

**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 2022**

	<b>Group</b>		
	<b>3 Months Ended</b>		
	<b>31-Mar-22</b>	<b>31-Mar-21</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Revenue	84,738	49,611	71%
Net finance expense (Note (a))	(222)	(123)	80%
Changes in inventories	582	(3,923)	N.M
Raw material purchases and subcontractor charges	(41,763)	(19,349)	116%
Employee benefits expense	(10,239)	(5,673)	80%
Depreciation expense	(3,645)	(1,764)	107%
Other expenses (Note (b))	(4,832)	(2,899)	67%
Other credits (Note (c))	795	666	19%
Share of profits of associate	-	259	-100%
<b>Profit before income tax</b>	<b>25,414</b>	<b>16,805</b>	<b>51%</b>
Income tax expense (Note (d))	(4,725)	(1,748)	170%
<b>Net profit for the period from continuing operations</b>	<b>20,689</b>	<b>15,057</b>	<b>37%</b>
<b>Profit attributable to:</b>			
<b>Owners of the parent</b>	<b>19,371</b>	<b>15,369</b>	<b>26%</b>
Non- controlling interest	1,318	(312)	N.M
	<b>20,689</b>	<b>15,057</b>	<b>37%</b>
<b>Earnings per share attributable to owners of the Company (cents per share)</b>			
Basic	<b>2.91</b>	<b>2.30</b>	
Diluted	<b>2.91</b>	<b>2.30</b>	

**NOTES TO INCOME STATEMENT****Note (a) Net finance income/ (expense)**

	<b>Group</b>		
	<b>3 Months Ended</b>		
	<b>31-Mar-22</b>	<b>31-Mar-21</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Interest income from cash and cash equivalents	49	25	96%
Interest expense on lease liabilities	(107)	(59)	81%
Interest expense from bank borrowings (Note (i))	(155)	(23)	574%
Interest expense from loans from related parties	(9)	(66)	-86%
Net finance expense	(222)	(123)	80%

Note 1 (a)(a)(i) – The increase in net finance expense during the quarter was mainly due to consolidation of JEP's results since June 2021.

**Note (b) Other expenses**

	<b>Group</b>		
	<b>3 Months Ended</b>		
	<b>31-Mar-22</b>	<b>31-Mar-21</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Legal and professional fees (Note (i))	(719)	(685)	5%
Utilities (Note (ii))	(1,422)	(907)	57%
Freight charges (Note (ii))	(696)	(213)	227%
Insurance (Note (ii))	(176)	(102)	73%
Upkeep of properties and equipment (Note (ii))	(432)	(118)	266%
Upkeep of machinery (Note (ii))	(525)	(450)	17%
Others (Note (ii))	(862)	(424)	103%
	(4,832)	(2,899)	67%

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

Note 1(a)(b)(ii) – The increase was mainly due to consolidation of JEP's results since June 2021.

**Note (c) Other credits/ (charges)**

	<b>Group</b>		
	<b>3 Months Ended</b>		
	<b>31-Mar-22</b>	<b>31-Mar-21</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Foreign exchange gains - net (Note (i))	509	1,275	-60%
Gain on disposal of property, plant and equipment	-	6	-100%
Amortisation of intangible assets	(75)	-	N.M
Allowance for project loss (Note (ii))	-	(721)	-100%
Others	361	106	241%
	<b>795</b>	<b>666</b>	<b>19%</b>

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

Note 1(a)(c)(ii) – The decrease was due to a provision for project loss relating to Kalf Engineering Pte Ltd in Q1FY2021. No such provision was made during the period.

**Note (d) Income tax**

	<b>Group</b>		
	<b>3 Months Ended</b>		
	<b>31-Mar-22</b>	<b>31-Mar-21</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Income tax:			
- Current	(4,653)	(1,806)	158%
- Prior years	(72)	58	N.M
	<b>(4,725)</b>	<b>(1,748)</b>	<b>170%</b>

Note 1(a)(d) - The increase in current income tax was due to higher profits during the period and also higher tax provision in its Malaysian subsidiaries. The pioneer tax incentives for one of its Malaysian companies had expired in 2021 while the other Malaysian subsidiary was unable to comply with the stipulated % of local employee criteria to achieve the pioneer tax incentive. The Group has engaged a tax consultant to assist us to resolve the matter with the Malaysian authorities.

