



Company Registration No. 200100340R

UMS Holdings Limited and its subsidiaries

Unaudited Condensed Interim Financial Statements
For the Three Months and Full Year Ended 31 December 2023

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

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UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Condensed interim consolidated income statement For the three months and full year ended 31 December 2023

	Group					
	4Q			12 Months Ended		
	31-Dec-23 S\$'000	31-Dec-22 S\$'000	Change %	31-Dec-23 S\$'000	31-Dec-22 S\$'000	Change %
Revenue (Note 4.1)	73,517	100,976	-27%	299,907	372,389	-19%
Net finance income/(expense) (Note 6.1)	76	(238)	N.M	216	(891)	N.M
Changes in inventories	(8,878)	987	N.M	2,207	25,312	-91%
Raw material purchases and subcontractor charges	(25,809)	(55,039)	-53%	(151,846)	(211,949)	-28%
Employee benefits expense	(9,926)	(10,576)	-6%	(38,417)	(42,102)	-9%
Depreciation expense	(3,538)	(4,297)	-18%	(17,927)	(15,611)	15%
Amortisation of intangible asset	(75)	(75)	0%	(300)	(300)	0%
Other expenses (Note 6.2)	(5,615)	(6,100)	-8%	(24,455)	(21,594)	13%
Other charges (Note 6.3)	(2,486)	(6,724)	-63%	(884)	(2,038)	-57%
Profit before income tax	17,266	18,914	-9%	68,501	103,216	-34%
Income tax expense (Note 7)	(1,429)	(2,767)	-48%	(7,314)	(1,241)	489%
Net profit for the year from continuing operations	15,837	16,147	-2%	61,187	101,975	-40%
Profit attributable to:						
Owners of the parent	15,670	16,141	-3%	59,984	98,169	-39%
Non-controlling interest	167	6	2683%	1,203	3,806	-68%
	15,837	16,147	-2%	61,187	101,975	-40%
Earnings per share attributable to owners of the Company (cents per share)						
Basic	2.34	2.41		8.95	14.64	
Diluted	2.34	2.41		8.95	14.64	

N.M - Not meaningful

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Condensed interim statement of comprehensive income As at 31 December 2023

	Group					
	4Q			12 Months Ended		
	31-Dec-23 S\$'000	31-Dec-22 S\$'000	Change %	31-Dec-23 S\$'000	31-Dec-22 S\$'000	Change %
Net Profit for the year	15,837	16,147	-2%	61,187	101,975	-40%
Other comprehensive loss, net of income tax						
<i>Items that may be classified subsequently to profit and loss:</i>						
Exchange differences on translation of foreign operations	(1,013)	(990)	2%	(4,619)	(4,948)	-7%
Total comprehensive income for the year	14,824	15,157	-2%	56,568	97,027	-42%
Attributable to:						
Equity holders of the Company	14,610	14,799	-1%	55,335	93,020	-41%
Non- controlling interests	214	358	-40%	1,233	4,007	-69%
	14,824	15,157	-2%	56,568	97,027	-42%

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

**Condensed interim statement of financial position
As at 31 December 2023**

	Group		Company	
	31-Dec-2023	31-Dec-2022	31-Dec-2023	31-Dec-2022
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current Assets				
Cash and bank balances	67,458	61,672	400	1,073
Trade receivables and other current assets	56,239	79,890	11,060	17,730
Financial assets through profit and loss	586	967	586	967
Loan to subsidiary	-	-	5,467	5,486
Inventories	110,760	110,666	-	-
Total Current Assets	235,043	253,195	17,513	25,256
Non-Current Assets				
Investment in subsidiaries	-	-	266,556	262,863
Property, plant and equipment (Note 12)	152,719	135,428	-	-
Right-of-use assets	9,915	10,952	-	-
Investment property (Note 13)	1,368	1,497	-	-
Intangible assets (Note 11)	87,951	88,251	-	-
Deferred tax assets	169	97	-	-
Total Non-Current Assets	252,122	236,225	266,556	262,863
Total Assets	487,165	489,420	284,069	288,119
LIABILITIES AND EQUITY				
Current Liabilities				
Bank borrowings (Note 14)	6,790	11,549	4,000	9,000
Trade and other payables	49,646	57,947	73,176	53,269
Loan from related parties (Note 14)	-	909	-	-
Lease liabilities	1,932	761	-	-
Income tax payable	7,580	11,083	146	-
Total Current Liabilities	65,948	82,249	77,322	62,269
Non-Current Liabilities				
Bank borrowings (Note 14)	15,751	18,361	-	-
Deferred tax liabilities	10,136	10,611	-	-
Long-term provision*	405	405	-	-
Lease liabilities	7,999	9,426	-	-
Total Non-Current Liabilities	34,291	38,803	-	-
Total Liabilities	100,239	121,052	77,322	62,269
Capital and Reserves				
Share Capital (Note 15)	136,623	136,623	136,623	136,623
Treasury shares (Note 15.1)	(145)	(891)	-	(746)
Reserves	(21,471)	(16,814)	-	-
Retained earnings	244,830	221,552	70,124	89,973
	359,837	340,470	206,747	225,850
Non-controlling interest	27,089	27,898	-	-
Total Equity	386,926	368,368	206,747	225,850
Total Liabilities and Equity	487,165	489,420	284,069	288,119

* Provision for reinstatement of leased premises.

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Condensed interim statements of changes in equity
For the three months and full year ended 31 December 2023

