

UMS HOLDINGS LIMITED
COMPANY REGISTRATION NO: 200100340R
Full Year 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 YEAR ENDED 31 DECEMBER 2019

	Group					
	4Q			Full Year Ended		
	31-Dec-19	31-Dec-18	Change	31-Dec-19	31-Dec-18	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	40,405	25,906	56%	131,912	127,939	3%
Net finance expense (Note (a))	(66)	(163)	-60%	(633)	(401)	58%
Changes in inventories	(6,199)	3,781	N.M	(18,692)	20,805	N.M
Raw material purchases and subcontractor charges	(13,561)	(13,911)	-3%	(43,390)	(71,725)	-40%
Employee benefits expense	(4,308)	(3,827)	13%	(16,149)	(16,616)	-3%
Depreciation expense (Note (b))	(1,712)	(1,704)	0%	(6,874)	(5,671)	21%
Other expenses (Note (c))	(3,050)	(2,786)	9%	(10,640)	(11,707)	-9%
Other (charges)/credits (Note (d))	(2,519)	1,332	N.M	(2,653)	2,357	N.M
Share of profits of associate	635	242	162%	2,574	525	390%
Profit before income tax	9,625	8,870	9%	35,455	45,506	-22%
Income tax expense (Note (e))	(299)	410	N.M	(2,241)	(2,853)	-21%
Net profit for the period from continuing operations	9,326	9,280	0%	33,214	42,653	-22%
Profit attributable to:						
Owners of the parent	9,244	9,587	-4%	33,556	43,071	-22%
Non- controlling interest	82	(307)	N.M	(342)	(418)	-18%
	9,326	9,280	0%	33,214	42,653	-22%

N.M - Not meaningful

NOTES TO INCOME STATEMENT

Note (a) Net finance income/ (expense)

	Group					
	4Q			Full Year Ended		
	31-Dec-19	31-Dec-18	Change	31-Dec-19	31-Dec-18	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income from cash and cash equivalents (Note (i))	54	42	29%	331	181	83%
Interest income from an associate	-	-	N.M	-	29	-100%
Interest expense on lease liabilities (Note (ii))	(17)	-	N.M	(215)	-	N.M
Interest expense from bank borrowings (Note (i))	(34)	(104)	-67%	(476)	(321)	48%
Interest expense from loans from related parties	(69)	(101)	-32%	(273)	(290)	-6%
Net finance expense	(66)	(163)	-60%	(633)	(401)	58%

Note 1 (a)(a)(i) – The increase in interest expense from bank borrowings for the full year FY2019 was due to short term borrowings taken in 3QFY2019 to satisfy certain financial condition required for its general offer of JEP Holdings Ltd. Monies borrowed were placed in bank time deposits which resulted in higher interest income.

Note 1 (a)(a)(ii) – The increase in interest expense on lease liabilities is mainly due to the adoption of the new Singapore Financial Reporting Standards (International) (SFRS(I)) 16 Leases.

Note (b) Depreciation expense

The increase in depreciation was mainly due to fixed assets additions during the second half of FY2018 and the recognition of right-of-use assets as a result of the adoption of the new SFRS(I) 16 Leases.

Note (c) Other expenses

	Group					
	4Q			Full Year Ended		
	31-Dec-19	31-Dec-18	Change	31-Dec-19	31-Dec-18	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Legal and professional fees (Note (i))	(534)	(398)	34%	(2,068)	(2,097)	-1%
Rental expense (Note (ii))	(9)	(100)	-91%	(9)	(489)	-98%
Utilities	(899)	(910)	-1%	(3,478)	(3,424)	2%
Freight charges	(186)	(123)	51%	(551)	(697)	-21%
Insurance	(94)	(117)	-20%	(401)	(494)	-19%
Upkeep of properties and equipment	(50)	(114)	-56%	(440)	(568)	-23%
Upkeep of machinery (Note (iii))	(681)	(559)	22%	(1,802)	(1,945)	-7%
Others	(597)	(465)	28%	(1,891)	(1,993)	-5%
	(3,050)	(2,786)	9%	(10,640)	(11,707)	-9%

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)(c)(ii) – The decrease in rental expenses was mainly due to the adoption of the new SFRS(I) 16 Leases. The remaining leases are cancellable in nature and therefore, fall out of scope of SFRS(I) 16.

