

UMS HOLDINGS LIMITED
COMPANY REGISTRATION NO: 200100340R
Third Quarter Financial Statement And Dividend Announcement

PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3) HALF YEAR AND FULL YEAR ANNOUNCEMENTS

- 1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Group					
	3Q			9 Months Ended		
	30-Sep-20 S\$'000	30-Sep-19 S\$'000	Change %	30-Sep-20 S\$'000	30-Sep-19 S\$'000	Change %
Revenue	45,152	32,927	37%	120,344	91,507	32%
Net finance expense (Note (a))	(102)	(175)	-42%	(260)	(567)	-54%
Changes in inventories	1,816	(164)	N.M	328	(12,493)	N.M
Raw material purchases and subcontractor charges	(22,012)	(14,696)	50%	(56,659)	(29,829)	90%
Employee benefits expense	(5,066)	(4,423)	15%	(13,427)	(11,841)	13%
Depreciation expense (Note (b))	(1,944)	(1,744)	11%	(5,684)	(5,162)	10%
Other expenses (Note (c))	(3,030)	(2,725)	11%	(8,427)	(7,590)	11%
Other (charges) / credits (Note (d))	(1,281)	237	N.M	(123)	(134)	-8%
Share of profits of associate	370	650	-43%	2,154	1,939	11%
Profit before income tax	13,903	9,887	41%	38,246	25,830	48%
Income tax expense (Note (e))	(1,018)	(762)	34%	(2,993)	(1,942)	54%
Net profit for the period from continuing operations	12,885	9,125	41%	35,253	23,888	48%
Profit attributable to:						
Owners of the parent	12,942	9,175	41%	35,211	24,312	45%
Non- controlling interest	(57)	(50)	14%	42	(424)	N.M
	12,885	9,125	41%	35,253	23,888	48%

N.M - Not meaningful

NOTES TO INCOME STATEMENT

Note (a) Net finance income/ (expense)

	Group					
	3Q			9 Months Ended		
	30-Sep-20	30-Sep-19	Change	30-Sep-20	30-Sep-19	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income from cash and cash equivalents	45	99	-55%	167	277	-40%
Interest expense on lease liabilities	(52)	(56)	-7%	(158)	(198)	-20%
Interest expense from bank borrowings (Note (i))	(26)	(150)	-83%	(64)	(442)	-86%
Interest expense from loans from related parties	(69)	(68)	1%	(205)	(204)	0%
Net finance expense	(102)	(175)	-42%	(260)	(567)	-54%

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

Note (b) Depreciation expense

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

Note (c) Other expenses

	Group					
	3Q			9 Months Ended		
	30-Sep-20	30-Sep-19	Change	30-Sep-20	30-Sep-19	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Legal and professional fees (Note (i))	(587)	(456)	29%	(1,651)	(1,534)	8%
Utilities	(961)	(920)	4%	(2,729)	(2,579)	6%
Freight charges (Note (ii))	(246)	(165)	49%	(649)	(365)	78%
Insurance	(117)	(112)	4%	(322)	(307)	5%
Upkeep of properties and equipment	(187)	(163)	15%	(426)	(390)	9%
Upkeep of machinery (Note (iii))	(546)	(487)	12%	(1,381)	(1,121)	23%
Others	(386)	(422)	-9%	(1,269)	(1,294)	-2%
	(3,030)	(2,725)	11%	(8,427)	(7,590)	11%

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

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

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

Note (d) Other credits/ (charges)

	3Q			9 Months Ended		
	30-Sep-20	30-Sep-19	Change	30-Sep-20	30-Sep-19	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Foreign exchange (losses) / gains - net (Note (i))	(1,345)	252	N.M	(296)	310	N.M
Bad debts written off non-trade	-	-	N.M	-	(8)	-100%
Gain on disposal of property, plant and equipment	3	64	-95%	185	64	189%
Property, plant & equipment written off	-	3	-100%	-	(32)	-100%
Allowance for inventories obsolescence	(162)	(105)	54%	(681)	(523)	30%
Others (Note (ii))	223	23	870%	669	55	1116%
	(1,281)	237	N.M	(123)	(134)	-8%

Note 1(a)(d)(i) – The exchange loss in 3QFY2020 was mainly due to the depreciation of the US dollar during the period.

