

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

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

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

**UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2018**

	Group					
	2Q			6 Months Ended		
	30-Jun-18 S\$'000	30-Jun-17 S\$'000	Change %	30-Jun-18 S\$'000	30-Jun-17 S\$'000	Change %
Revenue	35,229	42,734	-18%	72,745	84,494	-14%
Net finance (expense)/ income (Note (a))	(87)	(18)	383%	(142)	49	N.M
Changes in inventories	6,204	945	557%	6,914	6,645	4%
Raw material purchases and subcontractor charges	(18,901)	(21,853)	-14%	(35,607)	(47,866)	-26%
Employee benefits expense	(3,872)	(3,877)	0%	(7,919)	(7,415)	7%
Depreciation expense	(1,271)	(1,061)	20%	(2,414)	(2,311)	4%
Other expenses (Note (b))	(2,965)	(3,112)	-5%	(6,036)	(6,378)	-5%
Other credits/ (charges) (Note (c))	1,412	(1,201)	N.M	342	(2,236)	N.M
Share of result of associate (net of income tax)	(91)	-	N.M	(75)	-	N.M
<b>Profit before income tax</b>	<b>15,658</b>	<b>12,557</b>	<b>25%</b>	<b>27,808</b>	<b>24,982</b>	<b>11%</b>
Income tax expense (Note (d))	(1,279)	(1,264)	1%	(2,158)	(2,521)	-14%
<b>Net profit for the period from continuing operations</b>	<b>14,379</b>	<b>11,293</b>	<b>27%</b>	<b>25,650</b>	<b>22,461</b>	<b>14%</b>
<b>Profit attributable to:</b>						
<b>Owners of the parent</b>	<b>14,496</b>	<b>11,482</b>	<b>26%</b>	<b>25,896</b>	<b>22,650</b>	<b>14%</b>
Non- controlling interest	(117)	(189)	-38%	(246)	(189)	30%
	<b>14,379</b>	<b>11,293</b>	<b>27%</b>	<b>25,650</b>	<b>22,461</b>	<b>14%</b>

N.M - Not meaningful

## NOTES TO INCOME STATEMENT

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

	Group					
	2Q			6 Months Ended		
	30-Jun-18	30-Jun-17	Change	30-Jun-18	30-Jun-17	Change
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Interest income from cash and cash equivalents	38	58	-34%	94	114	-18%
Interest income from an associate	7	14	-50%	36	26	38%
Interest expense from bank borrowings	(73)	(30)	143%	(156)	(31)	403%
Interest expense from loans from related parties	(59)	(60)	-2%	(116)	(60)	93%
Net finance (expense)/ income	(87)	(18)	383%	(142)	49	N.M

### Note (b) Other expenses

	Group					
	2Q			6 Months Ended		
	30-Jun-18	30-Jun-17	Change	30-Jun-18	30-Jun-17	Change
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Legal and professional fees (Note (i))	(458)	(630)	-27%	(1,220)	(1,184)	3%
Rental expense (Note (ii))	(128)	(280)	-54%	(262)	(526)	-50%
Utilities (Note (iii))	(905)	(698)	30%	(1,603)	(1,418)	13%
Freight charges	(248)	(220)	13%	(414)	(484)	-14%
Insurance	(113)	(127)	-11%	(233)	(245)	-5%
Upkeep of properties and equipment (Note (iv))	(156)	(82)	90%	(297)	(165)	80%
Upkeep of machinery (Note (v))	(517)	(704)	-27%	(1,044)	(1,557)	-33%
Others	(440)	(371)	19%	(963)	(799)	21%
	(2,965)	(3,112)	-5%	(6,036)	(6,378)	-5%

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

Note 1 (a)(b)(ii) – The decrease was mainly due to the lease termination of 25 Changi North Rise in Q4 2017.

Note 1 (a)(b)(iii) – The increase in utilities was mainly due to higher average electricity tariff rates as compared to last year.