Note 1(a)(c)(iii) – The increase was due to higher maintenance work during the quarter. The decrease on a full year basis was mainly due to lower production volume in the 1st half of the year.

Note (d) Other (charges)/credits

	Group					
	4Q			Full Year Ended		
	31-Dec-19	31-Dec-18	Change	31-Dec-19	31-Dec-18	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Foreign exchange (losses)/ gains- net (Note (i))	(659)	(398)	66%	(349)	751	N.M
Loss allowance for trade debts	-	(90)	-100%	-	(90)	-100%
Bad debts written off non-trade	-	-	N.M	(8)	-	N.M
Gain on acquisition of a subsidiary (Note (ii))	-	1,580	-100%	-	1,580	-100%
Impairment of goodwill (Note (iii))	(990)	-	N.M	(990)	-	N.M
Gain on disposal of property, plant and equipment	200	3	6567%	264	10	2540%
Property, plant & equipment written off	-	(1)	-100%	(32)	(4)	700%
Inventories written off	-	(61)	-100%	-	(61)	-100%
(Allowance for) / Reversal of inventories obsolescence	(1,088)	223	N.M	(1,611)	34	N.M
Others	18	76	-76%	73	137	-47%
	(2,519)	1,332	N.M	(2,653)	2,357	N.M

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

Note 1(a)(c)(ii) – This relates to gain arising from the 70% equity acquisition of Starke Singapore Pte Ltd in FY2018

Note 1(a)(c)(iii) – This relates to partial impairment on the goodwill arising from the acquisition of Kalf Engineering Pte Ltd.

Note (e) Income tax

	Group					
	4Q			Full Year Ended		
	31-Dec-19	31-Dec-18	Change	31-Dec-19	31-Dec-18	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Income tax:						
- Current	(293)	330	N.M	(2,249)	(2,933)	-23%
- Prior years	(6)	80	-108%	8	80	-90%
	(299)	410	N.M	(2,241)	(2,853)	-21%

Note 1(a)(e) - The decrease in current income tax was 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 Dec 2019 S\$'000	31 Dec 2018 S\$'000	31 Dec 2019 S\$'000	31 Dec 2018 S\$'000
ASSETS				
Current Assets				
Cash and bank balances (Note (ii))	34,364	18,926	178	181
Trade receivables and other current assets (Note (iii))	22,072	15,149	5,602	8,736
Loan to subsidiary	-	-	3,791	2,322
Inventories (Note (iv))	51,746	70,438	-	-
Total Current Assets	108,182	104,513	9,571	11,239
Non-Current Assets				
Investment in subsidiaries (Note (i))	-	-	201,306	200,481
Property, plant and equipment	52,307	53,368	-	-
Investment property	1,832	2,100	-	-
Right-of-use assets (Note (v))	4,237	-	-	-
Investment in associate (Note (vi))	39,397	29,501	36,298	28,976
Deferred tax assets	47	-	-	-
Loan to associate	-	3,345	-	3,345
Goodwill	81,211	82,201	-	-
Total Non-Current Assets	179,031	170,515	237,604	232,802
Total Assets	287,213	275,028	247,175	244,041
LIABILITIES AND EQUITY				
Current Liabilities				
Bank borrowings (Note 1(b)(ii))	9,334	20,295	-	-
Trade and other payables	18,760	14,123	37,691	38,755
Loan from related parties (Note (vii))	1,403	1,403	-	-
Lease liabilities (Note (viii))	262	-	-	-
Income tax payable	2,754	2,316	58	14
Total Current Liabilities	32,513	38,137	37,749	38,769
Non Current Liabilities				
Loan from related parties (Note (vii))	3,626	3,419	-	-
Lease liabilities (Note (viii))	3,656	-	-	-
Deferred tax liabilities	2,127	2,606	-	-
Long-term provision*	405	405	-	-
Total Non-Current Liabilities	9,814	6,430	-	-
Total Liabilities	42,327	44,567	37,749	38,769
Capital and Reserves				
Share Capital	136,623	136,623	136,623	136,623
Reserves	(10,823)	(10,683)	-	-
Retained earnings	117,465	102,612	72,803	68,649
	243,265	228,552	209,426	205,272
Non-controlling interest	1,621	1,909	-	-
Total Equity	244,886	230,461	209,426	205,272
Total Liabilities and Equity	287,213	275,028	247,175	244,041

* Provision for reinstatement of leased premises.