	Attributable to owners of the Company						Total S\$'000
	Share Capital S\$'000	Treasury Shares S\$'000	Reserves S\$'000	Retained Earnings S\$'000	Total S\$'000	Non- controlling Interests S\$'000	
Group							
Balance at 1 January 2023	136,623	(891)	(16,814)	221,552	340,470	27,898	368,368
Changes in equity for first quarter							
Net profit for the period	-	-	-	17,359	17,359	321	17,680
Other comprehensive (loss)/income for the period- Exchange differences on translation of foreign operations	-	-	(747)	-	(747)	8	(739)
Total comprehensive (loss)/ income for the quarter	-	-	(747)	17,359	16,612	329	16,941
Sale of treasury shares	-	746	-	1,146	1,892	-	1,892
Balance at 31 March 2023	136,623	(145)	(17,561)	240,057	358,974	28,227	387,201
Changes in equity for second quarter							
Net profit for the period	-	-	-	11,617	11,617	633	12,250
Other comprehensive loss for the period - Exchange differences on translation of foreign operations	-	-	(3,034)	-	(3,034)	(11)	(3,045)
Total comprehensive (loss)/ income for the quarter	-	-	(3,034)	11,617	8,583	622	9,205
Dividend paid	-	-	-	(13,411)	(13,411)	-	(13,411)
As at 30 June 2023	136,623	(145)	(20,595)	238,263	354,146	28,849	382,995
Changes in equity for third quarter							
Net profit for the period	-	-	-	15,338	15,338	82	15,420
Other comprehensive income/(loss) for the period- Exchange differences on translation of foreign operations	-	-	192	-	192	(14)	178
Total comprehensive income for the quarter	-	-	192	15,338	15,530	68	15,598
Dividend paid	-	-	-	(6,705)	(6,705)	-	(6,705)
Consideration paid for acquisition of non-controlling interests	-	-	-	(1,357)	(1,357)	(1,739)	(3,096)
As at 30 September 2023	136,623	(145)	(20,403)	245,539	361,614	27,178	388,792
Changes in equity for fourth quarter							
Net profit for the period	-	-	-	15,670	15,670	167	15,837
Other comprehensive (loss)/ income for the period - Exchange differences on translation of foreign operations	-	-	(1,068)	8	(1,060)	47	(1,013)
Total comprehensive (loss)/ income for the quarter	-	-	(1,068)	15,678	14,610	214	14,824
Dividend paid	-	-	-	(16,093)	(16,093)	-	(16,093)
Consideration paid for acquisition of non-controlling interests	-	-	-	(294)	(294)	(303)	(597)
As at 31 December 2023	136,623	(145)	(21,471)	244,830	359,837	27,089	386,926

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Condensed interim statements of changes in equity
For the three months and full year ended 31 December 2023

	Attributable to owners of the Company						Total S\$'000
	Share Capital S\$'000	Treasury Shares S\$'000	Reserves S\$'000	Retained Earnings S\$'000	Total S\$'000	Non- controlling Interests S\$'000	
Group							
Balance at 1 January 2022	136,623	(2,064)	(11,665)	156,009	278,903	25,371	304,274
Changes in equity for first quarter							
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)
Total comprehensive (loss)/ income for the quarter	-	-	(319)	19,371	19,052	1,301	20,353
Consideration paid for acquisition of non- controlling interests	-	-	-	(114)	(114)	(261)	(375)
Balance at 31 March 2022	136,623	(2,064)	(11,984)	175,266	297,841	26,411	324,252
Changes in equity for second quarter							
Net profit for the period	-	-	-	20,175	20,175	1,086	21,261
Other comprehensive loss for the period - Exchange differences on translation of foreign operations	-	-	(1,529)	-	(1,529)	(20)	(1,549)
Total comprehensive (loss)/ income for the quarter	-	-	(1,529)	20,175	18,646	1,066	19,712
Dividend paid	-	-	-	(13,336)	(13,336)	-	(13,336)
Consideration paid for acquisition of non- controlling interests	-	-	-	(925)	(925)	(1,057)	(1,982)
As at 30 June 2022	136,623	(2,064)	(13,513)	181,180	302,226	26,420	328,646
Changes in equity for third quarter							
Net profit for the period	-	-	-	42,482	42,482	1,396	43,878
Other comprehensive loss for the period - Exchange differences on translation of foreign operations	-	-	(1,959)	-	(1,959)	(114)	(2,073)
Total comprehensive (loss)/ income for the quarter	-	-	(1,959)	42,482	40,523	1,282	41,805
Dividend paid	-	-	-	(6,668)	(6,668)	-	(6,668)
Sale of treasury shares	-	1,173	-	1,883	3,056	-	3,056
Consideration paid for acquisition of non- controlling interests	-	-	-	(85)	(85)	(162)	(247)
As at 30 September 2022	136,623	(891)	(15,472)	218,792	339,052	27,540	366,592
Changes in equity for fourth quarter							
Net profit for the period	-	-	-	16,141	16,141	6	16,147
Other comprehensive (loss)/ income for the period - Exchange differences on translation of foreign operations	-	-	(1,342)	-	(1,342)	352	(990)
Total comprehensive (loss)/ income for the quarter	-	-	(1,342)	16,141	14,799	358	15,157
Dividend paid	-	-	-	(13,381)	(13,381)	-	(13,381)
As at 31 December 2022	136,623	(891)	(16,814)	221,552	340,470	27,898	368,368

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Condensed interim statements of changes in equity For the three months and full year ended 31 December 2023

	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 2023	136,623	(746)	89,973	225,850
Changes in equity for first quarter				
Net profit for the period	-	-	8,121	8,121
Total comprehensive income for the quarter	-	-	8,121	8,121
Sale of treasury shares	-	746	1,146	1,892
Balance at 31 March 2023	136,623	-	99,240	235,863
Changes in equity for second quarter				
Net loss for the period	-	-	(1,434)	(1,434)
Total comprehensive expenses for the quarter	-	-	(1,434)	(1,434)
Dividend paid	-	-	(13,411)	(13,411)
As at 30 June 2023	136,623	-	84,395	221,018
Changes in equity for third quarter				
Net loss for the period	-	-	(910)	(910)
Total comprehensive expenses for the quarter	-	-	(910)	(910)
Dividend paid	-	-	(6,705)	(6,705)
As at 30 September 2023	136,623	-	76,780	213,403
Changes in equity for fourth quarter				
Net profit for the period	-	-	9,437	9,437
Total comprehensive income for the quarter	-	-	9,437	9,437
Dividend paid	-	-	(16,093)	(16,093)
As at 31 December 2023	136,623	-	70,124	206,747

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Condensed interim statements of changes in equity For the three months and full year ended 31 December 2023

	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 2022	136,623	(1,919)	87,526	222,230
Changes in equity for first quarter				
Net loss for the period	-	-	(949)	(949)
Total comprehensive expenses for the quarter	-	-	(949)	(949)
Balance at 31 March 2022	136,623	(1,919)	86,577	221,281
Changes in equity for second quarter				
Net profit for the period	-	-	24,111	24,111
Total comprehensive income for the quarter	-	-	24,111	24,111
Dividend paid	-	-	(13,336)	(13,336)
As at 30 June 2022	136,623	(1,919)	97,352	232,056
Changes in equity for third quarter				
Net profit for the period	-	-	4,046	4,046
Total comprehensive income for the quarter	-	-	4,046	4,046
Sale of treasury shares		1,173	1,883	3,056
Dividend paid	-	-	(6,668)	(6,668)
As at 30 September 2022	136,623	(746)	96,613	232,490
Changes in equity for fourth quarter				
Net profit for the period	-	-	6,741	6,741
Total comprehensive income for the quarter	-	-	6,741	6,741
Dividend paid	-	-	(13,381)	(13,381)
As at 31 December 2022	136,623	(746)	89,973	225,850