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

Note (e) Income tax

	Group					
	3Q			9 Months Ended		
	30-Sep-20	30-Sep-19	Change	30-Sep-20	30-Sep-19	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Income tax:						
- Current	(1,018)	(756)	35%	(2,993)	(1,956)	53%
- Prior years	-	(6)	-100%	-	14	-100%
	(1,018)	(762)	34%	(2,993)	(1,942)	54%

Note 1(a)(e) - The increase in current income tax was due to higher profits during the period.

1(b)(i) A statement of financial position (for the issuer and the group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30 Sep 2020 S\$'000	31 Dec 2019 S\$'000	30 Sep 2020 S\$'000	31 Dec 2019 S\$'000
ASSETS				
Current Assets				
Cash and bank balances (Note (ii))	47,733	34,364	505	178
Trade receivables and other current assets (Note (iii))	30,930	22,072	187	5,602
Loan to subsidiary	-	-	6,539	3,791
Inventories	52,073	51,746	-	-
Total Current Assets	130,736	108,182	7,231	9,571
Non-Current Assets				
Investment in subsidiaries (Note (i))	-	-	201,306	201,306
Property, plant and equipment	48,671	52,307	-	-
Right-of-use assets (Note (iv))	3,998	4,237	-	-
Investment property	1,737	1,832	-	-
Investment in associate (Note (v))	42,658	39,397	37,405	36,298
Goodwill	81,211	81,211	-	-
Deferred tax assets	47	47	-	-
Total Non-Current Assets	178,322	179,031	238,711	237,604
Total Assets	309,058	287,213	245,942	247,175
LIABILITIES AND EQUITY				
Current Liabilities				
Bank borrowings (Note 1(b)(iii))	13,327	9,334	-	-
Trade and other payables (Note (vi))	20,125	18,760	33,323	37,691
Loan from related parties (Note (vii))	1,403	1,403	-	-
Lease liabilities (Note (viii))	172	262	-	-
Income tax payable	4,655	2,754	42	58
Total Current Liabilities	39,682	32,513	33,365	37,749
Non Current Liabilities				
Loan from related parties (Note (vii))	3,825	3,626	-	-
Deferred tax liabilities	2,103	2,127	-	-
Long-term provision*	405	405	-	-
Lease liabilities (Note (viii))	3,561	3,656	-	-
Total Non-Current Liabilities	9,894	9,814	-	-
Total Liabilities	49,576	42,327	33,365	37,749
Capital and Reserves				
Share Capital	136,623	136,623	136,623	136,623
Treasury shares	(1,919)	-	(1,919)	-
Reserves	(10,871)	(10,823)	-	-
Retained earnings	134,006	117,465	77,873	72,803
	257,839	243,265	212,577	209,426
Non-controlling interest	1,643	1,621	-	-
Total Equity	259,482	244,886	212,577	209,426
Total Liabilities and Equity	309,058	287,213	245,942	247,175

* Provision for reinstatement of leased premises.

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

The details of the subsidiaries as at 30 September 2020 are as follows:

