

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 2020

	Group					
	2Q			6 Months Ended		
	30-Jun-20 S\$'000	30-Jun-19 S\$'000	Change %	30-Jun-20 S\$'000	30-Jun-19 S\$'000	Change %
Revenue	40,324	29,978	35%	75,192	58,580	28%
Net finance expense (Note (a))	(93)	(236)	-61%	(158)	(392)	-60%
Changes in inventories	(354)	(5,753)	-94%	(1,488)	(12,329)	-88%
Raw material purchases and subcontractor charges	(19,492)	(8,316)	134%	(34,647)	(15,133)	129%
Employee benefits expense	(3,817)	(3,468)	10%	(8,361)	(7,418)	13%
Depreciation expense (Note (b))	(1,892)	(1,721)	10%	(3,740)	(3,418)	9%
Other expenses (Note (c))	(2,551)	(2,363)	8%	(5,397)	(4,865)	11%
Other (charges) / credits (Note (d))	(527)	(379)	39%	1,158	(371)	N.M
Share of profits of associate	931	831	12%	1,784	1,289	38%
Profit before income tax	12,529	8,573	46%	24,343	15,943	53%
Income tax expense (Note (e))	(966)	(630)	53%	(1,975)	(1,180)	67%
Net profit for the period from continuing operations	11,563	7,943	46%	22,368	14,763	52%
Profit attributable to:						
Owners of the parent	11,568	8,088	43%	22,269	15,137	47%
Non- controlling interest	(5)	(145)	-97%	99	(374)	N.M
	11,563	7,943	46%	22,368	14,763	52%

N.M - Not meaningful

NOTES TO INCOME STATEMENT

Note (a) Net finance income/ (expense)

	Group					
	2Q			6 Months Ended		
	30-Jun-20	30-Jun-19	Change	30-Jun-20	30-Jun-19	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income from cash and cash equivalents	46	142	-68%	122	178	-31%
Interest expense on lease liabilities	(54)	(90)	-40%	(106)	(142)	-25%
Interest expense from bank borrowings (Note (i))	(17)	(220)	-92%	(38)	(292)	-87%
Interest expense from loans from related parties	(68)	(68)	0%	(136)	(136)	0%
Net finance expense	(93)	(236)	-61%	(158)	(392)	-60%

Note 1 (a)(a)(i) – The decrease in interest expense from bank borrowings was due to lower short term borrowings during the period.

Note (b) Depreciation expense

The increase in depreciation was mainly due to fixed assets additions during the second half of FY2019

Note (c) Other expenses

	Group					
	2Q			6 Months Ended		
	30-Jun-20	30-Jun-19	Change	30-Jun-20	30-Jun-19	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Legal and professional fees (Note (i))	(469)	(441)	6%	(1,064)	(1,078)	-1%
Utilities	(914)	(857)	7%	(1,768)	(1,659)	7%
Freight charges (Note (ii))	(203)	(111)	83%	(403)	(200)	102%
Insurance	(105)	(95)	11%	(205)	(195)	5%
Upkeep of properties and equipment	(128)	(108)	19%	(239)	(227)	5%
Upkeep of machinery (Note (iii))	(388)	(320)	21%	(835)	(634)	32%
Others	(344)	(431)	-20%	(883)	(872)	1%
	(2,551)	(2,363)	8%	(5,397)	(4,865)	11%

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

Note 1(a)(c)(ii) – The increase was mainly due higher material purchases and freight rates during the period.

Note 1(a)(c)(iii) – The increase was mainly due to higher maintenance work during the period.

Note (d) Other credits/ (charges)

	2Q			6 Months Ended		
	30-Jun-20 S\$'000	30-Jun-19 S\$'000	Change %	30-Jun-20 S\$'000	30-Jun-19 S\$'000	Change %
Foreign exchange (losses) / gains - net (Note (i))	(417)	73	N.M	1,049	58	1709%
Bad debts written off non-trade	-	(8)	-100%	-	(8)	-100%
Gain on disposal of property, plant and equipment	18	-	N.M	182	-	N.M
Property, plant & equipment written off	-	(35)	-100%	-	(35)	-100%
Allowance for inventories obsolescence	(519)	(418)	24%	(519)	(418)	24%
Others (Note (ii))	391	9	4244%	446	32	1294%
	(527)	(379)	39%	1,158	(371)	N.M

Note 1(a)(d)(i) – The exchange loss in 2QFY2020 was mainly due to the depreciation of the US dollar during the period.