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

**Condensed interim consolidated cash flow statement
For the three months and full year ended 31 December 2023**

	Group			
	4Q		12 Months Ended	
	31-Dec-23 S\$'000	31-Dec-22 S\$'000	31-Dec-23 S\$'000	31-Dec-22 S\$'000
Cash flows from operating activities				
Profit before income tax	17,266	18,914	68,501	103,216
Adjustments for:				
Depreciation expense	3,538	4,297	17,927	15,611
Property, plant and equipment written off	-	2	3	2
Write-back of allowance for trade debts	-	(96)	-	(96)
Allowance for non-trade debts	6	-	6	-
Allowance for inventories obsolescence	191	438	328	647
Write back of allowance for project loss	(435)	-	(497)	-
Write-back of inventories obsolescence	-	(267)	-	(267)
Gain on disposal of property, plant and equipment	(72)	(33)	(691)	(213)
Interest income	(301)	(80)	(1,149)	(230)
Interest expense	225	318	933	1,121
Amortisation of intangible assets	75	75	300	300
Fair value loss on financial assets through profit and loss	252	697	252	698
Fair value adjustment on inventories arising from acquisition of a subsidiary	586	1,500	586	1,500
Unrealised foreign exchange (gain)/loss	(1)	3	(1)	3
Operating cash flows before working capital changes	21,330	25,768	86,498	122,292
Changes in working capital:				
Trade receivables and other current assets	611	14,187	15,105	2,192
Inventories	6,829	211	(510)	(25,436)
Trade and other payables	2,279	(2,402)	(10,169)	1,294
Cash generated from operations	31,049	37,764	90,924	100,342
Income tax paid	140	110	(11,143)	(7,963)
Net cash generated from operating activities	31,189	37,874	79,781	92,379

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

**Condensed interim consolidated cash flow statement
For the three months and full year ended 31 December 2023**

	Group			
	4Q		12 Months Ended	
	31-Dec-23 S\$'000	31-Dec-22 S\$'000	31-Dec-23 S\$'000	31-Dec-22 S\$'000
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	255	70	985	770
Purchase of property, plant and equipment (Note A)	(7,631)	(20,452)	(29,681)	(53,520)
Proceeds from/(purchase of) financial assets through profit and loss	-	-	129	(1,343)
Consideration paid for acquisition of non-controlling interests	(597)	(336)	(3,693)	(2,604)
Improvement to investment property	-	-	(32)	-
Interest received	301	80	1,149	230
Net cash used in investing activities	(7,672)	(20,638)	(31,143)	(56,467)
Cash flows from financing activities				
Proceeds from bank borrowings	4,000	9,000	4,000	35,917
Repayment of bank borrowings	(641)	(4,654)	(11,368)	(40,318)
Interest paid	(106)	(159)	(486)	(623)
	(747)	(4,813)	(11,854)	(40,941)
Repayment of lease liabilities	(296)	(295)	(1,326)	(1,801)
Repayment of loan from related parties	-	(529)	(909)	(529)
Sale of treasury shares	-	-	1,892	3,056
Dividend paid	(16,093)	(13,381)	(36,209)	(33,385)
Net cash used in financing activities	(13,136)	(10,018)	(44,406)	(37,683)
Net increase/(decrease) in cash and cash equivalents	10,381	7,218	4,232	(1,771)
Net effect of exchange rate changes	1,299	(4,026)	1,554	(1,643)
Cash and cash equivalents at beginning of the period/year	55,778	58,480	61,672	65,086
Cash and cash equivalents at end of the period/year	67,458	61,672	67,458	61,672

The reconciliation of purchase of property, plant and equipment ("PPE") is presented below:

	Group	
	31-Dec-23 S\$'000	31-Dec-22 S\$'000
Note A		
<u>Purchase of property, plant and equipment</u>		
Total additions	37,947	38,533
Add: Movement in downpayment to suppliers of PPE	(8,266)	14,987
Net cash outflow	29,681	53,520

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Notes to the condensed interim consolidated financial statements For the three months and full year ended 31 December 2023

1. Corporate information

UMS Holdings Limited (the “Company”) is a public limited company incorporated and domiciled in Singapore, and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”). The controlling shareholder of the Company is Mr Luong Andy.

The principal activity of the Company is investment holding. The principal activities of the Group are:

- (a) Manufacture of precision machining components, assembly and integration of equipment modules for semiconductor equipment manufacturers;
- (b) Precision engineering works for parts used mainly in the aerospace, oil and gas industries, and other general engineering and machinery work; and
- (c) Manufacture of water disinfection systems, trading of non-ferrous metal alloys and cutting tools.

2. Basis of Preparation

The condensed financial statements for the three month and full year ended 31 December 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the financial year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The financial statements, which are expressed in Singapore Dollar (“S\$”), are rounded to the nearest thousand dollar (S\$’000), except as otherwise indicated.

2.1 New and amended standards adopted by the Group

A number of amendments to standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

In the application of the Group’s accounting policies, which are described in Note 3 to the consolidated financial statements (“Annual Report 2022”), management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Notes to the condensed interim consolidated financial statements For the three months and full year ended 31 December 2023

2. Basis of preparation (cont'd)

2.3 Use of judgements and estimates (cont'd)

(a) Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

Useful lives of property, plant and equipment and investment property

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment and investment property. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment and investment property of a similar nature and function. It could change significantly as a result of technical innovations and competitor actions. Management will increase the depreciation charge where the useful lives are less than previously estimated, or it will write-off or write-down technically obsolete assets that have been abandoned or sold.

