

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

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

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

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2024

	Group		
	3 Months Ended		
	31-Mar-24	31-Mar-23	Change
	S \$'000	S \$'000	%
Revenue (Note 8)	53,988	80,755	-33%
Changes in inventories	1,021	6,228	-84%
Raw material purchases and subcontractor charges	(26,292)	(46,443)	-43%
Employee benefits expense	(8,652)	(9,757)	-11%
Depreciation expense	(4,358)	(4,682)	-7%
Other expenses (Note (b))	(5,205)	(6,340)	-18%
Other credits (Note (c))	884	282	213%
Finance income (Note (a))	455	160	184%
Finance expense (Note (a))	(217)	(261)	-17%
Profit before income tax	11,624	19,942	-42%
Income tax expense (Note (d))	(1,594)	(2,262)	-30%
Net profit for the period from continuing operations	10,030	17,680	-43%
Profit attributable to:			
Owners of the parent	9,802	17,359	-44%
Non- controlling interest	228	321	-29%
	10,030	17,680	-43%
Earnings per share attributable to owners of the Company (cents per share)			
Basic	1.41	2.59	
Diluted	1.41	2.59	

NOTES TO INCOME STATEMENT

Note (a) Finance income/(expense)

	Group		
	3 Months Ended		
	31-Mar-24	31-Mar-23	Change
	S\$'000	S\$'000	%
Interest income from cash and cash equivalents	455	160	184%
Interest expense on lease liabilities	(101)	(98)	3%
Interest expense from bank borrowings	(116)	(157)	-26%
Interest expense from loans from related parties	-	(6)	100%
Net finance income/(expense) (Note (i))	238	(101)	N.M

Note 1 (a)(a)(i) – The increase in net finance income during the quarter was mainly due to higher interest income. Proceeds from share placement exercise in January 2024 was placed in a fixed deposit account.

Note (b) Other expenses

	Group		
	3 Months Ended		
	31-Mar-24	31-Mar-23	Change
	S\$'000	S\$'000	%
Legal and professional fees (Note (i))	(601)	(800)	-25%
Utilities (Note (ii))	(1,790)	(2,166)	-17%
Freight charges (Note (iii))	(272)	(617)	-56%
Insurance	(207)	(190)	9%
Upkeep of properties and equipment	(405)	(463)	-13%
Upkeep of machinery (Note (iv))	(826)	(1,080)	-24%
Others	(1,104)	(1,024)	8%
	(5,205)	(6,340)	-18%

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 cost savings from installation of solar panel during the period.

Note 1(a)(b)(iii) – The decrease was mainly due to lower material purchases during the period.

Note 1(a)(b)(iv) – The decrease was mainly due to lesser maintenance work done during the period.

Note (c) Other credits

	Group		
	3 Months Ended		
	31-Mar-24	31-Mar-23	Change
	S\$'000	S\$'000	%
Foreign exchange gain/(losses) - net (Note (i))	1,360	(208)	N.M
(Loss)/gain on disposal of property, plant and equipment	(311)	412	N.M
Allowance for/(Reversal of) inventories obsolescence	(480)	3	N.M
Fair value gain on financial assets through profit and loss (Note (ii))	213	-	N.M
Others	102	75	36%
	884	282	213%

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

Note 1(a)(c)(ii) – The increase was mainly due to the appreciation of quoted investment.

Note (d) Income tax

	Group		
	3 Months Ended		
	31-Mar-24	31-Mar-23	Change
	S\$'000	S\$'000	%
Income tax:			
- Current	(1,598)	(2,282)	-30%
- Prior years	4	20	-80%
	(1,594)	(2,262)	-30%