Note 1(a)(d)(ii) – The increase was mainly due to cash grant received from the Singapore Government under the Jobs Support Scheme during the circuit breaker period.

Note (e) Income tax

	Group					
	2Q			6 Months Ended		
	30-Jun-20 S\$'000	30-Jun-19 S\$'000	Change %	30-Jun-20 S\$'000	30-Jun-19 S\$'000	Change %
Income tax:						
- Current	(966)	(630)	53%	(1,975)	(1,200)	65%
- Prior years	-	-	N.M	-	20	-100%
	(966)	(630)	53%	(1,975)	(1,180)	67%

Note 1(a)(e) - The increase in current income tax was due to higher 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 2020 S\$'000	31 Dec 2019 S\$'000	30 Jun 2020 S\$'000	31 Dec 2019 S\$'000
ASSETS				
Current Assets				
Cash and bank balances (Note (ii))	49,017	34,364	856	178
Trade receivables and other current assets (Note (iii))	30,767	22,072	5,517	5,602
Loan to subsidiary	-	-	5,056	3,791
Inventories	50,258	51,746	-	-
Total Current Assets	130,042	108,182	11,429	9,571
Non-Current Assets				
Investment in subsidiaries (Note (i))	-	-	201,306	201,306
Property, plant and equipment	49,507	52,307	-	-
Right-of-use assets (Note (iv))	4,062	4,237	-	-
Investment property	1,759	1,832	-	-
Investment in associate (Note (v))	42,153	39,397	37,270	36,298
Goodwill	81,211	81,211	-	-
Deferred tax assets	47	47	-	-
Total Non-Current Assets	178,739	179,031	238,576	237,604
Total Assets	308,781	287,213	250,005	247,175
LIABILITIES AND EQUITY				
Current Liabilities				
Bank borrowings (Note 1(b)(ii))	7,733	9,334	-	-
Trade and other payables (Note (vi))	20,418	18,760	31,133	37,691
Loan from related parties (Note (vii))	1,403	1,403	-	-
Lease liabilities (Note (viii))	184	262	-	-
Income tax payable	4,641	2,754	58	58
Total Current Liabilities	34,379	32,513	31,191	37,749
Non Current Liabilities				
Loan from related parties (Note (vii))	3,798	3,626	-	-
Deferred tax liabilities	2,111	2,127	-	-
Long-term provision*	405	405	-	-
Lease liabilities (Note (viii))	3,592	3,656	-	-
Total Non-Current Liabilities	9,906	9,814	-	-
Total Liabilities	44,285	42,327	31,191	37,749
Capital and Reserves				
Share Capital	136,623	136,623	136,623	136,623
Treasury shares	(1,919)	-	(1,919)	-
Reserves	(11,518)	(10,823)	-	-
Retained earnings	139,734	117,465	84,110	72,803
	262,920	243,265	218,814	209,426
Non-controlling interest	1,576	1,621	-	-
Total Equity	264,496	244,886	218,814	209,426
Total Liabilities and Equity	308,781	287,213	250,005	247,175

* Provision for reinstatement of leased premises.

Note 1 (b)(i)(i) Investment in Subsidiaries
The details of the subsidiaries as at 30 June 2020 are as follows:

Name	Effective percentage of equity held by the group		Company's cost of investment	
	30-Jun-2020	31-Dec-2019	30-Jun-2020	31-Dec-2019
	%	%	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. (Malaysia)	100	100	825	825
Unquoted equity shares, at cost			225,104	225,104
Less: Provision for impairment			(23,798)	(23,798)
			<u>201,306</u>	<u>201,306</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		
<u>Held through Ultimate Machining Solutions (M) Sdn. Bhd.</u>				
AllStar Manufacturing Sdn. Bhd. (Malaysia)	100	100		

Note 1(b)(i)(ii) – The net increase in cash and cash equivalents by S\$16.3 million (after netting-off short-term borrowing) was mainly due to net cash generated from operating activities, partially offset by S\$1.0 million investment in JEP Holdings Ltd and S\$1.9 million in UMS share buy back.

Note 1(b)(i)(iii) – Trade receivables and other current assets increased by S\$8.7 million, which were mainly due to higher sales made in the month of June 2020.

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

Note 1(b)(i)(v) – Investment in associates relate to the Group's 39.69% equity interest investment in JEP Holdings Ltd. The Group has recognised its share of profit of JEP Holdings Ltd for the period.