Name	Effective percentage of equity held by the group		Company's cost of investment	
	30-Sep-2020 %	31-Dec-2019 %	30-Sep-2020 S\$'000	31-Dec-2019 S\$'000
<u>Held by the Company</u>				
UMS Systems Pte Ltd (Singapore)	100	100	9,561	9,561
UMS International Pte Ltd (Singapore)	100	100	800	800
UMS Pte Ltd (Singapore)	100	100	127,081	127,081
UMS Aerospace Pte Ltd (Singapore)	100	100	20,000	20,000
Integrated Manufacturing Technologies Pte Ltd (Singapore)	100	100	19,803	19,803
Integrated Manufacturing Technologies Inc. (United States)	100	100	8,196	8,196
Ultimate Machining Solutions (M) Sdn. Bhd. (Malaysia)	100	100	30,772	30,772
Kalf Engineering Pte Ltd (Singapore)	51	51	990	990
Starke Singapore Pte Ltd (Singapore)	70	70	7,076	7,076
Ultimate Mechanical System Sdn. Bhd. (Malaysia)	100	100	825	825
Unquoted equity shares, at cost			225,104	225,104
Less: Provision for impairment			(23,798)	(23,798)
			<u>201,306</u>	<u>201,306</u>
<u>Held through UMS International Pte Ltd</u>				
Ultimate Manufacturing Solutions (M) Sdn. Bhd. (Malaysia)	100	100		
<u>Held through UMS Pte Ltd</u>				
UMS Solutions Pte Ltd (Singapore)	100	100		
<u>Held through Kalf Engineering Pte. Ltd.</u>				
浙江凯富环境治理工程有限公司 (People's Republic of China)	100	100		
<u>Held through Starke Singapore Pte Ltd</u>				
Starke Asia Sdn. Bhd. (Malaysia)	100	100		
<u>Held through Ultimate Machining Solutions (M) Sdn. Bhd.</u>				
AllStar Manufacturing Sdn. Bhd. (Malaysia)	100	100		

Note 1(b)(i)(ii) – The net increase in cash and cash equivalents by S\$9.4 million (after netting-off short-term borrowing) was mainly due to net cash generated from operating activities, partially offset by S\$1.1 million investment in JEP Holdings Ltd, S\$1.9 million in UMS share buy back, and S\$18.7 million dividend payments made during the year.

Note 1(b)(i)(iii) – Trade receivables and other current assets increased by S\$8.9 million, which were mainly due to higher sales made in the month of September 2020.

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

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

Note 1(b)(i)(vi) – Trade and other payables increased by S\$1.4 million, which were mainly due to higher purchase made during the period.

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

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

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30 Sep 2020			As at 31 Dec 2019		
Secured S\$'000	Unsecured S\$'000	Total S\$'000	Secured S\$'000	Unsecured S\$'000	Total S\$'000
-	13,327	13,327	-	9,334	9,334

Details of any collateral

Not applicable

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			
	3Q		9 Months Ended	
	30-Sep-20 S\$'000	30-Sep-19 S\$'000	30-Sep-20 S\$'000	30-Sep-19 S\$'000
Cash flows from operating activities				
Profit before income tax	13,903	9,887	38,246	25,830
Adjustments for:				
Depreciation expense	1,944	1,744	5,684	5,162
Bad debts written off- non-trade	-	-	-	8
Allowance of inventories obsolescence	162	105	681	523
Property, plant and equipment written off	-	(3)	-	32
Gain on disposal of property, plant and equipment	(4)	(64)	(186)	(64)
Interest income	(45)	(99)	(167)	(277)
Interest expense	147	274	427	844
Share of profit of associate	(370)	(650)	(2,154)	(1,939)
Unrealised foreign exchange gain	(22)	(212)	(849)	(175)
Operating cash flows before working capital changes	15,715	10,982	41,682	29,944
Changes in working capital:				
Trade receivables and other current assets	(171)	(6,042)	(8,105)	(7,126)
Inventories	(1,982)	20	(1,016)	11,944
Trade and other payables	(294)	5,850	989	4,638
Cash generated from operations	13,268	10,810	33,550	39,400
Income tax paid	(1,013)	(817)	(1,109)	(2,106)
Net cash generated from operating activities	12,255	9,993	32,441	37,294
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	4	1,805	192	1,807
Purchase of property, plant and equipment	(659)	(209)	(1,761)	(1,752)
Improvement to investment property	(16)	-	(16)	(43)
Net cash outflow on acquisition of subsidiaries	-	28	-	28
Investment in associate	(135)	(65)	(1,107)	(7,022)
Interest received	45	99	167	277
Net cash (used in)/ generated from investing activities	(761)	1,658	(2,525)	(6,705)
Cash flows from financing activities				
Proceeds from bank borrowings	6,600	-	7,412	39,545
Repayment of bank borrowings	(1,000)	(48,112)	(3,700)	(53,288)
Dividends paid	(18,670)	(2,682)	(18,670)	(13,411)
Purchase of treasury shares	-	-	(1,919)	-
Repayment of lease liabilities	(125)	(122)	(372)	(333)
Placement of fixed deposit - restricted	-	-	-	(39,000)
Withdrawal of fixed deposit - restricted	-	39,000	-	39,000
Interest paid	(26)	(150)	(64)	(442)
Net cash used in financing activities	(13,221)	(12,066)	(17,313)	(27,929)
Net effect of exchange rate changes	443	514	766	243
Net (decrease)/ increase in cash and cash equivalents	(1,284)	99	13,369	2,903
Cash and cash equivalents at beginning of the period	49,017	21,730	34,364	18,926
Cash and cash equivalents at end of the period	47,733	21,829	47,733	21,829
Fixed deposit - restricted in use	-	-	-	39,000
Cash and cash equivalents in the Balance Sheet	47,733	21,829	47,733	60,829