There is no change in the estimated useful lives of property, plant and equipment and investment property during the financial year. The carrying amounts of property, plant and equipment and investment property of the Group as at 31 December 2023 amounted to S\$152,719,000 (Dec 2022: S\$135,428,000) and S\$1,368,000 (Dec 2022: S\$1,497,000) respectively.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of loan and receivables

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ("ECLs"). The ECLs on trade receivables are estimated using a provision matrix which involves grouping receivables according to historical loss patterns (e.g. customer rating or product or by geographical location) and applying a historic provision rate which is based on days past due for groupings of various customer segments that have similar loss patterns. In devising such a provision matrix, the Group uses its historical credit loss experience with forward-looking information (adjusted as necessary to reflect current conditions and forecast economic conditions) to estimate the lifetime expected credit losses on the trade receivables and contract assets. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Notes to the condensed interim consolidated financial statements For the three months and full year ended 31 December 2023

2. Basis of preparation (cont'd)

2.3 Use of judgements and estimates (cont'd)

(b) Critical Judgements in applying Accounting Policies

In the process of applying the Group's accounting policies, the application of judgements that are expected to have a significant effect on the amounts recognised in the interim consolidated financial statements are discussed below.

Allowance for inventories obsolescence

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. The Group writes down the cost of inventories whenever the net realisable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. Allowances are recorded against the inventories based on historical obsolescence of slow-moving inventories.

3 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Financial Information by Segments

The Group is organised into the following main **business segments**:

- (a) Semiconductor: Manufacture of precision machining components, assembly and integration of equipment modules for semiconductor equipment manufacturers;
- (b) Aerospace: Precision engineering works for parts used mainly in the aerospace, oil and gas industries, and other general engineering and machinery work; and
- (c) Others: Manufacture of water disinfection systems, trading of non-ferrous metal alloys and cutting tools.

Management monitors the operating results of its segments separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is monitored based on revenue and gross profit. Selling expenses, administrative expenses, finance costs, assets and liabilities are managed on a legal entity basis.

The Group operates in five principal **geographical regions** - Singapore, Malaysia, Taiwan, the United States of America ("USA") and Others. Other key geographical areas include People's Republic of China and South Korea. Sales to external parties in the individual country grouped under "others" did not contribute more than 7% of the total sales of the Group.

In presenting information on the basis of geographical segments, segment revenue is based on the countries of domicile of the customers. Segment assets are based on the geographical location of the assets.

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Notes to the condensed interim consolidated financial statements
For the three months and full year ended 31 December 2023

4.1 Revenue by Business Segments and Geographical Areas

Revenue

12 Months 2023 vs 2022

	Group		
	12 Months Ended		
	31-Dec-23	31-Dec-22	Change
	S\$'000	S\$'000	%
Business Segments			
Semiconductor (Semicon)	260,037	322,379	-19%
Aerospace	22,698	14,958	52%
Others	17,172	35,052	-51%
	<u>299,907</u>	<u>372,389</u>	<u>-19%</u>
Geographical Regions			
Singapore	210,750	258,552	-18%
United States of America ('US')	34,841	35,377	-2%
Taiwan	25,952	39,184	-34%
Malaysia	8,858	19,979	-56%
Others	19,506	19,297	1%
	<u>299,907</u>	<u>372,389</u>	<u>-19%</u>

Revenue

4Q2023 vs 4Q2022

	Group		
	3 Months Ended		
	31-Dec-23	31-Dec-22	Change
	S\$'000	S\$'000	%
Business Segments			
Semiconductor (Semicon)	59,753	84,661	-29%
Aerospace	7,419	4,159	78%
Others	6,345	12,156	-48%
	<u>73,517</u>	<u>100,976</u>	<u>-27%</u>
Geographical Regions			
Singapore	49,084	69,173	-29%
United States of America ('US')	10,076	9,868	2%
Taiwan	5,221	13,150	-60%
Malaysia	1,980	4,078	-51%
Others	7,156	4,707	52%
	<u>73,517</u>	<u>100,976</u>	<u>-27%</u>

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Notes to the condensed interim consolidated financial statements For the three months and full year ended 31 December 2023

4.2 Business Segments

	Semiconductor		Aerospace		Others		Total	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
12 Months Ended 31 December								
Group								
Sales to external parties	260,037	322,379	22,698	14,958	17,172	35,052	299,907	372,389
Segment results	66,390	94,760	907	1,631	1,204	6,825	68,501	103,216
Material non-cash items include:								
Depreciation expense	14,779	12,880	2,509	2,136	639	595	17,927	15,611
Allowance for non-trade debts	6	-	-	-	-	-	6	-
Write-back of allowance for trade debts	-	-	-	(96)	-	-	-	(96)
Write-back of allowance for project loss	-	-	-	-	(497)	-	(497)	-
Allowance for inventories obsolescence	310	475	-	-	18	172	328	647
Write-back of inventories obsolescence	-	(267)	-	-	-	-	-	(267)
Property, plant and equipment written off	3	2	-	-	-	-	3	2
Gain on disposal of property, plant and equipment	(497)	(26)	(187)	(187)	(7)	-	(691)	(213)
Fair value adjustment on inventories arising from acquisition of subsidiary	-	-	586	1,500	-	-	586	1,500
Disaggregation of revenue								
At a point in time - sales of goods	259,533	321,761	22,698	14,958	17,083	35,052	299,314	371,771
Over time - rental income	504	618	-	-	89	-	593	618
Total revenue	260,037	322,379	22,698	14,958	17,172	35,052	299,907	372,389

	Semiconductor		Aerospace		Others		Total	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Total assets	828,536	722,694	48,844	49,887	36,026	58,256	913,406	830,837
Total liabilities	265,710	230,262	14,580	14,462	14,359	25,220	294,649	269,944

	Group	
	31-Dec-23	31-Dec-22
	S\$'000	S\$'000
Total assets for reportable segments	913,406	830,837
Elimination of inter-segment assets	(426,241)	(341,417)
Total assets	487,165	489,420
Total liabilities for reportable segments	294,649	269,944
Elimination of inter-segment liabilities	(194,410)	(148,892)
Total liabilities	100,239	121,052

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Notes to the condensed interim consolidated financial statements For the three months and full year ended 31 December 2023