Note 1 (a)(b)(iv) – The increase was mainly due to higher maintenance of equipment carried out during the period.

Note 1 (a)(b)(v) – The decrease was mainly due to lower maintenance of machinery carried out during the period.

**Note (c) Other charges**

	<b>Group</b>					
	<b>2Q</b>			<b>6 Months Ended</b>		
	<b>30-Jun-18</b>	<b>30-Jun-17</b>	<b>Change</b>	<b>30-Jun-18</b>	<b>30-Jun-17</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Foreign exchange gain/ (loss) (Note (i))	1,392	(872)	N.M	271	(1,916)	N.M
Gain on disposal of property, plant and equipment	-	1	-100%	-	16	-100%
Inventories written off	-	-	N.M	-	(224)	-100%
Write back of allowance for inventories obsolescence	-	26	-100%	-	221	-100%
Allowance for inventories obsolescence	-	(370)	-100%	-	(370)	-100%
Others	20	14	43%	71	37	92%
	<b>1,412</b>	<b>(1,201)</b>	<b>N.M</b>	<b>342</b>	<b>(2,236)</b>	<b>N.M</b>

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

**Note (d) Income tax**

	<b>Group</b>					
	<b>2Q</b>			<b>6 Months Ended</b>		
	<b>30-Jun-18</b>	<b>30-Jun-17</b>	<b>Change</b>	<b>30-Jun-18</b>	<b>30-Jun-17</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Income tax:						
- Current	(1,279)	(1,264)	1%	(2,158)	(2,458)	-12%
- Prior years	-	-	N.M	-	(63)	-100%
	<b>(1,279)</b>	<b>(1,264)</b>	<b>1%</b>	<b>(2,158)</b>	<b>(2,521)</b>	<b>-14%</b>

Note 1(a)(d) - Income tax expense remain flat when compared to last year, despite higher profits, mainly due to more profits being made by the Malaysia subsidiaries, which enjoys Pioneer Tax incentives.

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

	Group		Company	
	30 Jun 2018 S\$'000	31 Dec 2017 S\$'000	30 Jun 2018 S\$'000	31 Dec 2017 S\$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and bank balances (Note (ii))	22,144	59,571	1,092	805
Trade receivables and other current assets	23,153	23,431	3,359	10,097
Loan to subsidiaries	-	-	2,317	-
Inventories (Note (iii))	55,885	49,633	-	-
<b>Total Current Assets</b>	<b>101,182</b>	<b>132,635</b>	<b>6,768</b>	<b>10,902</b>
<b>Non-Current Assets</b>				
Investment in subsidiaries (Note (i))	-	-	193,405	193,405
Property, plant and equipment (Note (ii))	41,932	38,782	-	-
Investment property	2,164	2,240	-	-
Investment in associates (Note (iv))	28,112	-	28,187	-
Loan to associate	3,445	3,296	3,445	3,296
Goodwill	82,201	82,201	-	-
<b>Total Non-Current Assets</b>	<b>157,854</b>	<b>126,519</b>	<b>225,037</b>	<b>196,701</b>
<b>Total Assets</b>	<b>259,036</b>	<b>259,154</b>	<b>231,805</b>	<b>207,603</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Bank borrowings (Note 1(b)(ii))	10,582	19,001	-	-
Trade and other payables	15,452	18,077	39,003	5,575
Income tax payable	3,709	3,285	10	27
<b>Total Current Liabilities</b>	<b>29,743</b>	<b>40,363</b>	<b>39,013</b>	<b>5,602</b>
<b>Non Current Liabilities</b>				
Loan from related parties	3,300	3,158	-	-
Deferred tax liabilities	1,432	1,427	-	-
Long-term provision*	405	405	-	-
<b>Total Non-Current Liabilities</b>	<b>5,137</b>	<b>4,990</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>34,880</b>	<b>45,353</b>	<b>39,013</b>	<b>5,602</b>
<b>Capital and Reserves</b>				
Share Capital	136,623	136,623	136,623	136,623
Reserves	(9,693)	(10,560)	-	-
Retained earnings	98,848	89,045	56,169	65,378
	225,778	215,108	192,792	202,001
<b>Non-controlling interest</b>	<b>(1,622)</b>	<b>(1,307)</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>	<b>224,156</b>	<b>213,801</b>	<b>192,792</b>	<b>202,001</b>
<b>Total Liabilities and Equity</b>	<b>259,036</b>	<b>259,154</b>	<b>231,805</b>	<b>207,603</b>

\* Provision for reinstatement of leased premises.