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

The details of the subsidiaries as at 31 December 2019 are as follows:

Name	Effective percentage of equity held by the group		Company's cost of investment	
	31-Dec-2019 %	31-Dec-2018 %	31-Dec-2019 S\$'000	31-Dec-2018 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	-	825	-
Unquoted equity shares, at cost			225,104	224,279
Less: Provision for impairment			(23,798)	(23,798)
			<u>201,306</u>	<u>200,481</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	10		

Note 1(b)(i)(ii) – The net increase in cash and cash equivalents by S\$26.4 million (after netting-off short-term borrowing) was mainly due to the net cash generated from operating activities, partially offset by S\$7.3 million investment in JEP Holdings Ltd and S\$18.8 million dividend payments made during the year.

Note 1(b)(i)(iii) – Trade receivables and other current assets increased by S\$6.9 million, which were mainly due to higher sales made during the period.

Note 1(b)(i)(iv) – The decrease in inventories by S\$18.7 million was mainly due to lower purchases and lower components output during the period.

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

Note 1(b)(i)(vi) – Investment in associates relate to the Group’s 38.69% 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)(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 31 Dec 2019			As at 31 Dec 2018		
Secured	Unsecured	Total	Secured	Unsecured	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
-	9,334	9,334	-	20,295	20,295

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			
	4Q		Full Year Ended	
	31-Dec-19 S\$'000	31-Dec-18 S\$'000	31-Dec-19 S\$'000	31-Dec-18 S\$'000
Cash flows from operating activities				
Profit before income tax	9,625	8,870	35,455	45,506
Adjustments for:				
Impairment of goodwill	990	-	990	-
Depreciation expense	1,712	1,704	6,874	5,671
Gain on acquisition of a subsidiary	-	(1,580)	-	(1,580)
Bad debts written off- non-trade	-	-	8	-
Loss allowance for trade debts	-	90	-	90
Inventories written off	-	61	-	61
Allowance for / (Reversal of) inventories obsolescence	1,088	(223)	1,611	(34)
Property, plant and equipment written off	-	1	32	4
Gain on disposal of property, plant and equipment	(200)	(3)	(264)	(10)
Interest income	(54)	(42)	(331)	(210)
Interest expense	120	205	964	611
Share of profit of associate	(635)	(242)	(2,574)	(525)
Unrealised foreign exchange loss	440	832	265	103
Operating cash flows before working capital changes	13,086	9,673	43,030	49,687
Changes in working capital:				
Trade receivables and other current assets	(1,772)	7,516	(9,057)	11,188
Inventories	5,148	(3,760)	17,092	(13,030)
Trade and other payables	238	(1,698)	4,876	(5,609)
Cash generated from operations	16,700	11,731	55,941	42,236
Income tax paid	(233)	(137)	(2,339)	(3,566)
Net cash generated from operating activities	16,325	11,594	53,602	38,670
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	211	4	2,018	21
Purchase of property, plant and equipment	(455)	(3,756)	(2,207)	(15,685)
Improvement to investment property	-	(12)	(43)	(12)
Net cash outflow on acquisition of subsidiaries	-	-	28	(4,386)
Investment in associate	(300)	-	(7,322)	(28,976)
Interest received	54	42	331	210
Net cash used in investing activities	(490)	(3,722)	(7,195)	(48,828)
Cash flows from financing activities				
Proceeds from bank borrowings	2,153	6,514	41,700	48,320
Repayment of bank borrowings	649	(6,421)	(52,639)	(47,254)
Dividends paid	(5,364)	(8,047)	(18,775)	(29,504)
Repayment of loan from related parties	-	(701)	-	(1,403)
Repayment of lease liabilities	(129)	-	(462)	-
Placement of fixed deposit - restricted	-	-	(39,000)	-
Withdrawal of fixed deposit - restricted	-	-	39,000	-
Interest paid	(55)	(205)	(480)	(611)
Net cash used in financing activities	(2,746)	(8,860)	(30,656)	(30,452)
Net effect of exchange rate changes	(554)	(45)	(313)	(35)
Net increase/ (decrease) in cash and cash equivalents	12,535	(1,033)	15,438	(40,645)
Cash and cash equivalents at beginning of the period	21,829	19,959	18,926	59,571
Cash and cash equivalents at end of the period	34,364	18,926	34,364	18,926