- 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					
	3Q			9 Months Ended		
	30-Sep-20	30-Sep-19	Change	30-Sep-20	30-Sep-19	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Net Profit for the period	12,885	9,125	41%	35,253	23,888	48%
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	771	466	65%	(68)	(13)	423%
Total comprehensive income for the period	13,656	9,591	42%	35,185	23,875	47%
Attributable to:						
Equity holders of the Company	13,589	9,681	40%	35,163	24,361	44%
Non-controlling interests	67	(90)	N.M	22	(486)	N.M
	13,656	9,591	42%	35,185	23,875	47%

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.

Group	Attributable to owners of the Company						
	Share Capital	Treasury Shares	Foreign Exchange Translation Reserve	Retained Earnings	Total	Non-controlling Interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2019	136,623	-	(10,683)	102,612	228,552	1,909	230,461
Adoption of SFRS(I) 16	-	-	-	72	72	-	72
Adjusted balance as at 1 January 2019	136,623	-	(10,683)	102,684	228,624	1,909	230,533
Changes in equity for first quarter							
Net profit for the period	-	-	-	6,977	6,977	(229)	6,748
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	-	278	-	278	23	301
Total comprehensive income for the quarter	-	-	278	6,977	7,255	(206)	7,049
Balance at 31 March 2019	136,623	-	(10,405)	109,661	235,879	1,703	237,582
Changes in equity for second quarter							
Net profit for the period	-	-	-	8,088	8,088	(145)	7,943
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	-	(735)	-	(735)	(45)	(780)
Total comprehensive income for the quarter	-	-	(735)	8,088	7,353	(190)	7,163
Dividend paid	-	-	-	(10,729)	(10,729)	-	(10,729)
As at 30 June 2019	136,623	-	(11,140)	107,020	232,503	1,513	234,016
Changes in equity for third quarter							
Net profit for the period	-	-	-	9,175	9,175	(50)	9,125
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	-	506	-	506	(40)	466
Total comprehensive income for the quarter	-	-	506	9,175	9,681	(90)	9,591
Dividend paid	-	-	-	(2,682)	(2,682)	-	(2,682)
As at 30 September 2019	136,623	-	(10,634)	113,513	239,502	1,423	240,925