Note 1(a)(d) - The decrease in current income tax was mainly due to lower 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	
	31 Mar 2024 S\$'000	31 Dec 2023 S\$'000	31 Mar 2024 S\$'000	31 Dec 2023 S\$'000
ASSETS				
Current Assets				
Cash and bank balances (Note (ii))	115,655	67,458	15,775	400
Trade receivables and other current assets	51,653	56,239	40,605	11,060
Financial assets through profit or loss	799	586	799	586
Loan to subsidiary	-	-	5,177	5,467
Inventories	111,781	110,760	-	-
Total Current Assets	279,888	235,043	62,356	17,513
Non-Current Assets				
Investment in subsidiaries (Note (i))	-	-	267,220	266,556
Property, plant and equipment	155,984	152,719	-	-
Right-of-use assets	9,919	9,915	-	-
Investment property	1,328	1,368	-	-
Intangible assets	87,876	87,951	-	-
Deferred tax assets	171	169	-	-
Total Non-Current Assets	255,278	252,122	267,220	266,556
Total Assets	535,166	487,165	329,576	284,069
LIABILITIES AND EQUITY				
Current Liabilities				
Bank borrowings (Note 1(b)(ii))	2,797	6,790	-	4,000
Trade and other payables (Note (iii))	42,023	49,646	73,431	73,176
Lease liabilities	1,707	1,932	-	-
Income tax payable	8,800	7,580	97	146
Total Current Liabilities	55,327	65,948	73,528	77,322
Non Current Liabilities				
Bank borrowings	15,097	15,751	-	-
Deferred tax liabilities	10,040	10,136	-	-
Long-term provision*	405	405	-	-
Lease liabilities	8,240	7,999	-	-
Total Non-Current Liabilities	33,782	34,291	-	-
Total Liabilities	89,109	100,239	73,528	77,322
Capital and Reserves				
Share Capital (Note 1(b)(ii))	186,541	136,623	186,541	136,623
Treasury shares	(145)	(145)	-	-
Reserves	(21,433)	(21,471)	-	-
Retained earnings	254,343	244,830	69,507	70,124
	419,306	359,837	256,048	206,747
Non-controlling interest	26,751	27,089	-	-
Total Equity	446,057	386,926	256,048	206,747
Total Liabilities and Equity	535,166	487,165	329,576	284,069

* Provision for reinstatement of leased premises.

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

The details of the subsidiaries as at 31 March 2024 are as follows:

Name	Effective percentage of equity held by the group		Company's cost of investment	
	31-Mar-2024 %	31-Dec-2023 %	31-Mar-2024 S\$'000	31-Dec-2023 S\$'000
<u>Held by the Company</u>				
UMS Systems Pte Ltd (Singapore)	100	100	9,561	9,561
UMS International Pte Ltd (Singapore)	100	100	800	800
UMS Pte Ltd (Singapore)	100	100	127,081	127,081
UMS Aerospace Pte Ltd (Singapore)	100	100	20,000	20,000
Integrated Manufacturing Technologies Pte Ltd (Singapore)	100	100	19,803	19,803
Ultimate Machining Solutions (M) Sdn. Bhd. (Malaysia)	100	100	30,772	30,772
Kalf Engineering Pte Ltd (Singapore)	51	51	990	990
Starke Singapore Pte Ltd (Singapore)	70	70	7,076	7,076
Ultimate Mechanical System Sdn. Bhd. (Malaysia)	100	100	7,643	7,643
JEP Holdings Limited (Singapore)	77	77	68,282	67,618
Unquoted equity shares, at cost			292,008	291,344
Less: Provision for impairment			(24,788)	(24,788)
			267,220	266,556
<u>Held through UMS International Pte Ltd</u>				
Ultimate Manufacturing Solutions (M) Sdn. Bhd. (Malaysia)	100	100	-	-
<u>Held through UMS Pte Ltd</u>				
UMS Solutions Pte Ltd (Singapore)	100	100	-	-
<u>Held through Kalf Engineering Pte. Ltd.</u>				
浙江凯富环境治理工程有限公司 (People's Republic of China)	51	51	-	-
<u>Held through Starke Singapore Pte Ltd</u>				
Starke Asia Sdn. Bhd. (Malaysia)	70	70	-	-
<u>Held through Ultimate Machining Solutions (M) Sdn. Bhd</u>				
AllStar Manufacturing Sdn. Bhd. (Malaysia)	100	100	-	-