- 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					
	4Q			Full Year Ended		
	31-Dec-19 S\$'000	31-Dec-18 S\$'000	Change %	31-Dec-19 S\$'000	31-Dec-18 S\$'000	Change %
Net Profit for the period	9,326	9,280	0%	33,214	42,653	-22%
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	(73)	82	N.M	(86)	(199)	-57%
Total comprehensive income for the period	9,253	9,362	-1%	33,128	42,454	-22%
Attributable to:						
Equity holders of the Company	9,055	9,678	-6%	33,416	42,948	-22%
Non-controlling interests	198	(316)	-163%	(288)	(494)	-42%
	9,253	9,362	-1%	33,128	42,454	-22%

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	Share Capital S\$'000	Foreign Exchange Translation Reserve S\$'000	Retained Earnings S\$'000	Total equity attributable to of holders of the Company S\$'000	Non- controlling Interests S\$'000	Total Equity S\$'000
Balance at 1 January 2018	136,623	(10,560)	89,045	215,108	(1,307)	213,801
Changes in equity for first quarter						
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
Total comprehensive income for the quarter	-	994	11,400	12,394	(114)	12,280
Balance at 31 March 2018	136,623	(9,566)	100,445	227,502	(1,421)	226,081
Changes in equity for second quarter						
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)
Total comprehensive income for the quarter	-	(127)	14,496	14,369	(201)	14,168
Dividend paid	-	-	(16,093)	(16,093)	-	(16,093)
As at 30 June 2018	136,623	(9,693)	98,848	225,778	(1,622)	224,156
Changes in equity for third quarter						
Net profit for the period	-	-	7,588	7,588	135	7,723
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	(1,081)	-	(1,081)	2	(1,079)
Total comprehensive income for the quarter	-	(1,081)	7,588	6,507	137	6,644
Dividend paid	-	-	(5,364)	(5,364)	-	(5,364)
Effect on non-controlling interest on acquisition of a subsidiary	-	-	-	-	3,143	3,143
As at 30 September 2018	136,623	(10,774)	101,072	226,921	1,658	228,579
Changes in equity for fourth quarter						
Net profit/ (loss) for the period	-	-	9,587	9,587	(307)	9,280
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	91	-	91	(9)	82
Total comprehensive income for the quarter	-	91	9,587	9,678	(316)	9,362
Dividend paid	-	-	(8,047)	(8,047)	-	(8,047)
Effect on non-controlling interest on acquisition of a subsidiary	-	-	-	-	567	567
As at 31 December 2018	136,623	(10,683)	102,612	228,552	1,909	230,461

	Share Capital S\$'000	Foreign Exchange Translation Reserve S\$'000	Retained Earnings S\$'000	Total equity attributable to equity of holders of the Company S\$'000	Non- controlling Interests S\$'000	Total Equity S\$'000
Group						
Balance at 1 January 2019	136,623	(10,683)	102,612	228,552	1,909	230,461
Changes in equity for first quarter						
Net profit for the period	-	-	7,049	7,049	(229)	6,820
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	278	-	278	23	301
Total comprehensive income for the quarter	-	278	7,049	7,327	(206)	7,121
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
Changes in equity for fourth quarter						
Net profit for the period	-	-	9,244	9,244	82	9,326
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	(189)	-	(189)	116	(73)
Total comprehensive income for the quarter	-	(189)	9,244	9,055	198	9,253
Dividend paid	-	-	(5,364)	(5,364)	-	(5,364)
Adoption of SFRS(I) 16	-	-	72	72	-	72
As at 31 December 2019	136,623	(10,823)	117,465	243,265	1,621	244,886