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

The details of the subsidiaries as at 30 June 2018 are as follows:

Name	Effective percentage of equity held by the group		Company's cost of investment	
	30-Jun-2018	31-Dec-2017	30-Jun-2018	31-Dec-2017
	%	%	S\$'000	S\$'000
<u>Held by the Company</u>				
UMS Systems Pte Ltd (Singapore)	100	100	9,561	9,561
UMS International Pte Ltd (Singapore)	100	100	800	800
UMS Pte Ltd (Singapore)	100	100	127,081	127,081
UMS Aerospace Pte Ltd (Singapore)	100	100	20,000	20,000
Integrated Manufacturing Technologies Pte Ltd (Singapore)	100	100	19,803	19,803
Integrated Manufacturing Technologies Inc. (United States)	100	100	8,196	8,196
Ultimate Machining Solutions (M) Sdn. Bhd. (Malaysia)	100	100	30,772	30,772
Kalf Engineering Pte Ltd (Singapore)	51	51	990	990
			<hr/>	
Unquoted equity shares, at cost			217,203	217,203
Less: Provision for impairment			(23,798)	(23,798)
			<hr/>	
			193,405	193,405
<hr/>				
<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		

Note 1(b)(i)(ii) – The net decrease in cash and cash equivalents by S\$29.0 million (after netting-off short-term borrowing) was mainly due to the net cash generated from operation activities, offset by capital expenditure, inventory purchases, S\$28.2 million investment in JEP Holdings Ltd, and dividends made during the period.

Note 1(b)(i)(iii) – The increase in inventories by S\$6.3 million was mainly due to higher purchases made during the period.

Note 1(b)(i)(iv) – Investment in associates relate to the Group's 28.6% equity interest investment in JEP Holdings Ltd and 10% equity interest in Allstar Manufacturing Sdn Bhd (the " Associates"). The Group has recognised its share of loss of JEP Holdings Ltd for the period. The Group has also fully impaired the cost of investment in Allstar Manufacturing Sdn Bhd as at 30 Jun 2018.

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

Amount repayable in one year or less, or on demand

<b>As at 30 Jun 2018</b>			<b>As at 31 Dec 2017</b>		
<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Total S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Total S\$'000</b>
-	10,582	10,582	-	19,001	19,001

**Details of any collateral**

The Group's borrowing comprise unsecured short-term bank borrowing.