Note 1(b)(i)(vi) – Trade and other payables increased by S\$1.7 million, which were mainly due to higher purchase made during the period.

Note 1(b)(i)(vii) – 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)(viii) – 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 2020			As at 31 Dec 2019		
Secured	Unsecured	Total	Secured	Unsecured	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
-	7,733	7,733	-	9,334	9,334

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-20 S\$'000	30-Jun-19 S\$'000	30-Jun-20 S\$'000	30-Jun-19 S\$'000
Cash flows from operating activities				
Profit before income tax	12,529	8,573	24,343	15,943
Adjustments for:				
Depreciation expense	1,892	1,721	3,740	3,418
Bad debts written off- non-trade	-	8	-	8
Allowance of inventories obsolescence	519	418	519	418
Property, plant and equipment written off	-	35	-	35
Gain on disposal of property, plant and equipment	(18)	-	(182)	-
Interest income	(46)	(142)	(122)	(178)
Interest expense	139	378	280	570
Share of profit of associate	(931)	(831)	(1,784)	(1,289)
Unrealised foreign exchange gain	597	213	(827)	37
Operating cash flows before working capital changes	14,681	10,373	25,967	18,962
Changes in working capital:				
Trade receivables and other current assets	(3,683)	3,134	(7,934)	(925)
Inventories	(103)	5,364	966	11,924
Trade and other payables	(136)	(2,281)	1,283	(1,212)
Cash generated from operations	10,759	16,590	20,282	28,749
Income tax paid	(25)	(1,131)	(96)	(1,431)
Net cash generated from operating activities	10,734	15,459	20,186	27,318
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	18	2	188	2
Purchase of property, plant and equipment	(338)	(334)	(1,102)	(1,543)
Improvement to investment property	-	(43)	-	(43)
Investment in associate	-	(6,919)	(972)	(6,957)
Interest received	46	142	122	178
Net cash used in investing activities	(274)	(7,152)	(1,764)	(8,363)
Cash flows from financing activities				
Proceeds from bank borrowings	812	39,543	812	39,543
Repayment of bank borrowings	-	(4,176)	(2,700)	(5,176)
Dividends paid	-	(10,729)	-	(10,729)
Purchase of treasury shares	-	-	(1,919)	-
Repayment of lease liabilities	(152)	(137)	(247)	(211)
Placement of fixed deposit - restricted	-	(39,000)	-	(39,000)
Interest paid	(17)	(169)	(38)	(309)
Net cash generated from / (used in) financing activities	643	(14,668)	(4,092)	(15,882)
Net effect of exchange rate changes	(933)	(292)	323	(269)
Net increase/ (decrease) in cash and cash equivalents	10,170	(6,653)	14,653	2,804
Cash and cash equivalents at beginning of the period	38,847	28,383	34,364	18,926
Cash and cash equivalents at end of the period	49,017	21,730	49,017	21,730
Fixed deposit - restricted in use	-	39,000	-	39,000
Cash and cash equivalents in the Balance Sheet	49,017	60,730	49,017	60,730

- 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-20 S\$'000	30-Jun-19 S\$'000	Change %	30-Jun-20 S\$'000	30-Jun-19 S\$'000	Change %
Net Profit for the period	11,563	7,943	46%	22,368	14,763	52%
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	(626)	(780)	-20%	(839)	(479)	75%
Total comprehensive income for the period	10,937	7,163	53%	21,529	14,284	51%
Attributable to:						
Equity holders of the Company	10,842	7,353	47%	21,574	14,680	47%
Non-controlling interests	95	(190)	-150%	(45)	(396)	-89%
	10,937	7,163	53%	21,529	14,284	51%

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.

	Attributable to owners of the Company						
	Share Capital S\$'000	Treasury Shares S\$'000	Foreign Exchange	Retained Earnings S\$'000	Total S\$'000	Non- controlling	Total S\$'000
			Translation Reserve S\$'000			Interests S\$'000	
Group							
Balance at 1 January 2019	136,623	-	(10,683)	102,612	228,552	1,909	230,461
Adoption of SFRS(I) 16	-	-	-	72	72	-	72
Adjusted balance as at 1 January 2019	136,623	-	(10,683)	102,684	228,624	1,909	230,533
Changes in equity for first quarter							
Net profit for the period	-	-	-	6,977	6,977	(229)	6,748
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	-	278	-	278	23	301
Total comprehensive income for the quarter	-	-	278	6,977	7,255	(206)	7,049
Balance at 31 March 2019	136,623	-	(10,405)	109,661	235,879	1,703	237,582
Changes in equity for second quarter							
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)
Total comprehensive income for the quarter	-	-	(735)	8,088	7,353	(190)	7,163
Disposal of a subsidiary	-	-	-	-	-	-	-
Dividend paid	-	-	-	(10,729)	(10,729)	-	(10,729)
As at 30 June 2019	136,623	-	(11,140)	107,020	232,503	1,513	234,016