	Attributable to owners of the Company						
	Share Capital S\$'000	Treasury Shares S\$'000	Foreign	Retained Earnings S\$'000	Total S\$'000	Non-	Total S\$'000
			Exchange Translation Reserve S\$'000			controlling Interests S\$'000	
Group							
Balance at 1 January 2020	136,623	-	(10,823)	117,465	243,265	1,621	244,886
Changes in equity for first quarter							
Net profit for the period	-	-	-	10,701	10,701	104	10,805
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	-	31	-	31	(244)	(213)
Total comprehensive income for the quarter	-	-	31	10,701	10,732	(140)	10,592
Purchase of treasury shares	-	(1,919)	-	-	(1,919)	-	(1,919)
Balance at 31 March 2020	<u>136,623</u>	<u>(1,919)</u>	<u>(10,792)</u>	<u>128,166</u>	<u>252,078</u>	<u>1,481</u>	<u>253,559</u>
Changes in equity for second quarter							
Net profit for the period	-	-	-	11,568	11,568	(5)	11,563
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	-	(726)	-	(726)	100	(626)
Total comprehensive income for the quarter	-	-	(726)	11,568	10,842	95	10,937
As at 30 June 2020	<u>136,623</u>	<u>(1,919)</u>	<u>(11,518)</u>	<u>139,734</u>	<u>262,920</u>	<u>1,576</u>	<u>264,496</u>
Changes in equity for third quarter							
Net profit for the period	-	-	-	12,942	12,942	(57)	12,885
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	-	647	-	647	124	771
Total comprehensive income for the quarter	-	-	647	12,942	13,589	67	13,656
Dividend paid	-	-	-	(18,670)	(18,670)	-	(18,670)
As at 30 September 2020	<u>136,623</u>	<u>(1,919)</u>	<u>(10,871)</u>	<u>134,006</u>	<u>257,839</u>	<u>1,643</u>	<u>259,482</u>

	Attributable to owners of the Company			Total S\$'000
	Share Capital S\$'000	Treasury Shares S\$'000	Retained Earnings S\$'000	
Company				
Balance at 1 January 2019	136,623	-	68,649	205,272
Changes in equity for first quarter				
Net loss for the period	-	-	(1,034)	(1,034)
Total comprehensive expenses for the quarter	-	-	(1,034)	(1,034)
Balance at 31 March 2019	136,623	-	67,615	204,238
Changes in equity for second quarter				
Net profit for the period	-	-	3,171	3,171
Total comprehensive income for the quarter	-	-	3,171	3,171
Dividend paid	-	-	(10,729)	(10,729)
As at 30 June 2019	136,623	-	60,057	196,680
Changes in equity for third quarter				
Net profit for the period	-	-	(640)	(640)
Total comprehensive income for the quarter	-	-	(640)	(640)
Dividend paid	-	-	(2,682)	(2,682)
As at 30 September 2019	136,623	-	56,735	193,358

	Attributable to owners of the Company			
	Share Capital S\$'000	Treasury Shares S\$'000	Retained Earnings S\$'000	Total S\$'000
Company				
Balance at 1 January 2020	136,623	-	72,803	209,426
Changes in equity for first quarter				
Net loss for the period	-	-	(637)	(637)
Total comprehensive expenses for the quarter	-	-	(637)	(637)
Purchase of treasury shares	-	(1,919)	-	(1,919)
Balance at 31 March 2020	136,623	(1,919)	72,166	206,870
Changes in equity for second quarter				
Net profit for the period	-	-	11,944	11,944
Total comprehensive income for the quarter	-	-	11,944	11,944
As at 30 June 2020	136,623	(1,919)	84,110	218,814
Changes in equity for third quarter				
Net profit for the period	-	-	12,433	12,433
Total comprehensive income for the quarter	-	-	12,433	12,433
Dividend paid	-	-	(18,670)	(18,670)
As at 30 September 2020	136,623	(1,919)	77,873	212,577

- 1(e)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purposes since the end of the previous period reported on. State the number of shares that may be issued on conversion of all outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the Company's issued share capital since the last financial year ended 31 December 2019 to 30 September 2020.

Treasury Shares

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

- 1(e)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares excluding treasury shares as at 30 September 2020 was 533,429,579 (31 December 2019: 536,429,579).

1(e)(iv) A statement showing all sales, transfers, cancellation and/ or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, cancellation and/ or use of treasury shares by the company during the third quarter ended 30 September 2020.

1(e)(v) A statement showing all sales, transfers, cancellation and/ or use of subsidiary holdings as at the end of the current financial period reported on.