Company	Share Capital S\$'000	Capital Reserve S\$'000	Retained Earnings S\$'000	Total equity attributable to equity of holders of the Company S\$'000
Balance at 1 January 2018	136,623	-	65,378	202,001
Changes in equity for first quarter				
Net loss for the period	-	-	(1,120)	(1,120)
Total comprehensive expenses for the quarter	-	-	(1,120)	(1,120)
Balance at 31 March 2018	136,623	-	64,258	200,881
Changes in equity for second quarter				
Net profit for the period	-	-	8,004	8,004
Total comprehensive income for the quarter	-	-	8,004	8,004
Dividend paid	-	-	(16,093)	(16,093)
As at 30 June 2018	136,623	-	56,169	192,792
Changes in equity for third quarter				
Net profit for the period	-	-	6,958	6,958
Total comprehensive income for the quarter	-	-	6,958	6,958
Dividend paid	-	-	(5,364)	(5,364)
As at 30 September 2018	136,623	-	57,763	194,386
Changes in equity for fourth quarter				
Net profit for the period	-	-	18,933	18,933
Total comprehensive income for the quarter	-	-	18,933	18,933
Dividend paid	-	-	(8,047)	(8,047)
As at 31 December 2018	136,623	-	68,649	205,272

Company	Share Capital S\$'000	Capital Reserve S\$'000	Retained Earnings S\$'000	Total equity attributable to equity of holders of the Company S\$'000
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
Changes in equity for fourth quarter				
Net profit for the period	-	-	21,432	21,432
Total comprehensive income for the quarter	-	-	21,432	21,432
Dividend paid	-	-	(5,364)	(5,364)
As at 31 December 2019	136,623	-	72,803	209,426

- 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 2018 to 31 December 2019. There are neither treasury shares nor subsidiary holdings as at 31 December 2019 and 31 December 2018.

- 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 December 2019 was 536,429,579 (31 December 2018: 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 2018 and 31 December 2019.

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 December 2019.

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 2018.

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 except for the adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) 16 *Leases* which took effect on 1 January 2019, using the modified retrospective approach at the date of initial application which is on 1 January 2019. In compliance with SFRS(I) 16 *Leases*, the Group has applied the practical expedients to recognise the amount of right-of-use assets equal to the lease liabilities, adjusted by the amount of accrued lease payment related to that lease recognised in the statement of financial position immediately from 1 January 2019.

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			
	4Q		Full Year Ended	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
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	1.72 cents	1.79 cents	6.26 cents	8.03 cents
- Weighted average number of shares	536,429,579	536,429,579	536,429,579	536,429,579
(b) On a fully diluted basis	1.72 cents	1.79 cents	6.26 cents	8.03 cents
- Weighted average number of shares	536,429,579	536,429,579	536,429,579	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	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Net asset per ordinary share based on existing issued share capital as at end of period reported on	45.35 cents	42.61 cents	39.04 cents	38.27 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

Full Year 2019 Vs 2018

	Group		
	Full Year Ended		
	31-Dec-19	31-Dec-18	Change
	S\$'000	S\$'000	%
Business Segments			
Semiconductor (Semicon)	120,696	123,015	-2%
Others	11,216	4,924	128%
	131,912	127,939	3%

Geographical Regions

Singapore	84,368	70,230	20%
United States of America ('US')	21,903	24,483	-11%
Taiwan	20,727	26,720	-22%
Malaysia	2,660	4,488	-41%
Others	2,254	2,018	12%
	131,912	127,939	3%

Revenue

4Q2019 Vs 4Q2018

	Group		
	3 Months Ended		
	31-Dec-19	31-Dec-18	Change
	S\$'000	S\$'000	%
Business Segments			
Semiconductor (Semicon)	36,834	24,003	53%
Others	3,571	1,903	88%
	40,405	25,906	56%

Geographical Regions

Singapore	27,779	13,064	113%
United States of America ('US')	4,744	5,568	-15%
Taiwan	5,605	6,598	-15%
Malaysia	792	494	60%
Others	1,485	182	716%
	40,405	25,906	56%

Revenue

4QFY2019

The Group delivered an improved 4QFY2019 performance with overall revenue rising 56% to S\$40.4 million from S\$25.9 million in the corresponding quarter last year. This was achieved on the back of a 53% jump in Semiconductor sales and an 88% surge in Other segment sales.