Note 1 (b)(i)(i) Investment in Subsidiaries (cont'd)

The details of the subsidiaries as at 31 March 2024 are as follows: (cont'd)

Name	Effective percentage of equity held by the group		Company's cost of investment	
	31-Mar-2024	31-Dec-2023	31-Mar-2024	31-Dec-2023
	%	%	S\$'000	S\$'000
<u>Held through UMS Aerospace Pte Ltd</u>				
Integrated Manufacturing Technologies Inc. (United States)	100	100	-	-
<u>Held through JEP Holdings Limited</u>				
JEP Precision Engineering Pte Ltd (Singapore)	77	77	-	-
JEP Industrades Pte Ltd (Singapore)	77	77	-	-
Dolphin Engineering Pte Ltd (Singapore)	77	77	-	-
JEP Precision Engineering (M) Sdn. Bhd. (Malaysia)	77	77	-	-

Note 1(b)(i)(ii) – The net increase in cash and cash equivalents by S\$52.8 million (after netting-off bank borrowing) was mainly due to the net cash generated from operating activities of S\$10.1 million and S\$49.9 million net proceeds from share placement, partially offset by capex of S\$7.4 million and repayment of bank borrowings during the period.

Note 1(b)(i)(iii) – Trade and other payables decreased by S\$7.6 million, mainly due to lower purchase made during the period.

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	
	3 Months Ended	
	31-Mar-24	31-Mar-23
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before income tax	11,624	19,942
Adjustments for:		
Depreciation expense	4,358	4,682
Allowance for/(Reversal of) inventories obsolescence	480	(3)
Gain/(loss) on disposal of property, plant and equipment	311	(412)
Interest income	(455)	(160)
Interest expense	217	261
Fair value gain on financial assets through profit and loss	(213)	-
Unrealised foreign exchange loss	-	349
Operating cash flows before working capital changes	16,322	24,659
Changes in working capital:		
Trade receivables and other current assets	5,495	6,790
Inventories	(1,502)	(6,225)
Trade and other payables	(10,066)	(3,924)
Cash generated from operations	10,249	21,300
Income tax paid	(197)	(467)
Net cash generated from operating activities	10,052	20,833
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	520	418
Purchase of property, plant and equipment (Note 1(c)(i))	(7,350)	(4,235)
Proceeds from sale of financial assets through profit and loss	-	121
Consideration paid for acquisition of non-controlling interests	(664)	-
Interest received	455	160
Net cash used in investing activities	(7,039)	(3,536)
Cash flows from financing activities		
Repayment of bank borrowings	(4,647)	(9,634)
Interest paid	(118)	(157)
	(4,765)	(9,791)
Sale of treasury shares	-	1,892
Repayment of lease liabilities	(337)	(359)
Proceeds from issue of ordinary shares	51,600	-
Payment for share issue costs	(1,682)	-
Net cash generated from/(used in) financing activities	44,816	(8,258)
Net increase in cash and cash equivalents	47,829	9,039
Net effect of exchange rate changes	368	(29)
Cash and cash equivalents at beginning of the period	67,458	61,672
Cash and cash equivalents at end of the period	115,655	70,682

- 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.**

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

	Group	
	31-Mar-24 S\$'000	31-Mar-23 S\$'000
Note 1c(i)		
<u>Purchase of property, plant and equipment</u>		
Total additions	8,356	6,638
Movement in downpayment to suppliers of PPE	(1,006)	(2,403)
Net cash outflow	7,350	4,235

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

	Group		
	3 Months Ended		
	31-Mar-24 S\$'000	31-Mar-23 S\$'000	Change %
Net Profit for the period	10,030	17,680	-43%
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	(153)	(739)	-79%
Total comprehensive income for the period	9,877	16,941	-42%
Attributable to:			
Equity holders of the Company	9,840	16,612	-41%
Non-controlling interests	37	329	-89%
	9,877	16,941	-42%

