange Translation Reserve S\$'000</b>	<b>Retained Earnings S\$'000</b>	<b>Total equity attributable to equity of holders of the Company S\$'000</b>	<b>Non- controlling Interests S\$'000</b>	<b>Total Equity S\$'000</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>	<u>136,623</u>	<u>(10,405)</u>	<u>109,661</u>	<u>235,879</u>	<u>1,703</u>	<u>237,582</u>
<b>Changes in equity for second quarter</b>						
Net profit for the period	-	-	8,088	8,088	(145)	7,943
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	(735)	-	(735)	(45)	(780)
<b>Total comprehensive income for the quarter</b>	-	(735)	8,088	7,353	(190)	7,163
Dividend paid	-	-	(10,729)	(10,729)	-	(10,729)
<b>As at 30 June 2019</b>	<u>136,623</u>	<u>(11,140)</u>	<u>107,020</u>	<u>232,503</u>	<u>1,513</u>	<u>234,016</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 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

	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 2019</b>	136,623	-	68,649	205,272
<b>Changes in equity for first quarter</b>				
Net loss for the period	-	-	(1,034)	(1,034)
<b>Total comprehensive expenses for the quarter</b>	-	-	(1,034)	(1,034)
<b>Balance at 31 March 2019</b>	136,623	-	67,615	204,238
<b>Changes in equity for second quarter</b>				
Net profit for the period	-	-	3,171	3,171
<b>Total comprehensive income for the quarter</b>	-	-	3,171	3,171
Dividend paid	-	-	(10,729)	(10,729)
<b>As at 30 June 2019</b>	136,623	-	60,057	196,680

- 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 30 June 2019. There are neither treasury shares nor subsidiary holdings as at 30 June 2019 and 30 June 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 30 June 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 30 June 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 30 June 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>2Q</b>		<b>6 Months Ended</b>	
	<b>30-Jun-19</b>	<b>30-Jun-18</b>	<b>30-Jun-19</b>	<b>30-Jun-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	1.51 cents	2.70 cents	2.82 cents	4.83 cents
- Weighted average number of shares	536,429,579	536,429,579	536,429,579	536,429,579
(b) On a fully diluted basis	1.51 cents	2.70 cents	2.82 cents	4.83 cents
- Weighted average number of shares	536,429,579	536,429,579	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.**

	<b>Group</b>		<b>Company</b>	
	<b>30-Jun-19</b>	<b>31-Dec-18</b>	<b>30-Jun-19</b>	<b>31-Dec-18</b>
Net asset per ordinary share based on existing issued share capital as at end of period reported on	43.34 cents	42.61 cents	36.66 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**  
**6 Months 2019 Vs 2018**

	<b>Group</b>		
	<b>6 Months Ended</b>		
	<b>30-Jun-19</b>	<b>30-Jun-18</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Business Segments</b>			
Semiconductor (Semicon)	53,390	72,256	-26%
Others	5,190	489	961%
	<b>58,580</b>	<b>72,745</b>	<b>-19%</b>
<b>Geographical Regions</b>			
Singapore	34,873	43,978	-21%
United States of America ('US')	11,681	11,970	-2%
Taiwan	10,531	13,231	-20%
Malaysia	1,077	3,115	-65%
Others	418	451	-7%
	<b>58,580</b>	<b>72,745</b>	<b>-19%</b>

**Revenue**  
**2Q2019 Vs 2Q2018**

	<b>Group</b>		
	<b>3 Months Ended</b>		
	<b>30-Jun-19</b>	<b>30-Jun-18</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Business Segments</b>			
Semiconductor (Semicon)	26,368	35,229	-25%
Others	3,610	-	N.M
	<b>29,978</b>	<b>35,229</b>	<b>-15%</b>
<b>Geographical Regions</b>			
Singapore	17,666	20,203	-13%
United States of America ('US')	6,390	5,989	7%
Taiwan	5,330	7,390	-28%
Malaysia	437	1,378	-68%
Others	155	269	-42%
	<b>29,978</b>	<b>35,229</b>	<b>-15%</b>

**Revenue**

**2QFY2019**

US-China trade tensions, plunging memory prices and the shift in chipmakers' strategies have continued to weigh on the Group's performance. For 2QFY2019, overall revenue was down 15% to S\$30 million from S\$35.2 million in 2QFY2018 due to a 25% dip in sales from its semiconductor segment. Only sales from the USA showed an uptick of 7% to S\$6.4 million from S\$6 million for the same quarter last year, but all the other regions fell – Singapore by 13% to S\$17.7 million; Taiwan by 28% to S\$5.3 million; Malaysia by 68% to S\$0.44 million and for others by 42% to S\$0.16 million.