Compared to its 3QFY2019 sales of S\$32.9 million. Group revenue grew 23%.

Semiconductor segment sales in the current quarter is also 21% higher compared to 3QFY2019 and Other segment sales rose 45%.

The growth in Other segment sales came mainly from its subsidiary - Starke Singapore's material distribution business and Kalf Engineering, which registered sales from completed projects shipped during the quarter.

The higher Semiconductor segment sales were driven by a surge in demand for its Semiconductor Integrated Systems which reported a 158% surge in sales in 4QFY2019 compared to the same period a year ago. Revenue growth was also lifted by a 3% rise in Component sales, compared to 4QFY2018.

Geographically, Singapore was the star performer with a 113% jump buoyed by the strong demand of Semiconductor integrated systems sales. Malaysia also clocked in a strong 60% increase in revenue from higher material distribution sales. Revenue from the Others market also went up by 716% due to higher sales from Kalf Engineering's projects completed in 4QFY2019. Both Taiwan and US markets reported revenue declines due to lower component sales.

FY2019

Group revenue for FY2019 edged up 3% buoyed by a stronger performance in the second half of the year.

Compared to FY2018, Semiconductor Integrated System sales climbed 26% from S\$46.6 million in FY2018 to S\$58.8 million in FY2019 while Component sales fell 19% from S\$76.4 million in FY2018 to S\$61.9 million in FY2019. This is mainly due to the stiffer competition within the components space.

While overall revenue in the Semiconductor segment eased 2%, revenue in the Others segment shot up by 128%, mainly due to higher material distribution sales from its materials distribution subsidiary, Starke Singapore.

Geographically, FY2019 revenue from Singapore grew 20% compared to FY2018 due to higher demand for Semiconductor Integrated Systems for the year. The Others market also improved, rising by 12% in FY2019.

US, Taiwan and Malaysia registered lower sales.

Profitability

4QFY2019

The Group maintained a profitable performance for the current quarter - booking a net profit of S\$9.3 million which is 2% higher than 3QFY2019 and remain constant as compared to 4QFY2018.

The Group benefitted from a 162% surge in contributions from its associate JEP Holdings Ltd ("JEP"). Share of profits from JEP shot up to S\$0.6 million from S\$0.2 million in the previous corresponding period.

However, the Group's overall gross material margins fell to 51.1% from 60.9% due to a shift in product mix with higher concentration in Semiconductor System Integrated sales, which command lower margins compared to Component sales.

The Group's overall performance was also dragged down by higher expenses, such as personnel, professional fees, freight and upkeep of machinery cost.

In addition, the Group also incurred an exchange loss of S\$0.7 million due to the depreciating US dollar in the quarter as well as a goodwill impairment of S\$1.0 million on its investment in Kalf Engineering.

FY2019

The Group remained profitable. Net profit attributable to shareholders was S\$33.6 million for FY2019, down by 22% from S\$43.1 million in the previous year.

The decline in net profit was the result of softer gross material margins of 52.9% compared to 60.2% in FY2018. This reflected the change in product mix, with a higher share of Semiconductor System Integrated sales which yields lower margins.

Higher depreciation costs, and provisions for inventories and a goodwill impairment of S\$1.0 million for its investment in Kalf Engineering as well as an overall exchange loss of S\$0.3 million due to weakening US dollar in 4QFY2019 (compared to a gain in FY2018) - weighed on the Group's overall earnings for the year.

The Group's cost control measures resulted in lower personnel and other expenses which fell by 3% and 9% respectively. Income tax for the year also dropped 21% in line with lower profits for the year.

Cashflow

4QFY2019

The Group continued to enjoy strong positive cash flow.