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

	Group			
	2Q		6 Months Ended	
	30-Jun-18 S\$'000	30-Jun-17 S\$'000	30-Jun-18 S\$'000	30-Jun-17 S\$'000
<b>Cash flows from operating activities</b>				
Profit before income tax	15,658	12,557	27,808	24,982
Adjustments for:				
Depreciation expense	1,271	1,061	2,414	2,311
Write back of allowance for inventories obsolescence	-	(26)	-	(221)
Inventories written off	-	-	-	224
Allowance for inventories obsolescence	-	370	-	370
Gain on disposal of property, plant and equipment	-	(1)	-	(16)
Interest income	(45)	(72)	(130)	(140)
Interest expense	132	90	272	91
Share of result of associate (net of income tax)	91	-	75	-
Unrealised foreign exchange (gain)/ loss	(1,005)	760	(268)	1,537
<b>Operating cash flows before working capital changes</b>	<b>16,102</b>	<b>14,739</b>	<b>30,171</b>	<b>29,138</b>
Changes in working capital:				
Trade receivables and other current assets	1,714	535	2,426	(5,769)
Inventories	(5,560)	(1,172)	(6,308)	(6,864)
Trade and other payables	(5,565)	(615)	(4,379)	4,840
<b>Cash generated from operations</b>	<b>6,691</b>	<b>13,487</b>	<b>21,910</b>	<b>21,345</b>
Income tax paid	(1,678)	(499)	(1,735)	(569)
<b>Net cash generated from operating activities</b>	<b>5,013</b>	<b>12,988</b>	<b>20,175</b>	<b>20,776</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	-	-	-	17
Purchase of property, plant and equipment	(1,695)	(2,704)	(4,861)	(3,643)
Improvement to investment property	-	(25)	-	(61)
Net cash outflow on acquisition of subsidiaries	-	(178)	-	(178)
Loan to associate	-	(342)	-	(342)
Investment in associate	-	-	(28,187)	-
Interest received	45	72	130	140
<b>Net cash used in investing activities</b>	<b>(1,650)</b>	<b>(3,177)</b>	<b>(32,918)</b>	<b>(4,067)</b>
<b>Cash flows from financing activities</b>				
Proceeds from bank borrowings	22,804	18,655	24,967	18,655
Repayment of bank borrowings	(29,391)	-	(33,500)	-
Dividends paid	(16,093)	(12,874)	(16,093)	(12,874)
Interest paid	(132)	(90)	(272)	(91)
<b>Net cash (used in)/ generated from financing activities</b>	<b>(22,812)</b>	<b>5,691</b>	<b>(24,898)</b>	<b>5,690</b>
Net effect of exchange rate changes	701	(600)	214	(2,065)
Net (decrease)/ increase in cash and cash equivalents	(18,748)	14,902	(37,427)	20,334
Cash and cash equivalents at beginning of the period	40,892	48,052	59,571	42,620
<b>Cash and cash equivalents at end of the period</b>	<b>22,144</b>	<b>62,954</b>	<b>22,144</b>	<b>62,954</b>

- 1(d) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group					
	2Q			6 Months Ended		
	30-Jun-18 S\$'000	30-Jun-17 S\$'000	Change %	30-Jun-18 S\$'000	30-Jun-17 S\$'000	Change %
<b>Net Profit for the period</b>	14,379	11,293	27%	25,650	22,461	14%
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	(211)	481	N.M	798	(564)	N.M
<b>Total comprehensive income for the period</b>	14,168	11,774	20%	26,448	21,897	21%
<b>Attributable to:</b>						
Equity holders of the Company	14,369	11,942	20%	26,763	22,065	21%
Non-controlling interests	(201)	(168)	20%	(315)	(168)	88%
	14,168	11,774	20%	26,448	21,897	21%



1(e)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distribution to shareholders, together with a comparative statement for the corresponding period of the immediate preceding financial year.

<b>Group</b>	<b>Share Capital S\$'000</b>	<b>Foreign Exchange Translation Reserve S\$'000</b>	<b>Retained Earnings S\$'000</b>	<b>Total equity attributable to equity of holders of the Company S\$'000</b>	<b>Non- controlling Interests S\$'000</b>	<b>Total Equity S\$'000</b>
<b>Balance at 1 January 2017</b>	136,623	(10,963)	63,830	189,490	-	189,490
<b>Changes in equity for first quarter</b>						
Net profit for the period	-	-	11,168	11,168	-	11,168
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	(1,045)	-	(1,045)	-	(1,045)
<b>Total comprehensive income for the quarter</b>	-	(1,045)	11,168	10,123	-	10,123
<b>Balance at 31 March 2017</b>	<u>136,623</u>	<u>(12,008)</u>	<u>74,998</u>	<u>199,613</u>	<u>-</u>	<u>199,613</u>
<b>Changes in equity for second quarter</b>						
Net profit for the period	-	-	11,482	11,482	(189)	11,293
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	460	-	460	21	481
<b>Total comprehensive income for the quarter</b>	-	460	11,482	11,942	(168)	11,774
Disposal of a subsidiary	-	-	-	-	-	-
Dividend paid	-	-	(12,874)	(12,874)	-	(12,874)
Acquisition of subsidiary with non-controlling interests	-	-	-	-	(1,050)	(1,050)
<b>As at 30 June 2017</b>	<u>136,623</u>	<u>(11,548)</u>	<u>73,606</u>	<u>198,681</u>	<u>(1,218)</u>	<u>197,463</u>