**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.**

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar 2022</b>	<b>31 Dec 2021</b>	<b>31 Mar 2022</b>	<b>31 Dec 2021</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and bank balances (Note (ii))	72,060	65,086	509	6,273
Trade receivables and other current assets	65,812	67,177	12,279	12,411
Financial assets through profit or loss	1,412	322	1,412	322
Loan to subsidiary	-	-	6,365	6,337
Inventories	87,692	87,110	-	-
<b>Total Current Assets</b>	<b>226,976</b>	<b>219,695</b>	<b>20,565</b>	<b>25,343</b>
<b>Non-Current Assets</b>				
Investment in subsidiaries (Note (i))	-	-	260,818	260,459
Property, plant and equipment	114,748	112,115	-	-
Right-of-use assets	14,258	14,660	-	-
Investment property	1,617	1,657	-	-
Intangible assets	88,476	88,551	-	-
Deferred tax assets	80	76	-	-
<b>Total Non-Current Assets</b>	<b>219,179</b>	<b>217,059</b>	<b>260,818</b>	<b>260,459</b>
<b>Total Assets</b>	<b>446,155</b>	<b>436,754</b>	<b>281,383</b>	<b>285,802</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Bank borrowings (Note 1(b)(ii))	3,105	11,601	-	2,500
Trade and other payables (Note (iii))	52,265	56,079	59,945	60,915
Loan from related parties (Note (iv))	1,403	1,403	-	-
Lease liabilities	1,043	1,179	-	-
Income tax payable	21,983	19,151	157	157
<b>Total Current Liabilities</b>	<b>79,799</b>	<b>89,413</b>	<b>60,102</b>	<b>63,572</b>
<b>Non Current Liabilities</b>				
Bank borrowings	21,909	22,685	-	-
Deferred tax liabilities	10,030	9,818	-	-
Long-term provision*	405	405	-	-
Lease liabilities	9,903	10,159	-	-
<b>Total Non-Current Liabilities</b>	<b>42,247</b>	<b>43,067</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>122,046</b>	<b>132,480</b>	<b>60,102</b>	<b>63,572</b>
<b>Capital and Reserves</b>				
Share Capital	136,623	136,623	136,623	136,623
Treasury shares	(2,064)	(2,064)	(1,919)	(1,919)
Reserves	(11,984)	(11,665)	-	-
Retained earnings	175,123	156,009	86,577	87,526
	297,698	278,903	221,281	222,230
<b>Non-controlling interest</b>	<b>26,411</b>	<b>25,371</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>	<b>324,109</b>	<b>304,274</b>	<b>221,281</b>	<b>222,230</b>
<b>Total Liabilities and Equity</b>	<b>446,155</b>	<b>436,754</b>	<b>281,383</b>	<b>285,802</b>

\* Provision for reinstatement of leased premises.

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

The details of the subsidiaries as at 31 March 2022 are as follows:

Name	Effective percentage of equity held by the group		Company's cost of investment	
	31-Mar-2022 %	31-Dec-2021 %	31-Mar-2022 S\$'000	31-Dec-2021 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
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	7,643	7,643
JEP Holdings Limited (Singapore)	72	72	61,880	61,521
Unquoted equity shares, at cost			285,606	285,247
Less: Provision for impairment			(24,788)	(24,788)
			<u>260,818</u>	<u>260,459</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)	51	51		
<u>Held through Starke Singapore Pte Ltd</u>				
Starke Asia Sdn. Bhd. (Malaysia)	70	70		
<u>Held through Ultimate Machining Solutions (M) Sdn. Bhd</u>				
AllStar Manufacturing Sdn. Bhd. (Malaysia)	100	100		

<u>Held through UMS Aerospace Pte Ltd</u> Integrated Manufacturing Technologies Inc. (United States)	100	100
<u>Held through JEP Holdings Limited</u> JEP Precision Engineering Pte Ltd (Singapore)	100	100
JEP Industrades Pte Ltd (Singapore)	100	100
Dolphin Engineering Pte Ltd (Singapore)	100	100
Dolphin Manufacturing Solutions Sdn Bhd (Malaysia)	100	100

Note 1(b)(i)(ii) – The net increase in cash and cash equivalents by S\$16.2 million (after netting-off bank borrowing) was mainly due to the net cash generated from operating activities, partially offset by capex of S\$6 million during the period.