The decline in semiconductor sales was due to lower semiconductor integrated system sales which fell 19% from S\$14.7 million in 2QFY2018 to S\$11.9 million in 2QFY2019. There was also a 30% drop in component sales from S\$20.6 million in 2QFY2018 to S\$14.5 million in 2QFY2019.

Singapore's sales eased mainly due to weaker demand for semiconductor integrated system sales. Revenue from Taiwan and Malaysia fell as a result of lower component sales.

Compared to 1QFY2019, the Group's semiconductor sales stayed stable - easing just 2% from S\$27 million to S\$26.4 million in 2QFY2019. Overall revenue for the current quarter was up by about 4.8% on quarter - lifted by a 128% increase from the Group's non-semiconductor businesses.

## **1HFY2019**

Revenue for 1HFY2019 shrank 19% to S\$58.6 million compared to S\$72.7 million for the first six months of FY2018 on the back of a 26% decline in semiconductor sales from S\$72.3 million to S\$53.4 million. Sales for the Others segment however rose 961% from S\$0.5 million to S\$5.2 million due to revenue from its subsidiaries - Kalf Engineering and Starke Singapore, the latter which had made its maiden contributions to the Group from 3QFY2018.

All of the Group's geographical markets reported lower sales. Revenue from Singapore fell 21% to S\$34.9 million from S\$44 million from the corresponding period last year. Revenue from USA was down by 2% to \$11.7 million, Taiwan 20% lower to S\$10.5 million, Malaysia down by 65% to S\$1.1 million and others slid by 7% to S\$0.4 million.

## **Profitability**

### **2QFY2019**

In spite of the ongoing challenges facing industry players, the Group remained profitable. Net profit attributable to shareholders for the current quarter was S\$8.1 million or 44% lower than the S\$14.5 million recorded in 2QFY2018.

Gross material margin in 2QFY2019 fell to 53% from 64% in 2QFY2018 partly due to product mix, and partly due to higher contribution of Starke's material distribution business to the Group's overall sales mix. This is because its distribution business earns a lower margin as compared to the Group's semiconductor business.

However, the Group's gross material margin in 2QFY2019 remained stable as compared to 1QFY2019.

Overall, Group net profit attributable to shareholders improved by about 14% to S\$8.1 million in 2QFY2019 from S\$7 million in 1QFY2019.

It had benefited from a bigger share of results from its associate company JEP Holdings Ltd which continued its path of improvement towards increasing profitability in 2019. UMS also gained from the appreciation of USD during the quarter.

The Group made efforts to trim expenses as well. Personnel costs were reduced by 10% due to lower overtime costs and decreased bonus provisions. Other expenses were cut by 20% in line with lower production volume, while income tax expense was slashed by 51% in line with reduced profits.

The Group's depreciation rose 35% mainly due to fixed assets additions during the second half of FY2018.

## **1HFY2019**

Net profit attributable to shareholders for 1HFY2019 fell 42% to S\$15.1 million from S\$25.9 million for the corresponding six-month period last year,

The softer performance was due to the Group's lower sales and the drop in gross material margin which fell to 53% from 61% in 1HFY2018. The decline in gross material margins reflected the change in product mix as a result of higher revenue contribution from Starke's material distribution business to the Group's overall sales mix.

The Group's bottom line was boosted by contributions from its associate, JEP Holdings Ltd which continued to increase its profitability in 2019. UMS also gained from appreciation of the USD during the period under review.

Group expenses were also slashed. Personnel costs fell mainly due to lower overtime costs and decrease in bonus provisions while other expenses declined 19% in line with decreased production volumes and income tax expenses shrank 45% as a result of lower profits.

Depreciation however went up 42% mainly due to addition in fixed assets during the second half of FY2018.

## Cashflow

### 2QFY2019

Despite lower sales and profits, UMS continued to generate a healthy cash flow as the Group registered a whopping S\$15.5 million positive net cash from operating activities vs S\$5.0 million in 2QFY2018, a 208% improvement.