<b>Group</b>	<b>Share Capital S\$'000</b>	<b>Foreign Exchange Translation Reserve S\$'000</b>	<b>Retained Earnings S\$'000</b>	<b>Total equity attributable to equity of holders of the Company S\$'000</b>	<b>Non- controlling Interests S\$'000</b>	<b>Total Equity S\$'000</b>
<b>Balance at 1 January 2018</b>	136,623	(10,560)	89,045	215,108	(1,307)	213,801
<b>Changes in equity for first quarter</b>						
Net profit/ (loss) for the period	-	-	11,400	11,400	(129)	11,271
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	994	-	994	15	1,009
<b>Total comprehensive income for the quarter</b>	-	994	11,400	12,394	(114)	12,280
<b>Balance at 31 March 2018</b>	<u>136,623</u>	<u>(9,566)</u>	<u>100,445</u>	<u>227,502</u>	<u>(1,421)</u>	<u>226,081</u>
<b>Changes in equity for second quarter</b>						
Net profit/ (loss) for the period	-	-	14,496	14,496	(117)	14,379
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	(127)	-	(127)	(84)	(211)
<b>Total comprehensive income for the quarter</b>	-	(127)	14,496	14,369	(201)	14,168
Dividend paid	-	-	(16,093)	(16,093)	-	(16,093)
<b>As at 30 June 2018</b>	<u>136,623</u>	<u>(9,693)</u>	<u>98,848</u>	<u>225,778</u>	<u>(1,622)</u>	<u>224,156</u>

	Share Capital S\$'000	Capital Reserve S\$'000	Retained Earnings S\$'000	Total equity attributable to equity of holders of the Company S\$'000
<b>Company</b>				
<b>Balance at 1 January 2017</b>	136,623	-	54,493	191,116
<b>Changes in equity for first quarter</b>				
Net loss for the period	-	-	(571)	(571)
<b>Total comprehensive expenses for the quarter</b>	-	-	(571)	(571)
<b>Balance at 31 March 2017</b>	136,623	-	53,922	190,545
<b>Changes in equity for second quarter</b>				
Net profit for the period	-	-	8,324	8,324
<b>Total comprehensive income for the quarter</b>	-	-	8,324	8,324
Purchase of treasury shares	-	-	-	-
Dividend paid	-	-	(12,874)	(12,874)
<b>As at 30 June 2017</b>	136,623	-	49,372	185,995

	Share Capital S\$'000	Capital Reserve S\$'000	Retained Earnings S\$'000	Total equity attributable to equity of holders of the Company S\$'000
<b>Company</b>				
<b>Balance at 1 January 2018</b>	136,623	-	65,378	202,001
<b>Changes in equity for first quarter</b>				
Net loss for the period	-	-	(1,120)	(1,120)
<b>Total comprehensive expenses for the quarter</b>	-	-	(1,120)	(1,120)
<b>Balance at 31 March 2018</b>	136,623	-	64,258	200,881
<b>Changes in equity for second quarter</b>				
Net profit for the period	-	-	8,004	8,004
<b>Total comprehensive income for the quarter</b>	-	-	8,004	8,004
Dividend paid	-	-	(16,093)	(16,093)
<b>As at 30 June 2018</b>	136,623	-	56,169	192,792

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

There was no change in the Company's issued share capital since last financial year ended 31 December 2017 to 30 June 2018. There are neither treasury shares nor subsidiary holdings as at 30 June 2018 and 30 June 2017.