Note 1(b)(i)(iii) – Trade and other payables decreased by S\$3.8 million, mainly due to reduction in contract liabilities arising from the completion of one Kalf Engineering project during the period.

Note 1(b)(i)(iv) – The current loan from related parties relates to amount owing to minority shareholders of Starke Singapore Pte Ltd.

- 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-22</b>	<b>31-Mar-21</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before income tax	25,414	16,805
Adjustments for:		
Depreciation expense	3,645	1,764
Amortisation of intangible asset	75	-
Allowance for project loss	-	721
Gain on disposal of property, plant and equipment	-	(6)
Interest income	(49)	(25)
Interest expense	271	148
Share of profit of associate	-	(259)
Unrealised foreign exchange gain	(54)	(1,717)
<b>Operating cash flows before working capital changes</b>	<b>29,302</b>	<b>17,431</b>
Changes in working capital:		
Trade receivables and other current assets	763	(4,251)
Inventories	(582)	1,069
Trade and other payables	(3,553)	1,419
<b>Cash generated from operations</b>	<b>25,930</b>	<b>15,668</b>
Income tax paid	(1,195)	(71)
<b>Net cash generated from operating activities</b>	<b>24,735</b>	<b>15,597</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(5,993)	(764)
Proceeds from disposal of property, plant and equipment	-	170
Investment in quoted shares	(1,090)	-
Consideration paid for acquisition of non-controlling interests	(358)	-
Investment in associate	-	(972)
Interest received	49	76
<b>Net cash used in investing activities</b>	<b>(7,392)</b>	<b>(1,490)</b>
<b>Cash flows from financing activities</b>		
Repayment of bank borrowings	(9,273)	(2,700)
Interest paid	(155)	(21)
	(9,428)	(2,721)
Purchase of treasury shares	-	(1,919)
Repayment of lease liabilities	(499)	(95)
<b>Net cash used in financing activities</b>	<b>(9,927)</b>	<b>(4,735)</b>
Net increase in cash and cash equivalents	7,416	9,372
Net effect of exchange rate changes	(442)	1,256
Cash and cash equivalents at beginning of the period	65,086	34,364
<b>Cash and cash equivalents at end of the period</b>	<b>72,060</b>	<b>44,992</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		
	3 Months Ended		
	31-Mar-22	31-Mar-21	Change
	S\$'000	S\$'000	%
<b>Net Profit for the period</b>	<b>20,689</b>	<b>15,057</b>	<b>37%</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	(336)	(865)	-61%
<b>Total comprehensive income for the period</b>	<b>20,353</b>	<b>14,192</b>	<b>43%</b>
<b>Attributable to:</b>			
Equity holders of the Company	19,052	14,484	32%
Non-controlling interests	1,301	(292)	N.M
	<b>20,353</b>	<b>14,192</b>	<b>43%</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.

	Attributable to owners of the Company						
	Share	Treasury	Foreign	Retained	Total	Non-	Total
	Capital	Shares	Exchange	Earnings		controlling	
	S\$'000	S\$'000	Reserve S\$'000	S\$'000	S\$'000	Interests S\$'000	S\$'000
<b>Group</b>							
<b>Balance at 1 January 2021</b>	136,623	(1,919)	(10,683)	127,265	251,286	1,663	252,949
<b>Changes in equity for first quarter</b>							
Net profit/(loss) for the period	-	-	-	15,369	15,369	(312)	15,057
Other comprehensive income/ (loss) for the period- Exchange differences on translation of foreign operations	-	-	(885)	-	(885)	20	(865)
<b>Total comprehensive income/ (loss) for the quarter</b>	-	-	(885)	15,369	14,484	(292)	14,192
<b>Balance at 31 March 2021</b>	136,623	(1,919)	(11,568)	142,634	265,770	1,371	267,141

	Attributable to owners of the Company						
	Share	Treasury	Foreign	Retained	Total	Non-	Total
	Capital	Shares	Exchange	Earnings		controlling	
	S\$'000	S\$'000	Reserve S\$'000	S\$'000	S\$'000	Interests S\$'000	S\$'000
<b>Group</b>							
<b>Balance at 1 January 2022</b>	136,623	(2,064)	(11,665)	156,009	278,903	25,371	304,274
<b>Changes in equity for first quarter</b>							
Net profit for the period	-	-	-	19,371	19,371	1,318	20,689
Other comprehensive loss for the period- Exchange differences on translation of foreign operations	-	-	(319)	-	(319)	(17)	(336)
<b>Total comprehensive income/ (loss) for the quarter</b>	-	-	(319)	19,371	19,052	1,301	20,353
Effect on non-controlling interest on acquisition of a subsidiary	-	-	-	(257)	(257)	(261)	(518)
<b>Balance at 31 March 2022</b>	136,623	(2,064)	(11,984)	175,123	297,698	26,411	324,109