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

	Attributable to owners of the Company						
	Share Capital	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
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
Sales 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

	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
Group							
Balance at 1 January 2024	136,623	(145)	(21,471)	244,830	359,837	27,089	386,926
Changes in equity for first quarter							
Net profit for the period	-	-	-	9,802	9,802	228	10,030
Other comprehensive income/(loss) for the period- Exchange differences on translation of foreign operations	-	-	38	-	38	(191)	(153)
Total comprehensive income for the quarter	-	-	38	9,802	9,840	37	9,877
Consideration paid for acquisition of non-controlling interests	-	-	-	(289)	(289)	(375)	(664)
Issue of ordinary shares	51,600	-	-	-	51,600	-	51,600
Share issue costs	(1,682)	-	-	-	(1,682)	-	(1,682)
Balance at 31 March 2024	186,541	(145)	(21,433)	254,343	419,306	26,751	446,057

	Attributable to owners of the Company			
	Share Capital	Treasury Shares	Retained Earnings	Total
	S\$'000	S\$'000	S\$'000	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

	Attributable to owners of the Company			
	Share Capital	Treasury Shares	Retained Earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Company				
Balance at 1 January 2024	136,623	-	70,124	206,747
Changes in equity for first quarter				
Net loss for the period	-	-	(617)	(617)
Total comprehensive loss for the quarter	-	-	(617)	(617)
Issue of ordinary shares	51,600	-	-	51,600
Share issue costs	(1,682)	-	-	(1,682)
Balance at 31 March 2024	186,541	-	69,507	256,048

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.

During the quarter, the Company completed the placement of 40,000,000 new ordinary shares in the capital of the Company at a placement price of S\$1.29.

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

The total number of issued shares excluding treasury shares as at 31 March 2024 was 710,535,941 (31 December 2023: 670,535,941).

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

There were no sales, transfers, cancellation and/ or use of treasury shares by the company during the first quarter ended 31 March 2024.

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

There were no sales, transfers, cancellation and/ or use of subsidiary holdings as at 31 March 2024.

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 2023.

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

The adoption of new and revised standards did not have substantial effect on the financial performance and position of the Group for the current financial period ended 31 March 2024.

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

	Group	
	3 Months Ended	
	31-Mar-24	31-Mar-23
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	1.41 cents	2.59 cents
- Weighted average number of shares (excluding treasury shares)	696,909,567	670,147,328
(b) On a fully diluted basis	1.41 cents	2.59 cents
- Weighted average number of shares (excluding treasury shares)	696,909,567	670,147,328

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

	Group		Company	
	31-Mar-24	31-Dec-23	31-Mar-24	31-Dec-23
Net asset value per ordinary share based on total number of issued shares (excluding treasury shares)	59.03 cents	53.69 cents	36.04 cents	30.83 cents
Total number of issued shares (excluding treasury shares)	710,535,941	670,535,941	710,535,941	670,535,941

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

- (a) any significant factors that affected the turnover, costs and earnings of the Group for the current financial period reported on, including (where applicable) seasonal 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
1Q2024 vs 1Q2023

	Group		
	3 Months Ended		
	31-Mar-24	31-Mar-23	Change
	S\$'000	S\$'000	%
Business Segments			
Semiconductor (Semicon)	45,650	72,878	-37%
Aerospace	5,059	4,146	22%
Others	3,279	3,731	-12%
	53,988	80,755	-33%
Geographical Regions			
Singapore	37,379	59,315	-37%
United States of America ('US')	6,825	8,512	-20%
Taiwan	4,688	5,970	-21%
Malaysia	2,434	3,059	-20%
Others	2,662	3,899	-32%
	53,988	80,755	-33%

Revenue

1QFY2024

Group revenue in 1QFY2024 softened 33% to S\$54.0 million compared to S\$80.8 million in 1QFY2023.

This was mainly due to the 37% drop in the Group's semiconductor sales and a 12% revenue decline in the "Others" segment.