There were no sales, transfers, cancellation and/ or use of subsidiary holdings as at 30 September 2020.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by our external auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including and qualifications or emphasis of matter).

Not applicable.

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

Not applicable

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as stated in Note 5, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the audited financial statements for the financial year ended 31 December 2019.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reason for, and the effect of the change.

The adoption of new and revised standards did not have substantial effect on the financial performance and position of the Group for the current financial period ended 30 September 2020.

6 Earnings per ordinary share of the Group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group			
	3Q		9 Months Ended	
	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
Earnings per ordinary share of the Group based on net profit attributable to owners of the company:-				
(a)				
Based on the weighted average number of ordinary shares on issue	2.43 cents	1.71 cents	6.59 cents	4.53 cents
- Weighted average number of shares (excluding treasury shares)	533,429,579	536,429,579	534,283,059	536,429,579
(b)				
On a fully diluted basis	2.43 cents	1.71 cents	6.59 cents	4.53 cents
- Weighted average number of shares (excluding treasury shares)	533,429,579	536,429,579	534,283,059	536,429,579

- 7 **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediate preceding financial year.**

	Group		Company	
	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
Net asset value per ordinary share based on total number of issued shares (excluding treasury shares)	48.34 cents	45.35 cents	39.85 cents	39.04 cents
Total number of issued shares (excluding treasury shares)	533,429,579	536,429,579	533,429,579	536,429,579

- 8 **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion on the following:**

- (a) any significant factors that affected the turnover, costs and earnings of the Group for the current financial period reported on, including (where applicable) seasonable or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Revenue

9 Months 2020 vs 2019

	Group		
	9 Months Ended		
	30-Sep-20 S\$'000	30-Sep-19 S\$'000	Change %
Business Segments			
Semiconductor (Semicon)	111,292	83,862	33%
Others	9,052	7,645	18%
	<u>120,344</u>	<u>91,507</u>	<u>32%</u>

Geographical Regions

Singapore	82,246	56,586	45%
United States of America ('US')	17,075	17,150	0%
Taiwan	16,735	15,122	11%
Malaysia	2,926	1,879	56%
Others	1,362	770	77%
	<u>120,344</u>	<u>91,507</u>	<u>32%</u>

Revenue

3Q2020 vs 3Q2019

	Group		
	3 Months Ended		
	30-Sep-20 S\$'000	30-Sep-19 S\$'000	Change %
Business Segments			
Semiconductor (Semicon)	42,375	30,471	39%
Others	2,777	2,456	13%
	<u>45,152</u>	<u>32,927</u>	<u>37%</u>

Geographical Regions

Singapore	32,012	21,714	47%
United States of America ('US')	4,910	5,469	-10%
Taiwan	6,441	4,591	40%
Malaysia	1,218	801	52%
Others	571	352	62%
	<u>45,152</u>	<u>32,927</u>	<u>37%</u>

Revenue

3QFY2020

Group revenue continued to grow significantly - rising by 37% year-on-year to S\$45.2 million in 3QFY2020 on the back of robust growth in all its core business segments.

Semiconductor sales shot up by 39%, driven mainly by higher Integrated System sales which rose 63% from S\$14.3 million in 3QFY2019 to S\$23.4 million in 3QFY2020

Revenue from component sales went up by 18% to S\$19.0 million in 3QFY2020 from S\$16.1 million in 3QFY2019.

Sales in "Others" segment increased 13% mainly due to higher material distribution by its subsidiary - Starke Singapore.

On a sequential basis, compared to 2QFY2020, revenue from the Semiconductor segment went up 13.9%, while Others segment eased 11.1% to S\$2.8 million.

Geographically, all the Group's key markets except US, reported strong revenue growth. Sales in Others leapt 62% driven by higher component sales while the 52% revenue jump in Malaysia was due to higher material distribution. Singapore also recorded a 47% sales surge compared to 3QFY2019 which was mainly attributed to increased Semiconductor Integrated System sales. Taiwan enjoyed an increase of 40% on the back of higher component spares sales.