	Attributable to owners of the Company						
	Share Capital S\$'000	Treasury Shares S\$'000	Foreign	Retained Earnings S\$'000	Total S\$'000	Non-controlling Interests S\$'000	Total S\$'000
			Exchange Translation Reserve S\$'000				
Group							
Balance at 1 January 2020	136,623	-	(10,823)	117,465	243,265	1,621	244,886
Changes in equity for first quarter							
Net profit for the period	-	-	-	10,701	10,701	104	10,805
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	-	31	-	31	(244)	(213)
Total comprehensive income for the quarter	-	-	31	10,701	10,732	(140)	10,592
Purchase of treasury shares	-	(1,919)	-	-	(1,919)	-	(1,919)
Balance at 31 March 2020	<u>136,623</u>	<u>(1,919)</u>	<u>(10,792)</u>	<u>128,166</u>	<u>252,078</u>	<u>1,481</u>	<u>253,559</u>
Changes in equity for second quarter							
Net profit for the period	-	-	-	11,568	11,568	(5)	11,563
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	-	(726)	-	(726)	100	(626)
Total comprehensive income for the quarter	-	-	(726)	11,568	10,842	95	10,937
As at 30 June 2020	<u>136,623</u>	<u>(1,919)</u>	<u>(11,518)</u>	<u>139,734</u>	<u>262,920</u>	<u>1,576</u>	<u>264,496</u>

	Attributable to owners of the Company			
	Share Capital S\$'000	Treasury Shares S\$'000	Retained Earnings S\$'000	Total S\$'000
	Company			
Balance at 1 January 2019	136,623	-	68,649	205,272
Changes in equity for first quarter				
Net loss for the period	-	-	(1,034)	(1,034)
Total comprehensive expenses for the quarter	-	-	(1,034)	(1,034)
Balance at 31 March 2019	<u>136,623</u>	<u>-</u>	<u>67,615</u>	<u>204,238</u>
Changes in equity for second quarter				
Net profit for the period	-	-	3,171	3,171
Total comprehensive income for the quarter	-	-	3,171	3,171
Dividend paid	-	-	(10,729)	(10,729)
As at 30 June 2019	<u>136,623</u>	<u>-</u>	<u>60,057</u>	<u>196,680</u>

	Attributable to owners of the Company			
	Share Capital S\$'000	Treasury Shares S\$'000	Retained Earnings S\$'000	Total S\$'000
Company				
Balance at 1 January 2020	136,623	-	72,803	209,426
Changes in equity for first quarter				
Net loss for the period	-	-	(637)	(637)
Total comprehensive expenses for the quarter	-	-	(637)	(637)
Purchase of treasury shares	-	(1,919)	-	(1,919)
Balance at 31 March 2020	136,623	(1,919)	72,166	206,870
Changes in equity for second quarter				
Net profit for the period	-	-	11,944	11,944
Total comprehensive income for the quarter	-	-	11,944	11,944
As at 30 June 2020	136,623	(1,919)	84,110	218,814

- 1(e)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation 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 2019 to 30 June 2020.

Treasury Shares

During the period, the Company purchased 3,000,000 ordinary shares by way of open market acquisitions, all of which were held by the Company as treasury shares (31 December 2019: Nil).

- 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 2020 was 533,429,579 (31 December 2019: 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 were no sales, transfers, cancellation and/ or use of treasury shares by the company during the second quarter ended 30 June 2020.

- 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 2020.

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.

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion, (a) update on the efforts taken to resolve each outstanding audit issue, (b) confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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 2019.

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 for the current financial period ended 30 June 2020.