	Attributable to owners of the Company			
	Share Capital S\$'000	Treasury Shares S\$'000	Retained Earnings S\$'000	Total S\$'000
<b>Company</b>				
Balance at 1 January 2021	136,623	(1,919)	84,716	219,420
<b>Changes in equity for first quarter</b>				
Net profit for the period	-	-	6,081	6,081
Total comprehensive expenses for the quarter	-	-	6,081	6,081
<b>Balance at 31 March 2021</b>	<b>136,623</b>	<b>(1,919)</b>	<b>90,797</b>	<b>225,501</b>

	Attributable to owners of the Company			
	Share Capital S\$'000	Treasury Shares S\$'000	Retained Earnings S\$'000	Total S\$'000
<b>Company</b>				
Balance at 1 January 2022	136,623	(1,919)	87,526	222,230
<b>Changes in equity for first quarter</b>				
Net loss for the period	-	-	(949)	(949)
Total comprehensive expenses for the quarter	-	-	(949)	(949)
<b>Balance at 31 March 2022</b>	<b>136,623</b>	<b>(1,919)</b>	<b>86,577</b>	<b>221,281</b>

- 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 2021 to 31 March 2022.

- 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 2022 was 666,785,941 (31 December 2021: 666,785,941).

- 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 first quarter ended 31 March 2022.

**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 2022.

**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 2021.

**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 31 March 2022.

**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	
3 Months Ended	
31-Mar-22	31-Mar-21

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	2.91 cents	2.30 cents
- Weighted average number of shares (excluding treasury shares)	666,785,941	666,785,941
(b) On a fully diluted basis	2.91 cents	2.30 cents
- Weighted average number of shares (excluding treasury shares)	666,785,941	666,785,941

**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-21	31-Dec-21	31-Mar-21	31-Dec-21
Net asset value per ordinary share based on total number of issued shares (excluding treasury shares)	44.65 cents	41.83 cents	33.19 cents	33.35 cents
Total number of issued shares (excluding treasury shares)	666,785,941	666,785,941	666,785,941	666,785,941

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**  
**1Q2022 vs 1Q2021**

	<b>Group</b>		
	<b>3 Months Ended</b>		
	<b>31-Mar-22</b>	<b>31-Mar-21</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Business Segments</b>			
Semiconductor (Semicon)	73,345	46,731	57%
Aerospace	2,959	-	N.M
Others	8,434	2,880	193%
	<b>84,738</b>	<b>49,611</b>	<b>71%</b>
<b>Geographical Regions</b>			
Singapore	57,675	33,019	75%
United States of America ('US')	7,744	5,384	44%
Taiwan	8,098	9,224	-12%
Malaysia	5,262	1,547	240%
Others	5,959	437	1264%
	<b>84,738</b>	<b>49,611</b>	<b>71%</b>

**Revenue**

**1QFY2022**

The Group continued to accelerate its sales performance - delivering a whopping 71% increase in revenue to \$84.7 million in 1QFY2022 as compared to the previous corresponding quarter.

The sales surge was driven by the sustained increase in semiconductor demand and the consolidation of sales from JEP Holdings Ltd ("JEP") - which became a subsidiary of the Group from 2QFY2021 - bringing on board a new revenue stream from the aerospace business.

The Group booked aerospace revenue of S\$3.0 million in 1QFY2022.

Compared to 1QFY2021, the Semiconductor segment sales jumped 57%, driven by both higher Integrated System and component sales. Semiconductor Integrated System sales soared by 32% from S\$22.6 million in 1QFY2021 to S\$29.9 million in 1QFY2022. Component sales leapt 80% to S\$43.4 million in 1QFY2022 from S\$24.1 million in 1QFY2021.

The surge in component sales is due to the growth in UMS' semiconductor component business, higher utilisation of production capacities within the enlarged group as well as the consolidation of JEP's semiconductor component business.