It also generated S\$15.1 million free cash flow in 2QFY2019 compared to S\$3.3 million in 2QFY2018.

The improved cashflow is achieved mainly from running down its inventory and lower capital expenditures.

The Group's borrowings rose temporarily to satisfy certain financial condition required for its general offer of JEP Holdings Ltd. It invested S\$6.9 million to raise its equity stake in JEP Holdings Ltd from 29% to 39% during the quarter.

### 1HFY2019

Strong positive net cashflow from the Group's operating activities surged to S\$27.3 million from S\$20.2 million in 1HFY2018. UMS also generated free cash flow of S\$25.7 million in 1HFY2019, up 68% from S\$15.3 million in 1HFY2018, benefitting from concerted efforts to slash inventory and capital expenditures.

Even after making additional investment in JEP Holdings Ltd and paying dividends of S\$10.7 million, the Group's net cash and cash equivalents (net of bank borrowings) rose to S\$6.0 million as of 30 June 2019, reversing from a net debt of S\$1.4 million in 31 December 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 15 May 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 outlook in the second half of the year remains challenging amid current uncertainties in the global semiconductor industry following the ongoing China-US trade dispute and the more recent dispute between South Korea and Japan.

Global sales of semiconductor manufacturing equipment by original equipment manufacturers (OEMs) are projected to decline by 18.4 percent to \$52.7 billion in 2019 from last year's historic high of \$64.5 billion. This projection is in the latest report from SEMI, the global industry association representing the electronics manufacturing and design supply chain.

The report however showed that growth in equipment sales is expected to resume in 2020, with an 11.6 percent jump to \$58.8 billion on the strength of memory spending and new projects in China; while equipment sales in Japan will surge 46.4 percent to \$9.0 billion. The upside is based on the assumption of a macro-economic recovery if trade tensions subside in 2020.

[Source: <https://www.newswire.ca/news-releases/semi-2019-mid-year-total-equipment-forecast-2019-market-reset-with-2020-recovery-841493814.html>]

The Group is currently seeing stable business order volumes from its major customer.

The Group expects to continue to benefit from its successful diversification beyond the semiconductor industry.

As the single largest shareholder with a 39% stake in JEP Holdings Ltd, UMS will intensify collaboration between the two companies. As JEP's operational efficiency improves, its team has stepped up its engagement with aerospace OEM customers and is making promising progress.



UMS is therefore poised to gain from the growing global aerospace industry, worth an estimated US\$838 billion, according to an analysis conducted by the AeroDynamic Advisory and Teal Group Corp.

[Source: <https://aviationweek.com/farnborough-airshow-2018/aerospace-industry-worth-us838-billion>]

A report by Deloitte has highlighted that the aerospace industry is likely to keep up its growth trajectory in 2019, led by growing commercial aircraft production and strong defense spending. In the commercial aerospace sector, aircraft order backlog remains at an all-time high as demand for next-generation, fuel-efficient aircraft continues to surge with the rise in oil prices. With the aircraft backlog at its peak, manufacturers are expected to ramp up production rates, hence, driving growth in the sector.

[Source: <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Manufacturing/gx-eri-2019-global-a-and-d-sector-outlook.pdf>]

Barring any unforeseen circumstances, the Group will remain profitable in FY2019.

## 11 Dividend

### (a) Current Financial Period Reported

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

Name of Dividend	Proposed Interim Dividend
Dividend Type	Cash
Dividend Amount (SGD)	0.5 cent 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 Interim Dividend
Dividend Type	Cash
Dividend Amount (SGD)	1.0 cent per ordinary share, (tax exempt one-tier)
Tax rate	Not applicable

### (c) Date payable

25 October 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 11 October 2019, for the purpose of determining members' entitlements to the Second 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., 30 Cecil Street #19-08 Prudential Tower Singapore 049712 up to the close of business at 5.00 p.m. on 10 October 2019 will be registered before entitlement to the Second Interim Dividend are determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 10 October 2019 will be entitled to the Second 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>6 Months Period Ended 30 June 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>	118
<b>Sure Achieve Consultant Pte Ltd</b>	
Consultancy Services charges and commission <b>(Note 2)</b>	656

**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 June 2019 amounted to S\$118,000 which represents approximately 0.08% 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 30 June 2019 amounted to S\$656,000 which represents approximately 0.44% 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 2Q2019 and the period ended 30 June 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**

14 August 2019