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			
	2Q		6 Months Ended	
	30-Jun-20	30-Jun-19	30-Jun-20	30-Jun-19
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	2.17 cents	1.51 cents	4.17 cents	2.82 cents
- Weighted average number of shares (excluding treasury shares)	533,429,579	536,429,579	533,429,579	536,429,579
(b) On a fully diluted basis	2.17 cents	1.51 cents	4.17 cents	2.82 cents
- Weighted average number of shares (excluding treasury shares)	533,429,579	536,429,579	533,429,579	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	
	30-Jun-20	31-Dec-19	30-Jun-20	31-Dec-19
Net asset value per ordinary share based on total number of issued shares (excluding treasury shares)	49.29 cents	45.35 cents	41.02 cents	39.04 cents
Total number of issued shares (excluding treasury shares)	533,429,579	536,429,579	533,429,579	536,429,579

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 2020 vs 2019		Group		
		6 Months Ended		
		30-Jun-20	30-Jun-19	Change
		S\$'000	S\$'000	%
Business Segments				
Semiconductor (Semicon)		68,917	53,390	29%
Others		6,275	5,190	21%
		75,192	58,580	28%
Geographical Regions				
Singapore		50,234	34,873	44%
United States of America ('US')		12,165	11,681	4%
Taiwan		10,213	9,193	11%
Malaysia		1,790	2,415	-26%
Others		790	418	89%
		75,192	58,580	28%
Revenue				
2Q2020 vs 2Q2019		Group		
		3 Months Ended		
		30-Jun-20	30-Jun-19	Change
		S\$'000	S\$'000	%
Business Segments				
Semiconductor (Semicon)		37,201	26,368	41%
Others		3,123	3,610	-13%
		40,324	29,978	35%
Geographical Regions				
Singapore		28,304	17,666	60%
United States of America ('US')		5,923	6,390	-7%
Taiwan		4,780	3,992	20%
Malaysia		987	1,775	-44%
Others		330	155	113%
		40,324	29,978	35%

Revenue

2QFY2020

The Group continued to deliver a strong performance. Compared to 2QFY2019, Group revenue rose 35% to S\$40.3 million in 2QFY2020.

The sales surge was attributed to the robust growth of its semiconductor business.

Semiconductor sales grew by 41%, mainly driven by higher Integrated System sales. Integrated System sales jumped 65% from S\$11.9 million in 2QFY2019 to S\$19.6 million in 2QFY2020

Revenue from component sales increased 22% from S\$14.4 million in 2QFY2019 to S\$17.6 million in 2QFY2020.

Sales in "Others" segment slipped 13% mainly due to lower sales from Kalf Engineering (Kalf).

On a sequential basis, revenue from the Semiconductor segment went up 17.3% while the Others segment remained relatively stable at \$3.1 million compared to 1QFY2020.

Geographically, Singapore and the "Others" markets were the star performers. Sales in Singapore leapt 60% on the back of semiconductor Integrated System sales while higher component sales fueled the 113% sales surge in the "Others" market. Taiwan also recorded a 20% increase in revenue compared to 2QFY2019, mainly due to increased semiconductor component sales.

US and Malaysia softened by 7% and 44% respectively compared to 2QFY2019. The decline in US revenue was due to lower component sales for new systems built.

1HFY2020

Revenue for 1HFY2020 grew 28% to S\$75.2 million compared to S\$58.6 million for the first six months of FY2019 on the back of 29% and 21% improvements in the semiconductor and Others segments respectively.

Revenue went up in all of the Group's key markets, except Malaysia which declined 26%. Singapore sales soared 44% due to higher Semiconductor Integrated System demand while US, Taiwan and Others went up by 4%, 11% and 89%.

Profitability

2QFY2020

In spite of ongoing economic challenges and higher expenses, the Group's net profit jumped 46% to S\$11.6 million compared to S\$7.9 million in 2QFY2019. Net profit attributable to shareholders shot up 43% to S\$11.6 million from S\$8.1 million.

Group profit rose on the back of higher revenue as well as improved contributions from its associate - JEP Holdings Ltd ("JEP").

JEP's share of profit increased 12% from \$0.8M to \$0.9M.

Gross material margin in 2QFY2020 dipped slightly to 50.8% from 53.1% to 2QFY2019 mainly due to the product mix which included a higher proportion of Integrated System sales.

Expenses increased during the quarter. Personnel costs rose 10% mainly due to higher headcount and bonuses. Depreciation also increased by 10%.

Other expenses went up 8% over last year due to higher production activities. Freight charges jumped 83% while the costs of upkeep of machinery and utilities increased 21%, and 7% respectively. The Group also made higher provision for inventories obsolescence in line with the Group's policy.