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

The total number of issued shares excluding treasury shares as at 30 June 2018 was 536,429,579 (31 December 2017: 536,429,579).

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

There was no treasury share held as at 31 December 2017 and 30 June 2018.

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

There were no sales, transfers, cancellation and/ or use of subsidiary holdings as at 30 June 2018.

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

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

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

Not applicable.

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

Except as stated in Note 5, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the audited financial statements for the financial year ended 31 December 2017.

- 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.**

In the current financial period ended 30 June 2018, the Group has applied a new financial reporting framework known as Singapore Financial Reporting Standards (International), that is identical to the International Financial Reporting Standards (referred to as SG-IFRS).

The adoption of the SG-IFRS did not result in substantial changes to the accounting policies of the Group and there is no material effect on the amounts reported for the current or prior financial periods.

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

	Group			
	2Q		6 Months Ended	
	30-Jun-18	30-Jun-17 (Restated)	30-Jun-18	30-Jun-17 (Restated)
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	2.70 cents	2.14 cents	4.83 cents	4.22 cents
- Weighted average number of shares	536,429,579	536,429,579	536,429,579	536,429,579
(b) On a fully diluted basis	2.70 cents	2.14 cents	4.83 cents	4.22 cents
- Weighted average number of shares	536,429,579	536,429,579	536,429,579	536,429,579

The basic and fully diluted earnings per share are the same since there were no potentially dilutive ordinary securities in issue as at 30 June 2018 and 30 June 2017.

For comparative purposes, the earnings per ordinary share for the financial period ended 30 June 2017 was computed based on the number of ordinary shares issued after the issuance of bonus shares of 107,285,632 which was completed on 6 November 2017.

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

	Group		Company	
	30-Jun-18	31-Dec-17	30-Jun-18	31-Dec-17
Net asset per ordinary share based on existing issued share capital as at end of period reported on	42.09 cents	40.10 cents	35.94 cents	37.66 cents

The net asset per outstanding ordinary share as at both the current and the previous financial year have been calculated based on 536,429,579 outstanding ordinary shares.

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

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

**Revenue**  
**6 Months 2018 Vs 2017**

	<b>Group</b>		
	<b>6 Months Ended</b>		
	<b>30-Jun-18</b>	<b>30-Jun-17</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Business Segments</b>			
Semiconductor (Semicon)	72,256	83,590	-14%
Others	489	904	-46%
	<b>72,745</b>	<b>84,494</b>	<b>-14%</b>
<b>Geographical Regions</b>			
Singapore	43,978	62,645	-30%
United States of America ('US')	11,970	8,664	38%
Taiwan	13,231	10,110	31%
Malaysia	3,115	1,485	110%
Others	451	1,590	-72%
	<b>72,745</b>	<b>84,494</b>	<b>-14%</b>

**Revenue**  
**2Q2018 Vs 2Q2017**

	<b>Group</b>		
	<b>3 Months Ended</b>		
	<b>30-Jun-18</b>	<b>30-Jun-17</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Business Segments</b>			
Semiconductor (Semicon)	35,229	42,661	-17%
Others	-	73	-100%
	<b>35,229</b>	<b>42,734</b>	<b>-18%</b>
<b>Geographical Regions</b>			
Singapore	20,203	31,493	-36%
United States of America ('US')	5,989	4,585	31%
Taiwan	7,390	5,084	45%
Malaysia	1,378	876	57%
Others	269	696	-61%
	<b>35,229</b>	<b>42,734</b>	<b>-18%</b>

**Revenue**

**2Q2018**

Revenue for the second quarter ended 30 June 2018 fell 18% to S\$35.2 million from S\$42.7 million a year ago, mainly due to a 17% decline in sales from its semiconductor business and the absence of revenue contribution from its "Others" segment.

On a sequential basis, 2Q2018 revenue eased 6% compared to 1Q2018 as sales from its semiconductor segment dipped by 5% from 1Q2018.