Sales in "Others" segment almost tripled - hitting S\$8.4 million in 1QFY2022 - up 193% from S\$2.9 million in 1QFY2021. The revenue rise was due to contributions from its materials distribution subsidiary - Starke Singapore, its water disinfection subsidiary Kalf Engineering as well as JEP Industrades' tooling distribution business.

On a sequential basis, compared to 4QFY2021, both Semiconductor and Aerospace segment sales dipped by 5% and 25% respectively. The weaker semiconductor performance was attributed to supply chain disruptions while the aerospace segment continues to grapple with near-term challenges globally including delivery delays caused by pandemic measures imposed in some markets and ongoing geopolitical tensions.

The Group's "Others" segment however posted a revenue jump of 43% - due to higher contributions from subsidiaries.

Geographically, the Group's key markets except for Taiwan grew significantly in 1QFY2022.

Compared to 1QFY2021, Malaysia sales leapt 240% driven by higher material distribution sales and consolidation of JEP's tooling distribution revenue.

Singapore sales surged 75% due to higher sales for Semiconductor Integrated Systems, increased components for new equipment as well as consolidation of JEP's Semiconductor component business.

Taiwan sales slipped 12% due to lower sales of component spares because of supply chain constraints which caused material supply shortages in the industry.

The Group's Others geographical segment delivered a sterling performance - as revenue shot up 1264% due mainly to the consolidation of JEP's aerospace and tooling distribution businesses as well as the delivery of one of Kalf Engineering's water disinfection systems.

## **Profitability**

### **1QFY2022**

In terms of profitability - the Group delivered another record-breaking performance. It achieved its highest ever quarterly net profit of S\$20.7 million.

The Group's 1QFY2022 net profit vaulted 37% compared to 1QFY2021, while net profits attributable to shareholders surged by 26% to S\$19.4 million during the same period.

Compared to 4QFY2021, the Group's net profit and net profit attributable to shareholders this quarter leapt about 188% and 240% respectively.

The Group's pre-tax profit also jumped 51% to \$25.4 million compared to S\$16.8 million in 1QFY2021 and 13.4% compared to S\$22.4 million in 4QFY2021.

The Group's profit levels shot past the S\$20 million mark for the first time despite higher expenses incurred in all categories - mainly due to consolidation of JEP's results.

Personnel costs and other expenses rose 80% and 67% respectively while depreciation expenses also more than doubled to S\$3.6 million in 1QFY2022 from S\$1.8 million in 1QFY2021. Freight charges soared 227% and Utilities costs increased 57% during the same period.

Other credit rose to S\$0.8 million from S\$0.7 million in 1QFY2021. The Group recorded a lower foreign exchange gain of \$0.5m (compared to S\$1.3 million in 1QFY2021). This exchange gain stemmed from the appreciation of USD during the quarter.

Income tax expense also increased significantly. Income tax climbed 170% to S\$4.7 million in the current quarter - due to higher profits as well as higher provision made for its Malaysian subsidiaries in the absence of pioneer tax incentives enjoyed in previous years. The pioneer tax incentives for one of its Malaysian subsidiaries had expired in 2021 and the other Malaysian subsidiary did not meet the stipulated local employee employment criteria to qualify for the pioneer tax incentives.

The Group has engaged a tax consultant to resolve this tax issue with the Malaysian authorities.

Despite higher expenses and material costs, the Group's gross material margin remained stable at 51.4% in 1QFY2022 compared to 53.1% in 1QFY2021.

## **Cashflow**

The Group's solid financial position continued to strengthen further during the quarter. It registered S\$24.7 million positive net cash from operating activities (vs S\$15.6 million in 1QFY2021) and S\$18.7 million free cash flow in 1QFY2022 (vs S\$14.8 million in 1QFY2021).

Overall, its net cash balance went up by S\$16.2 million to S\$47 million at the end of March 2022 compared to S\$30.8 million on 31 December 2021.

The Group pared down S\$9.3 million in bank borrowings during the quarter.

## **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 28 February 2022.

**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 reported a sterling start to the year with another record-breaking profitable performance - surpassing S\$20 million in quarterly profit for the first time.

The Group's growth trajectory remains strong as it remained a beneficiary of accelerating capex demand from global wafer fabs.