4.3 Geographical Segments

Group	Singapore		USA		Taiwan		Malaysia		Others		Total	
	<u>31-Dec-23</u>	<u>31-Dec-22</u>	<u>31-Dec-23</u>	<u>31-Dec-22</u>	<u>31-Dec-23</u>	<u>31-Dec-22</u>	<u>31-Dec-23</u>	<u>31-Dec-22</u>	<u>31-Dec-23</u>	<u>31-Dec-22</u>	<u>31-Dec-23</u>	<u>31-Dec-22</u>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>12 Months Ended 31 December</u>												
Group												
Sales to external parties	210,750	258,552	34,841	35,377	25,952	39,184	8,858	19,979	19,506	19,297	299,907	372,389
	<u>31-Dec-23</u>	<u>31-Dec-22</u>	<u>31-Dec-23</u>	<u>31-Dec-22</u>	<u>31-Dec-23</u>	<u>31-Dec-22</u>	<u>31-Dec-23</u>	<u>31-Dec-22</u>	<u>31-Dec-23</u>	<u>31-Dec-22</u>	<u>31-Dec-23</u>	<u>31-Dec-22</u>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Other geographical information:												
Non-current assets:												
Property, plant and equipment	77,956	79,813	76	90	-	-	74,687	55,525	-	-	152,719	135,428
Investment property	1,368	1,497	-	-	-	-	-	-	-	-	1,368	1,497
Intangible asset	1,600	1,900	-	-	-	-	-	-	-	-	1,600	1,900
Goodwill	85,427	85,427	-	-	-	-	924	924	-	-	86,351	86,351
Right-of-use assets	9,634	10,675	46	187	-	-	235	90	-	-	9,915	10,952

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Notes to the condensed interim consolidated financial statements For the three months and full year ended 31 December 2023

5. Financial Assets and Financial Liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2023 and 31 December 2022:

	Group		Company	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	S\$'000	S\$'000	S\$'000	S\$'000
Group				
<u>Financial assets</u>				
Trade receivables and other current assets (excluding prepayments and advance to suppliers)	44,714	51,362	11,026	17,707
Financial assets through profit and loss	586	967	586	967
Loan to subsidiary	-	-	5,467	5,486
Cash and bank balances	67,458	61,672	400	1,073
	<u>112,758</u>	<u>114,001</u>	<u>17,479</u>	<u>25,233</u>
<u>Financial liabilities</u>				
Bank borrowings	22,541	29,910	4,000	9,000
Loans from related parties	-	909	-	-
Trade and other payables (excluding contract liabilities)	45,261	56,048	72,457	53,269
Lease liabilities	9,931	10,187	-	-
	<u>77,733</u>	<u>97,054</u>	<u>76,457</u>	<u>62,269</u>

6. Profit before tax

6.1 Net finance income / (expense)

	Group					
	4Q			12 Months Ended		
	31-Dec-23	31-Dec-22	Change	31-Dec-23	31-Dec-22	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Group						
<u>Interest income</u>						
- from cash and cash equivalents	301	80	276%	1,149	230	400%
<u>Interest expense</u>						
- on lease liabilities	(121)	(130)	-7%	(446)	(463)	-4%
- on bank borrowings	(104)	(179)	-42%	(476)	(623)	-24%
- on loans from related parties	-	(9)	-100%	(11)	(35)	-69%
Net finance income/(expense)	<u>76</u>	<u>(238)</u>	<u>N.M</u>	<u>216</u>	<u>(891)</u>	<u>N.M</u>

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Notes to the condensed interim consolidated financial statements For the three months and full year ended 31 December 2023

6. Profit before tax (cont'd)

6.2 Other expenses:

	Group					
	4Q			12 Months Ended		
	31-Dec-23	31-Dec-22	Change	31-Dec-23	31-Dec-22	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Legal and professional fees	(744)	(967)	-23%	(4,045)	(4,068)	-1%
Utilities	(1,952)	(1,504)	30%	(8,440)	(6,094)	38%
Freight charges	(420)	(823)	-49%	(1,866)	(2,904)	-36%
Insurance	(198)	(201)	-1%	(783)	(804)	-3%
Upkeep of properties and equipment	(579)	(504)	15%	(1,807)	(1,688)	7%
Upkeep of machinery	(744)	(1,182)	-37%	(3,497)	(3,025)	16%
Others	(978)	(919)	6%	(4,017)	(3,011)	33%
	(5,615)	(6,100)	-8%	(24,455)	(21,594)	13%

6.3 Other Charges

	Group					
	4Q			12 Months Ended		
	31-Dec-23	31-Dec-22	Change	31-Dec-23	31-Dec-22	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Foreign exchange loss - net	(1,983)	(4,504)	-56%	(1,130)	(272)	315%
Gain on disposal of property, plant and equipment	72	33	118%	691	213	224%
Property, plant & equipment written off	-	(2)	100%	(3)	(2)	50%
Allowance for non-trade debts	(6)	-	N.M	(6)	-	N.M
Write back of allowance for trade debts	-	96	-100%	-	96	-100%
Write back of inventories obsolescence	-	267	-100%	-	267	-100%
Write back of allowance for project loss	435	-	N.M	497	-	N.M
Allowance for inventories obsolescence	(191)	(438)	-56%	(328)	(647)	-49%
Fair value adjustment on inventories arising from acquisition of a subsidiary	(586)	(1,500)	-61%	(586)	(1,500)	-61%
Fair value loss on financial assets through profit and loss	(252)	(697)	-64%	(252)	(698)	-64%
Others	25	21	19%	233	505	-54%
	(2,486)	(6,724)	-63%	(884)	(2,038)	-57%

6.4 Related Party Transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Notes to the condensed interim consolidated financial statements For the three months and full year ended 31 December 2023

7. Income Tax Expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group					
	4Q			12 Months Ended		
	31-Dec-23	31-Dec-22	Change	31-Dec-23	31-Dec-22	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Income tax expense:						
- Current	(1,512)	(2,354)	-36%	(7,578)	(12,793)	-41%
- Prior years	83	(413)	-120%	264	11,552	-98%
	(1,429)	(2,767)	-48%	(7,314)	(1,241)	489%

Increase in income tax was due to the reversal of tax provision for one of its Malaysia subsidiary in FY2022.

8. Dividends

	Group and Company	
	31-Dec-23	31-Dec-22
	S\$'000	S\$'000
Cash dividend on ordinary shares declared and paid/payable		
Interim dividend	22,798	20,049
Final dividend	15,632	13,411
Total	38,430	33,460

The final dividend for FY2023 is inclusive of amounts payable to shareholders of the 40,000,000 placement shares. The share placement was completed on 31 January 2024.

Tax consequences of proposed dividends

The above-mentioned proposed dividends to the shareholders by the Company have no income tax consequences.

9. Net Assets Value

	Group		Company	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Net asset value per ordinary share based on total number of issued shares (excluding treasury shares)	53.69 cents	51.02 cents	30.83 cents	33.89 cents
Total number of issued shares (excluding treasury shares)	670,535,941	669,078,641	670,535,941	669,078,641

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Notes to the condensed interim consolidated financial statements For the three months and full year ended 31 December 2023

10 Fair value measurement

(i) Fair value of financial instruments

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted prices, discounted cash flow models and option pricing models as appropriate.