US sales softened by 10% in 3QFY2020 due to lower component sales for new systems built.

9MFY2020

Revenue for 9MFY2020 surged 32% to S\$120.3 million compared to S\$91.5 million for the first nine months of FY2019 as the Group's core business segments reported stronger results. Sales in the Semiconductor segment grew 33% while its Others segment rose 18%. Revenue went up in all of the Group's key markets, except US which remained relatively stable. Stronger Semiconductor Integrated System demand pushed Singapore sales up by 45% while revenue in Taiwan, Malaysia and Others climbed 11%, 56% and 77% respectively.

Profitability

3QFY2020

Group net profit attributable to shareholders surged 41% to S\$12.9 million from S\$9.2 million in 3QFY2019 with strong growth from both Semiconductor Integrated Systems and Component sales.

Gross material margin in 3QFY2020 remained relatively stable at 55.3% from 54.9% in 3QFY2019.

The much stronger profit performance was achieved despite lower contribution from its associate, higher expenses and a foreign exchange loss of S\$1.3 million from the depreciation of the US currency (vs a foreign exchange gain of S\$0.3 million in 3QFY2019).

JEP Holdings Ltd's ("JEP") share of profit dropped 43% from \$0.65 million to \$0.37 million due to challenges faced in the aerospace industry caused by the ongoing global COVID 19 pandemic.

Expenses increased during the quarter. Personnel costs rose 15% mainly due to higher bonus provisions made. Depreciation increased by 11% due to fixed assets added during the second half of FY2019.

Other expenses went up 11% over last year due to higher production activities. Freight charges jumped 49% while the costs of upkeep of machinery and utilities increased 12%, and 4% respectively. Professional and legal fees also rose during the quarter.

The Group's income tax expense increased 34% in line with its higher profit.

9MFY2020

The Group's net profit attributable to shareholders for the 9 months surged to S\$35.2 million exceeding the Group's full year FY2019 net attributable profit of \$33.6 million.

It recorded a 45% jump in net attributable profit - compared to 3QFY2019 in spite of higher expenses.

The robust performance was fueled by higher semiconductor sales and a 11% increase in JEP's share of profits from S\$1.9 million to S\$2.2 million in 9MFY2020.

More income taxes were incurred during 9MFY2020 as a result of higher profit recorded.

Cashflow

3QFY2020

The Group's financial position remains robust. It registered S\$12.3 million positive net cash from operating activities and S\$11.6 million free cash flow in 3QFY2020.

9MFY2020

In 9MFY2020, the Group generated S\$32.4 million in positive net cash from operating activities and S\$30.9 million free cash flow.

Its net cash and cash equivalents (net of bank borrowings) improved to S\$34.4 million as at 30 September 2020 compared to S\$25 million as at 31 December 2019.

The Group's cash balance went up even after its increased investment of \$1.1 million in JEP Holdings, share-buyback of S\$1.9 million and a dividend payment of S\$18.7 million to shareholders.

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 13 August 2020.

10 A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

The Group delivered a sterling performance in the first nine months of FY2020 as it remained a beneficiary of the strong and sustained global semiconductor demand. Group earnings for the nine months had already exceeded FY2019's full year earnings.

This demonstrates UMS's operational resilience and ability to respond quickly to customer demands in spite of unprecedented supply chain disruptions and factory lockdowns caused by the COVID 19 pandemic.

Looking ahead, global chip demand is expected to stay solid.

In the short to medium term, according to SEMI's forecast, global fab equipment billings climbed 26% and 8% sequentially to US\$16.8 billion y-o-y in 2QFY2020. While SEMI forecasts global fab equipment spending to increase by 8% in 2020 to approximately US\$60 billion, 2021 is expected to see capex of US\$67.7 billion, a 13% increase¹. This will be driven by the pandemic-induced demand for chips, from gaming, communications, IT infrastructures, data centers and healthcare electronics.