Within the semiconductor segment, revenue from its Semiconductor Integrated Systems shrank by 40% to S\$14.7 million from S\$24.5 million in 2Q2017, while revenue from component sales increased by 13% to S\$20.5 million in 2Q2018 vs S\$18.2 million for the year-ago period.

All of the Group's geographical markets (except for Singapore and Others) registered higher sales, with Taiwan and US markets showing the highest increase. Compared to 2Q2017, Taiwan sales rose 45% - benefitting from higher component spares sales. The US market also saw its 2Q2018 revenue increase by 31% vs 2Q2017 on the back of higher component sales for new systems. However, Singapore sales decreased by 36% from the same quarter a year ago due mainly to weaker demand for Semiconductor Integrated Systems.

## **1H2018**

Revenue for 1H2018 was lower by 14% on-year as its semiconductor sales went down 14% while revenue in Others segment declined by 46%.

Except for Singapore and Others, all of the of the Group's geographical markets clocked in improved sales. 1H2018 revenue in Singapore decreased by 30% on-year which stemmed from lower demand for the Semiconductor Integrated System. US saw its 1H2018 revenue go up by 38% vs 1H2017 mainly due to higher component sales. Taiwan revenue also went up by 31% vs 1H2017 - a result of higher demand for component spares.

## **Profitability**

### **2QFY2018**

Despite the lower revenue, Group net profit for 2Q2018 shot up 26% to reach \$14.5 million versus S\$11.5 million in 2Q2017. The Group benefitted from higher gross material margin which rose to 64% up from 51% for the corresponding quarter a year ago. This was due to a change in its product mix which included more component sales which enjoy higher margins compared to integrated systems sales. The Group's efforts to recover its component business continue to bring positive result to the Group's bottom line.

The Group also reaped savings as a result of lower upkeep of machinery expenses, legal and professional fees and rental expense. The Group also benefited from foreign exchange gain of S\$1.4 million from the US currency appreciation against SGD.

The Group's income tax expense was kept steady compared to 2Q2017 despite higher profits as our Malaysia subsidiaries had benefitted from Pioneer Tax incentives in the country.

### **1HFY2018**

The group registered net profit gains of 14% for 1H2018 compared to 1H2017. Profit attributable to shareholders for 1H2018 went up to S\$25.9 million compared to S\$22.7 million in 1H2017.

Gross material margins for 1H2018 rose to 61% from 51% in 1H2017. The gains were mainly due to changes in product mix with component sales reaping higher margins compared to Integrated Systems sales.

The Group benefited from exchange gains of S\$0.3 million as a result of the appreciation of the US dollar.

Despite higher profit margins, the Groups enjoyed lower tax expenses due to Pioneer Tax incentives from Malaysia subsidiaries.

The Group also benefitted from further savings as other expenses, which includes upkeep of machinery and rental expenses, decreased 5%.

## **Cashflow**

### **2Q2018**

For 2QFY2018, it reaped S\$5.0 million positive net cash from operating activities and S\$3.3 million free cash flow. The lower operating cash flow is mainly due to higher raw material purchases and payout of 2017 bonuses.

The Group incurred capex of S\$1.7 million during the quarter - in line with our plan to invest in new capacity to grow our business.

With the strengthening USD (against SGD) during the quarter, the Group also took the opportunity to pare down S\$6.5 million of bank borrowings.

### **1H2018**

For 1H2018 The Group reaped strong net cash of S\$20.2 million from operating activities and S\$15.3 million free cash flow compared to S\$20.8 million and S\$17.1 million in 1H2017 respectively.

As of 30 June 2018, after the dividend payments of S\$16.1 million and S\$28.2 million investment in JEP Holdings, UMS continues to show healthy net cash and cash equivalents of S\$11.6 million.

**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 11 May 2018. The Group maintains its positive outlook for the industry.