According to SEMI, global fab equipment spending for front-end facilities is expected to jump 18% year-over-year (YOY) to an all-time high of US\$107 billion in 2022, marking a third consecutive year of growth following a 42% surge in 2021.

This significant upsurge is attributed to the relentless drive to add and upgrade capacity to address a diverse range of markets and emerging applications for long-term industry growth to enable electronics in the digital world.

Global fab equipment spending is forecast to have another healthy year in 2023 and is expected to remain above the \$100 billion mark. SEMI expects global semiconductor capacity to maintain steady growth this year and in 2023.

The SEMI *World Fab Forecast* report shows the global industry increasing capacity 8% this year after a 7% rise in 2021. Capacity growth is expected to continue increasing, rising 6% in 2023.<sup>1</sup>

According to consulting and market research firm BlueWeave Consulting, the Global Semiconductor market is anticipated to reach USD 820.1 billion by 2028 at a CAGR of 5.3%. The growth rate of the market is driven by the massive demand for consumer electronic devices created owing to the growing population, escalating household incomes, increasing digitization combined with rapid urbanization.<sup>2</sup>

Despite a challenging supply chain environment - our key customer has recently announced that its outlook for 2022 and beyond is very positive.

The Group also benefitted from the successful acquisition of JEP.

Aside from diversifying its revenue base to include aerospace, it was able to reap operational synergies from higher utilisation of the production facilities within the enlarged group.

According to a report in Forbes, the aviation industry is once again poised for a decade of growth. By early 2023, global demand for domestic travel is expected to hit its 2019 pre-pandemic peak. From there, the outlook is for steady expansion through the rest of the decade at rates that even exceed increases in gross domestic product.<sup>3</sup>

All these positive industry trends augur well for UMS despite near term challenges of inflationary pressures and global volatility caused by pandemic disruptions and geopolitical tensions.

The Group's new factory in Penang is scheduled for completion by end of this year. Efforts to secure additional power supply and manpower resources are also progressing as planned while discussions to resolve the tax issues with the Malaysian authorities are ongoing.

In light of the Group's strong performance, the Board will maintain its one cent interim dividend to reward shareholders. This is similar to the dividend given in the corresponding period last year.

Barring any unforeseen circumstances, the Group will remain profitable in 2022.

[<sup>1</sup>Source : Global Fab Equipment Spending expected to hit a new high of US\$107 Billion in 2022, SEMI reports - <https://www.semi.org/en/news-media-press-releases/semi-press-releases/global-fab-equipment-spending-expected-to-hit-new-high-of-%24107-billion-in-2022-semi-reports>]

[<sup>2</sup>Source: Global Semiconductor Market to Boost in Coming Years – Projected to Reach Worth USD 820.1 Billion by 2028 - Blueweave - <https://www.globenewswire.com/en/news-release/2022/03/29/2412128/0/en/Global-Semiconductor-Market-to-Boost-in-Coming-Years-Projected-to-Reach-Worth-USD-820.1-Billion-by-2028-BlueWeave.html>]

[<sup>3</sup>Source : Aviation Is Poised For A Decade Of Growth, But There Are Headwinds Besides Covid-19 - <https://www.forbes.com/sites/oliverwyman/2022/02/24/why-aviation-will-grow-for-a-decade-but-there-are-headwinds-besides-covid-19/?sh=48fcf39e3d10>]

**(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>	1.0 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**

27 July 2022.

**(d) Record date**

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of the Company will be closed on 15 July 2022, for the purpose of determining members' entitlements to the First Interim Dividend of 1.0 cent per ordinary share (tax-exempt one-tier) for the financial year ending 31 December 2022.

Duly completed registrable transfers received by the Company's Share Registrar, In.Corp Corporate Services Pte. Ltd., 30 Cecil Street #19-08 Prudential Tower Singapore 049712 up to the close of business at 5.00 p.m. on 14 July 2022 will be registered before entitlement to the First Interim Dividend is determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 14 July 2022 will be entitled to the First Interim Dividend.

- 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.

		3 Months Period Ended 31 March 2022
Name of interested person	Nature of Relationship	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
<b>Sure Achieve Consultant Pte Ltd</b>  Consultancy Services charges and commission	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 2022 amounted to S\$503,000 which represents approximately 0.23% of the Group's latest audited net tangible assets as at 31 December 2021.	503

**BY ORDER OF THE BOARD**

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

10 May 2022