The Group presents financial assets measured at fair value and classified by level of the following fair value measurement hierarchy:

- a. Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- b. Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is as prices) or indirectly (i.e. derived from prices); and
- c. Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(ii) Fair Value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The carrying amounts of financial assets and financial liabilities with a maturity of less than one year (including cash and bank balances, trade and other receivables, loan to subsidiary, bank borrowings, trade and other payables, loans from related parties and lease liabilities) approximate their fair values due to the relatively short-term maturity of these financial instruments.

The carrying amounts of bank borrowings and lease liabilities approximate their fair values as they are subject to interest rates close to market rates of interest for similar arrangement with financial institutions.

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Notes to the condensed interim consolidated financial statements For the three months and full year ended 31 December 2023

11. Intangible assets

	Goodwill	Customer Relationship	Total
	S\$'000	S\$'000	S\$'000
Cost:			
At 1 January 2022, 31 December 2022 and 31 December 2023	88,469	2,400	90,869
Accumulated amortisation			
At 1 January 2022	-	(200)	(200)
Amortisation for the year	-	(300)	(300)
At 1 January 2023	-	(500)	(500)
Amortisation for the year	-	(300)	(300)
At 31 December 2023	-	(800)	(800)
Accumulated impairment			
At 1 January 2022, 31 December 2022 and 31 December 2023	(2,118)	-	(2,118)
Net book value:			
At 31 December 2022	86,351	1,900	88,251
At 31 December 2023	86,351	1,600	87,951

The Group performed its annual impairment test in December and when circumstances indicated that the carrying value may be impaired. The Group's impairment test for goodwill with indefinite lives is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units will be disclosed in the annual consolidated financial statements for the year ended 31 December 2023.

The customer relationship arose from the acquisition of JEP Holdings Ltd and its subsidiary. The remaining amortisation period of the customer relationship is five years (2028 - 5 years). The amortisation of customer relationship will be included in the "amortisation of intangible asset" line item in the consolidated statement of profit or loss and other comprehensive income. In the opinion of the directors of the Group, there is no indication that the recorded book value cannot be recovered from the business operations in the future periods.

12. Property, plant and equipment

During the financial year, the Group acquired assets amounting to S\$37,947,000 (2022: S\$38,533,000). The Company did not acquire any assets during financial years ended 31 December 2023 and 31 December 2022.

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Notes to the condensed interim consolidated financial statements For the three months and full year ended 31 December 2023

13. Investment property

	Group	
	31-Dec-23	31-Dec-22
	S\$'000	S\$'000
<u>Cost</u>		
At the beginning of the year	4,098	4,098
Additions	32	-
At the end of the year	<u>4,130</u>	<u>4,098</u>
<u>Accumulated depreciation</u>		
At the beginning of the year	2,601	2,441
Depreciation for the year	161	160
At the end of the year	<u>2,762</u>	<u>2,601</u>
<u>Net book value</u>		
At the end of the year	<u>1,368</u>	<u>1,497</u>

Investment property relates to the leasehold property at 25 Changi North Crescent, Singapore 499617 held by a subsidiary under an operating lease to earn rental income. Rental income and direct operating expenses related to the investment property amounted to S\$1,324,800 (2022: Nil) and S\$372,265 (2022: S\$357,483) respectively, for the financial year ended 31 December 2023.

The tenure of the leasehold property is a 30-year lease from 1 February 2003.

The estimated fair value of the leasehold property amounted to S\$5,194,600 (2022: S\$6,600,000), classified under Level 2 of the fair value hierarchy, as determined on the basis of management's review of similar properties in the market as at 31 December 2023. The key input applied in the estimation of the investment property is unit price per square foot. There has been no change to the valuation technique during the current financial period.

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

**Notes to the condensed interim consolidated financial statements
For the three months and full year ended 31 December 2023**

14. Borrowings and Loan from Related Parties

	<u>Group</u>		<u>Company</u>	
	<u>31-Dec-23</u> S\$'000	<u>31-Dec-22</u> S\$'000	<u>31-Dec-23</u> S\$'000	<u>31-Dec-22</u> S\$'000
Secured				
Term loans – non-current (a)	15,751	18,361	-	-
Term Loans – current (a)	2,790	2,549	-	-
	18,541	20,910	-	-
Unsecured				
Short term bank loan - current (b)	4,000	9,000	4,000	9,000
Loan from related parties - current (c)	-	909	-	-
	<u>22,541</u>	<u>30,819</u>	<u>4,000</u>	<u>9,000</u>

- (a) Secured term loans amounting to S\$18.5 million (2022 : S\$20.9 million) are secured by the property, plant and equipment of subsidiaries.
- (b) The unsecured bank loan bears fixed interest at 4.16% (2022: 4.09% - 4.19%) per annum and with a maturity period of less than three months.
- (c) In FY2022, the loans from related parties carried interest at 2.50% per annum and related to an amount owing by a subsidiary to a director and a former director and repayable in full in financial year 2023.

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Notes to the condensed interim consolidated financial statements
For the three months and full year ended 31 December 2023

15. Share Capital

	<u>31-Dec-23</u>		<u>31-Dec-22</u>	
	No. of ordinary shares	S\$'000	No. of ordinary shares	S\$'000
Group and Company				
Issued and fully paid:				
At the beginning of the year	670,535,941	136,623	670,535,941	136,623
Bonus shares issue	-	-	-	-
At the end of the year	<u>670,535,941</u>	<u>136,623</u>	<u>670,535,941</u>	<u>136,623</u>

15.1 Treasury shares

	<u>31-Dec-23</u>		<u>31-Dec-22</u>	
	No. of ordinary shares	S\$'000	No. of ordinary shares	S\$'000
Group				
At the beginning of the year	2,122,137	891	4,414,837	2,064
Sold during the year	(1,457,300)	(746)	(2,292,700)	(1,173)
At the end of the year	<u>664,837</u>	<u>145</u>	<u>2,122,137</u>	<u>891</u>

	<u>31-Dec-23</u>		<u>31-Dec-22</u>	
	No. of ordinary shares	S\$'000	No. of ordinary shares	S\$'000
Company				
At the beginning of the year	1,457,300	746	3,750,000	1,919
Sold during the year	(1,457,300)	(746)	(2,292,700)	(1,173)
At the end of the year	<u>-</u>	<u>-</u>	<u>1,457,300</u>	<u>746</u>

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Notes to the condensed interim consolidated financial statements For the three months and full year ended 31 December 2023

16. Subsequent events

The Company completed the placement of 40,000,000 new ordinary shares in the capital of the Company on 31 January 2024 at a placement price of S\$1.29.