**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.**

Global billings for semiconductor equipment remain robust although the growth rate has softened. According to the latest report by SEMI, billings of North American equipment manufacturers declined for June 2018 by 8 percent from the historic high but is still 8 percent higher than billings for the same period last year.<sup>1</sup>

Leading chipmakers in Asia have also cut sales forecast to single digit growth rates in the second half of 2018 as a result of the rising trade tensions between the US and its major allies and China and slower demand for high-end smartphone sales as well as a more conservative outlook for cryptocurrency mining.<sup>2</sup>

In the mid-to-long term, prospects for the industry remain bright. SEMI, the global industry association representing the electronics manufacturing supply chain, reported in July 2018 that worldwide sales of new semiconductor manufacturing equipment are projected to increase 10.8 percent to \$62.7 billion in 2018, exceeding the historic high of \$56.6 billion set last year. Another record-breaking year for the equipment market is expected in 2019, with 7.7 percent forecast growth to \$67.6 billion.<sup>3</sup>

In view of these trends, the Group expects to remain profitable for the full year despite softer revenue in the second half of FY2018. The Group is also optimistic of positive contributions from its acquisition of non-ferrous metal alloys specialist, Starke Singapore Pte Ltd.

Source:

<sup>1</sup> Refer to <http://www.semi.org/en/north-american-semiconductor-equipment-industry-posts-june-2018-billings> - July 24, 2018

<sup>2</sup> Refer to <https://asia.nikkei.com/Business/Companies/Apple-supplier-TSMC-forecasts-mobile-revenue-drop-for-2018> - July 19, 2018

<sup>3</sup> Refer to <http://www.semi.org/en/627-billion-semiconductor-equipment-forecast-tops-previous-record-korea-top-china-closes-gap> - July 9, 2018

**11 Dividend**

**(a) Current Financial Period Reported**

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

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

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

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

**(c) Date payable**

26 October 2018.



**(d) Books closure date**

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of the Company will be closed on 12 October 2018, for the purpose of determining members' entitlements to the Second Interim Dividend of 1.0 cent per ordinary share (tax-exempt one-tier) for the financial year ending 31 December 2018.

Duly completed registrable transfers received by the Company's Share Registrar, RHT Corporate Advisory Pte. Ltd., 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619 up to the close of business at 5.00 p.m. on 11 October 2018 will be registered before entitlement to the Second Interim Dividend are determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 11 October 2018 will be entitled to the Second Interim Dividend.

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

Not applicable.

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

	<b>6 Months Period Ended 30 June 2018</b>
Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual) <b>S\$'000</b>
<b>Kalf Engineering Pte Ltd</b>	
Interest expenses from Shareholders loan <b>(Note 1)</b>	116
<b>Sure Achieve Consultant Pte Ltd</b>	
Consultancy Services charges and commission <b>(Note 2)</b>	1,055

**Note 1:** Kalf Engineering Pte Ltd ("Kalf") is a company in which both executive directors Mr. Luong Andy and Mr. Stanley Loh Meng Chong have an interest.

Transaction above is with Full City Investments Ltd in which Mr. Luong Andy is a director and shareholder. The aggregate value of Interested person transactions entered into between Kalf and Full City Investments Ltd for the period ended 30 June 2018 amounted to S\$116,000 which represents approximately 0.09% of the Group's latest audited net tangible assets as at 31 December 2017.

**Note 2:** Transaction above is with Sure Achieve Consultant Pte Ltd in which Mrs. Sylvia SY Lee Luong is a director and shareholder. She is the wife of the CEO of the Group, Mr. Luong Andy.

The aggregate value of IPT entered into between the Group and Sure Achieve Consultant Pte Ltd for the period ended 30 June 2018 amounted to S\$1,055,000 which represents approximately 0.8% of the Group's latest audited net tangible assets as at 31 December 2017.

**14 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).

**15 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 2Q2018 and the period ended 30 June 2018 financial results to be false or misleading in any material respect.

**BY ORDER OF THE BOARD**

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

14 August 2018