Due to the depreciating US dollar during the quarter, the Group incurred a S\$0.4 million exchange loss versus a gain in the same period last year.

The Group's income tax expense climbed 53% in line with its higher profit.

1HFY2020

The Group's net profit attributable to shareholders increased 47% from S\$15.1 million in 1HFY2019 to S\$22.3 million in 1HFY2020. Net profit surged 52% to S\$22.4 million.

The robust performance came on the back of higher revenue and a 38% jump in share of profit from its associate JEP.

The Group clocked in other credits of \$1.2 million, from foreign exchange gain recognized during 1QFY2020.

More income taxes were incurred during 1HFY2020 as a result of higher profit recorded.

Cashflow

2QFY2020

The Group's financial position remains strong. It registered \$10.7 million positive net cash from operating activities and \$10.4 million free cash flow in 2QFY2020. Trade receivables and other current assets rose by \$3.7 million due to improved sales.

1HFY2020

For 1HFY2020, the Group generated \$20.2 million positive net cash from operating activities and \$19.3 million free cash flow in 1HFY2020.

Its net cash and cash equivalents (net of bank borrowings) improved to S\$41.3 million at 30 June 2020 as compared to S\$25 million as at 31 December 2019.

With its strong financial position, the Group further invested S\$1 million in JEP Holdings, pared down its borrowings and acquired S\$1.9 million of UMS shares under its share buy-back scheme.

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 12 May 2020.

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's robust first half performance demonstrates the sustained strong improvement in customer demand as well as positive returns from its diversification strategy.

According to SEMI's mid-year forecast, global sales of semiconductor equipment manufacturing is projected to increase 6% to US\$63.2 billion in 2020 from US\$59.6 billion in 2019. SEMI added that the increase in sales will rise to US\$70 billion in 2021 locking in double-digit growth of 17.4%.

The growth will be driven by memory spending and investment in leading-edge technologies and China. Foundry and logic spending growth will account for about 50% of total wafer fabrication equipment spending in 2020 and 2021. Asia will be the key power house for semiconductor expansion and is forecast to lead the pack in capital spending in 2020

Furthermore, both DRAM and NAND spending in 2020 will surpass 2019 levels and expected to grow by over 20% respectively in 2021.¹

These strong growth figures augur well for the Group which is a beneficiary of the vibrant chip equipment manufacturing market.

Barring any unforeseen circumstances, the Group will remain profitable in 2020.

[¹Source: Chip Manufacturing Equipment Spending to Hit Record High \$70 Billion in 2021 After Strong 2020, SEMI Reports - <https://www.semi.org/en/news-media-press/semi-press-releases/mid-year-equipment-forecast>]

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)	1 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)	0.5 cent per ordinary share, (tax exempt one-tier)
Tax rate	Not applicable

(c) Date payable

26 October 2020

(d) Record date

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of the Company will be closed on 13 October 2020, for the purpose of determining members' entitlements to the Second Interim Dividend of 1.0 cent per ordinary share (tax-exempt one-tier) for the financial year ending 31 December 2020.

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 12 October 2020 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 12 October 2020 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.

Name of interested person	Nature of Relationship	6 Months Period Ended 30 Jun 2020 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
<p>Kalf Engineering Pte Ltd</p> <p>Interest expenses from Shareholders loan</p>	<p>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.</p> <p>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 2020 amounted to S\$119,000 which represents approximately 0.07% of the Group's latest audited net tangible assets as at 31 December 2019.</p>	<p>119</p>
<p>Sure Achieve Consultant Pte Ltd</p> <p>Consultancy Services charges and commission</p>	<p>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.</p> <p>The aggregate value of IPT entered into between the Group and Sure Achieve Consultant Pte Ltd for the period ended 30 June 2020 amounted to S\$916,000 which represents approximately 0.56% of the Group's latest audited net tangible assets as at 31 December 2019.</p>	<p>916</p>

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 2Q2020 and the period ended 30 June 2020 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).

16 Disclosure pursuant to Rule 706A of the Listing Manual

During the second quarter of FY2020 and as at the date of this announcement, there were no changes to the Company's and the Group's shareholding percentage in its respective subsidiaries or associated companies nor incorporation of any new subsidiary or associate by the Company or any of the Group's entities.

BY ORDER OF THE BOARD

Luong Andy
Chief Executive Officer

13 August 2020