Other Information Required by Listing Rule
Appendix 7.2

Other information required by Listing Rule Appendix 7.2
For the three months and full year ended 31 December 2023

Other Information

1. Review

The interim condensed consolidated balance sheet of UMS Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) as at 31 December 2023 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the twelve-month financial year ended and certain explanatory notes have not been audited or reviewed by the Company’s auditors.

2. Review of performance of the Group

Condensed Consolidated Statement of Profit or Loss and other comprehensive Income

Revenue

4QFY2023

Group revenue continued to show signs of stabilization in the latest quarter under review.

While overall sales softened 27% Y-o-Y to S\$73.5 million in 4QFY2023 from S\$101 million in 4QFY2022, revenue improved about 3% Q-o-Q compared to sales of S\$71.3 million recorded in 3QFY2023 - lifted by a much stronger performance of its Aerospace business as well as its Others segment.

Compared to 3QFY2023, the Group's Aerospace sales posted a 44% surge to S\$7.4 million while sales in Others segment shot up by 108% to S\$6.3 million. Semiconductor sales eased about 5% to S\$59.8 million during the same period.

Compared to 4QFY2022, Aerospace sales jumped 78% on the back of a robust recovery in the global aviation industry in 4QFY2023 while semiconductor sales fell 29% and revenue in Others decreased by 48% respectively.

Sales in the Others segment slumped due to the weaker material and tooling distribution business which were affected by the general business slowdown.

The lower overall Semiconductor revenue was due to declines in both its Semiconductor Integrated System sales and Component sales.

While Semiconductor Integrated System sales dropped 31% from S\$46.1 million in 4QFY2022 to S\$32.0 million in 4QFY2023, it was comparable to 3QFY2023 revenue of S\$33.3 million - easing by about 4%.

Component sales, which fell 27% from S\$38.5 million in 4QFY2022 to S\$28.0 million in 4QFY2023, was 6% lower than sales of S\$29.7 million recorded in 3QFY2023.

Geographically, all the Group's key markets- except US and Others - posted lower revenue in 4QFY2023.

Revenue in US inched up 2% vs 4QFY2022 as a result of higher sales to Aerospace customers and revenue in Others leapt 52% due to the delivery of a water treatment system by Kalf Engineering.

Lower overall semiconductor sales saw Singapore's sales decline 29% as compared to 4QFY2022, while Taiwan revenue fell 60% mainly due to lower component spares sales.

Weaker material and tooling distribution demand also led to a 51% sales decline in Malaysia.

2. Review of the performance of the Group (cont'd)

Condensed Consolidated Statement of Profit or Loss and other comprehensive Income (cont'd)

Revenue (cont'd)

FY2023

Revenue in FY2023 fell 19% to S\$299.9 million from S\$372.4 million in FY2022 as sales in the Group's Semiconductor segment and Others segment decreased 19% and 51% respectively. The drop was cushioned by a 52% surge in Aerospace sales during the period under review.

Semiconductor Integrated System sales slid 8% to S\$140 million in FY2023 from S\$152 million in FY2022. Revenue from component sales decreased 27% from S\$170.2 million to S\$120 million during the same period.

Apart from a 1% sales improvement in the Others market, sales declined in all the Group's key geographical markets.

Compared to FY2022, revenue in Singapore, Malaysia, Taiwan and the US declined 18%, 56%, 34% and 2% respectively in FY2023.

Profitability

4QFY2023

The Group's bottom line remained stable in 4QFY2023.

Group profit before tax eased just 9% to S\$17.3 million in 4QFY2023 from S\$18.9 million in 4QFY2022. Net profit and net profit attributable to shareholders edged down 2% and 3% to S\$15.8 million and S\$15.7 million respectively during the same period.

The Group's gross material margin improved to 52.8% from 46.5% in 4QFY2022 as a result of the renewal of its integrated system contract and reversal of inventory provisions.

The Group also trimmed its costs. Personnel costs fell 6% mainly due to lower bonus provisions and depreciation and other expenses which shrank 18% and 8% respectively.

Other charges were also slashed by 63% mainly due to lower exchange loss, reduced fair value inventory adjustment arising from acquisition of a subsidiary and reversal of project loss provision.

Income tax expenses also dropped 48% due to adjustment in deferred tax provision.

2. Review of the performance of the Group (cont'd)

Condensed Consolidated Statement of Profit or Loss and other comprehensive Income (cont'd)

Profitability (cont'd)

FY2023

The Group posted lower profit in FY2023.

Net profit before tax declined 34% to S\$68.5 million when compared to S\$103.2 million in FY2022 while net profit and net attributable profit fell 40% and 39% to S\$61.2 million and S\$60 million respectively.

The decrease in profit was due to lower revenue as well as higher expenses. Depreciation expenses increased 15% mainly due to fixed asset additions. Other expenses also rose 13% as upkeep of machinery cost went up 16% vs last year - arising from more maintenance work while utilities jumped 38% mainly due to the implementation of ICPT (Imbalance cost past-through) in Malaysia. The Group also recorded a one-off reversal of tax-penalty provision for one of its Malaysian subsidiaries in FY2022.

Gross material margin in FY2023 improved to 50.1% from 49.9% in FY2022.

Condensed Consolidated Balance Sheet

Cash and Bank Balances / Bank borrowings

The net increase in cash and cash equivalents by S\$13.1 million (after netting-off bank borrowings) was mainly due to net cash generated from operating activities partially offset by purchase of property, plant and equipment and payment of dividends during the period.

Trade and other receivables

Trade receivables and other current assets decreased by S\$21.6 million mainly due to lower sales in the current year.

Inventories

Inventories remain stable.

Trade and other payables

Trade and other payables decreased by S\$7.1 million mainly due to lower purchases as compared to prior year.

**Other information required by Listing Rule Appendix 7.2
For the three months and full year ended 31 December 2023**

2. Review of the performance of the Group (cont'd)

Condensed Consolidated Cash Flow Statement

4QFY2023

The Group's financial position remains healthy, generating positive net cash of S\$31.2 million from operating activities and free cashflow of S\$23.8 million in 4QFY2023.