The weaker semiconductor performance was caused by softness in both the Group's Semiconductor Integrated Systems and Components businesses.

Semiconductor Integrated System sales fell 48% from S\$40.9 million in 1QFY2023 to S\$21.4 million in 1QFY2024 mainly due to the high inventory of one of its key customers. Component sales declined 24% from S\$32.0 million to S\$24.3 million during the same period.

Sales in the Others segment slumped due to the weaker material and tooling distribution business which was affected by the continued soft general business environment.

The Group's Aerospace business however continued to enjoy robust growth - soaring 22% compared to 1QFY2023.

On a sequential basis - compared to 4QFY2023, its Semiconductor segment sales softened by 24% while revenue in the "Others" segment declined by 48% - mainly due to the absence of a Kalf Engineering water disinfection system delivery compared to 4QFY2023.

Aerospace sales also fell 32% as some products scheduled for delivery in 1QFY2024 were shipped in 4QFY2023.

Geographically, all the Group's key markets, reported lower revenue in 1QFY2024.

Sales in Singapore slumped 37% as compared to 1QFY2023 on the back of lower shipment of Semiconductor Integrated Systems.

Lower component sales for new equipment contributed to the drop in US sales by 20%.

Taiwan revenue fell 21% on lower sales of component spares.

Revenue (cont'd)

1QFY2024 (cont'd)

Revenue in Malaysia shrank 20% compared to the past corresponding period due to the slowdown in the material distribution business.

Sales in the "Others" markets also decreased 32% mainly due to weaker material/tooling distribution business.

Profitability

1QFY2024

The Group remained profitable in the first quarter of 2024 while it continued to grow its Gross material margin from 50.2% in 1QFY2023 to 53.2% in 1QFY2024. The 3% improvement is mainly due to the change in product mix.

In terms of profitability, the Group reported a 44% decline in net attributable profit to S\$9.8 million from S\$17.4 million in 1QFY2023. Net profit also fell 43% to S\$10 million from S\$17.7 million while pre-tax profit tumbled 42% to S\$11.6 million during the period under review.

The Group trimmed its expenses in the first quarter of the year.

Personnel costs were cut by 11% as lower bonus provisions were made while Professional fees were slashed by 25%.

Depreciation was also 7% lower while Other expenses shrank 18%. Upkeep of machinery was reduced by 24% compared to last year due to less maintenance work. Utilities also fell 17% due to the lower production volume during the period and some energy savings from the use of solar panels in its production facilities. Freight charges slumped 56% due to lower material purchases during the period under review.

Income tax expenses were reduced by 30% due to the lower profits.

The Group however benefitted from a S\$1.4million foreign exchange gain and a fair value gain of S\$0.2 million from the appreciation of a quoted investment.

On a sequential basis, the Group's net attributable profit decreased by 37% to S\$9.8 million compared to S\$15.7 million in 4QFY2023. Group net profit also declined by 37% during the same period.

The Group's gross material margin in 1QFY2024 improved to 53.2% from 52.8% in 4QFY2023.

Cashflow

1QFY2024

The Group's financial position remains strong. Net cash grew S\$52.8 million (versus S\$44.9 million in 31 December 2023) to S\$97.8 million in 31 March 2024 - due mainly to the proceeds from a share placement during the quarter which raised net cash of S\$49.9 million.

The Group continued to generate positive net cash from operating activities in the first quarter although its net cash from operating activities eased to S\$10.1 million from S\$20.8 million in 1QFY2023 due to lower profits.

It also generated S\$3.2 million in free cashflow compared to S\$17 million in the corresponding period last year.

During the quarter, the Group repaid S\$4.6 million of bank borrowings.

9 Where a forecast, or prospect statement has been previously disclosed to the shareholders, any variance between it and the actual results.

The current announced results are in line with the general prospect commentary previously disclosed to shareholders in the previous announcement made on 28 February 2024.