According to Global Market Insights, the adoption of technologies such as, artificial intelligence (AI), IoT in fabrication and the constant use of advance chipsets in automotive and consumer electronics, will drive the demand for semiconductor manufacturing. This demand will boost support for the semiconductor manufacturing equipment market and is projected to reach over US\$80 billion by 2026.²

These strong growth figures augur well for the Group and with its strong financial position, it is well-poised to capitalize on growth opportunities arising from the vibrant chip equipment manufacturing market and the acceleration of digital innovations such as 5G and adoption of smart cities solutions worldwide.

While global tech demand stays buoyant, uncertainties remain in the near-term with the resurgence of COVID-19 as well as growing competition, rising costs and softer memory pricing arising from possible inventory adjustments.^{3&4}

To allow the Group greater financial flexibility and to take advantage of new growth initiatives in the short-term, the Board has recommended moderating the dividend payout to shareholders for 3QFY2020.

This is a prudent measure taken against a backdrop of global economic challenges as the Group wishes to conserve cash to maintain a strong balance sheet in order to drive future business growth which could reap longer term returns to shareholders.

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

[¹Source: Global fab equipment spending to rise in 2020 and 2021, says SEMI <https://www.digitimes.com/news/a20200909PR202.html>]
 [²Source: Semiconductor Manufacturing Equipment Market is Projected to Reach USD 80 billion by 2026 - <https://www.semiconductor-digest.com/2020/09/04/semiconductor-manufacturing-equipment-market-is-projected-to-reach-usd-80-billion-by-2026/>]
 [³Source: Samsung predicts fourth-quarter decline in profits due to weak demand and growing competition: <https://www.cnbc.com/2020/10/29/samsung-q3-2020-earnings-forecasts-weak-demand-amid-competition.html>]
 [⁴Source: Samsung Warns of Weaker Outlook Even as Profit Beats: <https://www.bloomberg.com/news/articles/2020-10-28/samsung-beats-profit-estimates-boosted-by-strong-handset-sales>]

11 Dividend

(a) Current Financial Period Reported

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

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

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

(c) Date payable

17 December 2020

(d) Record date

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of the Company will be closed on 4 December 2020, for the purpose of determining members' entitlements to the Third Interim Dividend of 0.5 cent per ordinary share (tax-exempt one-tier) for the financial year ending 31 December 2020.

Duly completed registrable transfers received by the Company's Share Registrar, RHT Corporate Advisory Pte. Ltd., 30 Cecil Street #19-08 Prudential Tower Singapore 049712 up to the close of business at 5.00 p.m. on 3 December 2020 will be registered before entitlement to the Third Interim Dividend are determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 3 December 2020 will be entitled to the Third Interim Dividend.

12 If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

- 13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1) (a) (ii). If no IPT mandate has been obtained, a statement to that effect.

		9 Months Period Ended 30 Sep 2020
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
Kalf Engineering Pte Ltd Interest expenses from Shareholders loan	Kalf Engineering Pte Ltd ("Kalf") is a company in which both executive directors Mr. Luong Andy and Mr. Stanley Loh Meng Chong have an interest. Transaction above is with Full City Investments Ltd in which Mr. Luong Andy is a director and shareholder. The aggregate value of Interested person transactions entered into between Kalf and Full City Investments Ltd for the period ended 30 September 2020 amounted to S\$179,000 which represents approximately 0.11% of the Group's latest audited net tangible assets as at 31 December 2019.	179
Sure Achieve Consultant Pte Ltd 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 30 September 2020 amounted to S\$1,355,000 which represents approximately 0.83% of the Group's latest audited net tangible assets as at 31 December 2019.	1,355

14 **Negative confirmation pursuant to Rule 705 (5)**

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the 3Q2020 and the period ended 30 September 2020 financial results to be false or misleading in any material respect.

15 **Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)**

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1).

16 Disclosure pursuant to Rule 706A of the Listing Manual

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

BY ORDER OF THE BOARD

Luong Andy
Chief Executive Officer

12 November 2020