The 18% dip in net cash from operations compared to 4QFY2022 was caused by adjustment differences of non-cash items while free cash flow, which leapt 36%, was due to lower capex in 4QFY2023.

Net cash increased by \$3.2 million from \$7.2 million on 4QFY2022 to \$10.4 million at the end of 4QFY2023 - even after paying out S\$16.1 million in dividends during the last quarter of the year.

The Group's cash and cash equivalents grew to S\$67.5 million at the end of 4QFY2023 - up from S\$61.7 million in the previous year.

FY2023

The Group continued to generate positive net cash from operating activities in FY2023 although its net cash from operating activities eased to S\$79.8 million from S\$92.4 million in FY2022 due to lower profits. Free cash flow, however, grew to S\$51.1 million from \$39.6 million in FY2022 - attributed mainly to reduced capex in FY2023.

During the year, the Group repaid \$11.9 million of bank borrowings and cleared its balance of \$0.9 million shareholders' loan. The Group also disposed of its treasury shares and paid out \$36.2 million in dividends during the year.

3. Where a forecast, or a prospect statement, has been previously disclosed to 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.

4. A commentary at the date of the 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 delivered a good set of results in FY2023 following an exceptional growth year of historic highs in FY2022.

Despite persistent inflationary pressures, intensifying geopolitical tensions and market uncertainties, the Group's topline performance stayed around S\$300 million and it generated nearly S\$79.8 million in operating cash flow and about S\$51.1 million of free cashflow.

The Group's performance also reflects the success of its diversification strategy - as its Aerospace business continued to report robust growth, moderating the impact of the global semiconductor slowdown.

The Group's new production facilities in Penang are completed and one of the new factories is now operational. As it has commenced production for its new customer, it expects an uptick in order flow in the coming months.

The Group successfully completed a placement of 40 million new shares recently, raising gross proceeds of about S\$50 million.

The placement will position it well to capture the myriad of new opportunities in both the semiconductor and aerospace sectors.

According to SEMI, while there was a temporary contraction in 2023 due to the cyclical nature of the semiconductor market, semiconductor manufacturing equipment growth is expected to resume in 2024, with sales forecast to reach a new high of \$124 billion in 2025, supported by both the front-end and back-end segments.¹

In its latest quarterly World Fab Forecast report, SEMI has also predicted global semiconductor capacity to increase 6.4% in 2024 to top the 30 million wafers per month (wpm) mark for the first time after rising 5.5% to 29.6 wpm in 2023.²

IATA expects global revenue passenger kilometres (RPK) to grow 9.8% in 2024, rising 4.5% above 2019 levels.

All this is based on a projected 4.7 billion air passengers in 2024, 9% more than the 4.5 billion in 2019.³

Looking ahead, the Group's strong fundamentals and financial position will enable it to capitalize on these growth trends to deliver sustained positive returns to shareholders. The Group remains confident of future prospects, and will continue to make investments across its key business segments to support its long-term growth plans.

In view of the Group's robust performance in FY2023, the Board decided to reward shareholders with a higher final dividend of 2.2cents, up from 2 cents in the previous corresponding period.

Barring unforeseen circumstances, the Group expects to remain profitable in FY2024.

4. A commentary at the date of the 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 (cont'd)

Sources :

¹ Source : <https://www.semi.org/en/news-media-press-releases/semi-press-releases/global-total-semiconductor-equipment-sales-forecast-to-reach-record-%24124-billion-in-2025-semi-reports>

² Source : <https://www.prnewswire.com/in/news-releases/global-semiconductor-capacity-projected-to-reach-record-high-30-million-wafers-per-month-in-2024-semi-reports-302024137.html>

³ Source : <https://www.businesstimes.com.sg/companies-markets/transport-logistics/global-air-travel-surpass-pre-covid-levels-2024-asia-pacific#:~:text=lata%20expects%20RPK%20to%20grow,the%204.5%20billion%20in%202019.>

5. Dividend information

a. Current Financial Period Reported on

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

Name of Dividend	Proposed Final Dividend
Dividend Type	Cash
Dividend Amount (SGD)	2.2 cents per ordinary share, (tax exempt one-tier)
Tax rate	Not applicable

b. Corresponding period of the immediately preceding financial year.

Any dividend declared for the corresponding period of the immediately preceding financial year? **Yes**

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

c. Date payable

The Proposed Final Dividend, if approved at the forthcoming Annual General Meeting of the Company, will be paid on 23 May 2024.

d. Record date

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of the Company will be closed on 9 May 2024, for the purpose of determining members' entitlements to the Proposed Final Dividend of 2.2 cents per ordinary share (tax-exempt one-tier) for the financial year ended 31 December 2023.

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 8 May 2024 will be registered before entitlement to the Proposed Final Dividend is determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 8 May 2024 will be entitled to the Proposed Final Dividend.

**Other information required by Listing Rule Appendix 7.2
For the three months and full year ended 31 December 2023**

6. Interested person transactions

The Group does not have a general mandate for interested person transactions. The aggregate value of the interested person transactions conducted during the twelve-month financial year ended 31 December 2023 is disclosed below

		12 Months Period Ended 31 December 2023
Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual) S\$'000
<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 amounted to S\$3,201,000 which represents approximately 1.07% of the Group's latest audited net tangible assets as at 31 December 2023.</p>	<p>3,201</p>

**Other information required by Listing Rule Appendix 7.2
For the three months and full year ended 31 December 2023**

7. 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 4Q2023 and the year ended 31 December 2023 financial results to be false or misleading in any material respect.

8. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

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

Pursuant to Rule 704(13), the Company confirms that there is no person occupying managerial positions in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

10. Use of proceeds

The Company raised net proceeds of approximately S\$49,982,000 from the placement of 40,000,000 shares pursuant to Proposed Subscription. The Proposed Subscription was completed on 31 January 2024. As at the date of this announcement, the net proceeds have not been utilized and the balance as follows:

	Allocation of net proceeds	Amount utilised	Balance
	S\$'000	S\$'000	S\$'000
Capital expenditure for the growth of the Group's business	29,990	-	29,990
General working capital purposes (including meeting general overheads and other operating expenses of the Group)	9,996	-	9,996
Future business developments through potential investments, acquisitions, joint ventures and collaborations	9,996	-	9,996
Total	49,982	-	49,982

BY ORDER OF THE BOARD

Luong Andy
Chief Executive Officer

28 February 2024