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 stayed profitable and grew its gross margins despite persistent inflationary pressures, intensifying geopolitical tensions and market uncertainties.

The Group's performance in the first quarter of this year is in line with its guidance given in the last quarterly results announcement.

During the quarter, the Group has taken firm actions to drive revenue, new customer acquisitions and working capital improvements to enhance its ability to capture new growth opportunities as global production resources continue to shift their focus towards Southeast Asia, in particular Malaysia, where UMS has grown its presence with the successful completion of its 300,000 sq ft factory in Penang.

Built at a cost of about RM250 million, the new plant which has received its Certificate of Compliance, is focused on medium and large format products, special processes and modular assembly of products for its new customer. It has commenced volume production from March 2024 for its new customer and expects an uptick in order flow in the coming months.

The Group's successful placement of shares in the first quarter of the year will position it well to capture the myriad of new opportunities in both the semiconductor and aerospace sectors. The semiconductor industry continues to be driven by the surge in AI demand and robust EV growth in the region, especially as countries increasingly adopt greener options to reach their carbon reduction targets. The Group is also well-placed to capitalise on the post-COVID aviation boom as air travel accelerates worldwide.

According to SEMI, the opportunities for semiconductor industry growth are abundant. While the global industry experienced about a 10% revenue decline to \$520 billion in 2023, signs point to a return to growth in 2024 with analyst projections ranging from an increase of 9% to 16%. The SEMI Market Intelligence Team also expects the semiconductor equipment and materials segments to rebound from 2023 declines.

SEMI remains bullish on the industry reaching \$1 trillion around the end of this decade. Fast-growing demand for a diverse range of disruptive technologies and emerging applications – from AI, autonomous and electric vehicles, and high-performance computing to 6G and autonomous machines – will fuel this historic expansion. To support anticipated industry growth, 109 new fabs are expected to come online between 2022 and 2026, according to the most recent SEMI World Fab Forecast report. Fully 89 of these fabs have already either begun operations, equipping or construction, and more fabs will be needed through the end of the decade to support burgeoning demand for chips.¹

The aviation sector too expects brighter prospects.

According to IATA, global air passenger growth was up 21.5% in February 2024 compared to February 2024. The strong start to 2024 saw all markets (except North America) reporting double-digit growth in passenger traffic. There is good reason to be optimistic about the industry's prospects in 2024 as airlines accelerate investments in decarbonization and passenger demand shows resilience in the face of geopolitical and economic uncertainties.²

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 credible performance and healthy financial position, the Board decided to maintain its interim dividend of 1.2 cents per share to reward shareholders for their loyalty and support.

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

Sources :

1 Source: Global Semiconductor Industry – Driving to \$1 Trillion and Beyond Together - <https://www.semi.org/en/blogs/semi-news/global-semiconductor-industry-driving-%241-trillion-and-beyond-together>

2 Source: <https://www.iata.org/en/pressroom/2024-releases/2024-04-04-01/>:

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)	1.2 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

24 July 2024.

(d) Record date

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of the Company will be closed on 10 July 2024, for the purpose of determining members' entitlements to the First Interim Dividend of 1.2 cent per ordinary share (tax-exempt one-tier) for the financial year ending 31 December 2024.

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 10 July 2024 will be registered before entitlement to the First Interim Dividend is determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 10 July 2024 will be entitled to the First 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.

		3 Months Period Ended 31 March 2024
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
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 31 March 2024 amounted to S\$420,000 which represents approximately 0.14% of the Group's latest audited net tangible assets as at 31 December 2023.	420

14 **Use of proceeds**

The Company raised net proceeds of approximately S\$49,918,000 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 utilization of net proceeds 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	29,950	(6,034)	23,916
General working capital purposes (including meeting general overheads and other operating expenses of the Group)	9,984	-	9,984
Future business developments through potential investments, acquisitions, joint ventures and collaborations	9,984	-	9,984
Total	49,918	(6,034)	43,884

BY ORDER OF THE BOARD

Luong Andy
Chief Executive Officer

10 May 2024