Free cash flow surged to S\$16.1 million as compared to S\$7.8 million in 4QFY2018.

As a result of the Group's prudent inventory management, inventory levels were slashed by 27% from S\$70.4 million in December 2018 to S\$51.7 million in December 2019.

For FY2019, the Group generated S\$53.6 million in positive net cash flow from operating activities versus S\$38.7 million in FY2018; while free cashflow more than doubled to S\$53.4 million from S\$23.0 million in FY2018.

The Group grew its cash flow substantially despite making an additional investment of S\$7.3 million in JEP and paring down its loans from S\$20.3 million in FY2018 to S\$9.3 million in FY2019.

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 12 November 2019.

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 good news for the semiconductor industry is that sales growth will return in 2020.

According to SEMI, growth in equipment sales is expected to grow by 5.5 percent to \$60.8 billion in 2020. This is on the back of advance logic and foundry spending and new projects in China¹. Furthermore, there will likely be more upside if the macro economy improves and trade tensions subside in 2020.

UMS is expected to remain a beneficiary of the sustained capital equipment spending and the global memory rebound. There are also signs that inventories are stabilizing and DRAM pricing is likely to rise.

Chip sales have bottomed out and are forecast to improve, but the industry is unlikely to see a V-shaped recovery². Growth will be moderated as the overall global economy remains fragile in 2020.

The overall business sentiment will be weighed down by the continuing trade disputes between the world's economic superpowers and the challenges posed to global supply chains due to the ongoing global coronavirus contagion. Such risk factors may dent investment appetite and delay recovery in the chip sector.

The Group however remains cautiously optimistic of its outlook.

While it has renewed its integrated system business contract with its key customer for another three years, the recent novel coronavirus outbreak has halted many manufacturing activities in China, and disrupted global supply chains which may adversely affect the Group's system integration business.

The Group's management is working closely with its customers on mitigation measures to ensure minimal disruption to its operations.

Barring any unforeseen circumstances, UMS will remain profitable in FY2020.

Going forward, the Group will maintain quarterly reporting and its quarterly dividend payment to keep shareholders and the investing community updated on the Group's financial performance and to reward shareholders for their loyal support.

¹ Source: <https://www.semi.org/en/news-resources/press/year-end-total-equipment-forecast>

² Source: <http://www.electronics-sourcing.com/2019/12/23/semiconductor-industry-will-recover-in-2020/>

11 Dividend

(a) Current Financial Period Reported

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

Name of Dividend	Proposed Final Dividend	Proposed Special Dividend
Dividend Type	Cash	Cash
Dividend Amount (SGD)	2.0 cents per ordinary share, (tax exempt one-tier)	0.5 cents per ordinary share, (tax exempt one-tier)
Tax rate	Not applicable	Not applicable

(b) Corresponding Period of the Immediately Preceding Financial Year

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

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

(c) Date payable

The proposed Final Dividend, if approved at the forthcoming Annual General Meeting of the Company, will be paid on 22 May 2020.

(d) Record date

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of the Company will be closed on 5 May 2020, for the purpose of determining members' entitlements to the Final Dividend of 2.0 cents and Special Dividend of 0.5 cent per ordinary share (tax-exempt one-tier) for the financial year ended 31 December 2019.

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 4 May 2020 will be registered before entitlement to the Proposed Final Dividend and Special Dividend are determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 4 May 2020 will be entitled to the Proposed Final Dividend and Special 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.

		Full Year Ended 31 December 2019
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 year ended 31 December 2019 amounted to S\$238,000 which represents approximately 0.16% of the Group's latest audited net tangible assets as at 31 December 2018.	238
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 year ended 31 December 2019 amounted to S\$1,416,000 which represents approximately 0.96% of the Group's latest audited net tangible assets as at 31 December 2018.	1,416

- 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).

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 15 **Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Business Segments

	<u>Semiconductor</u>		<u>Others</u>		<u>Total</u>	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Group						
Sales to external parties	120,696	123,015	11,216	4,924	131,912	127,939
Segment results	37,070	44,670	(1,615)	836	35,455	45,506
Material non-cash items include:						
Depreciation expense	6,492	5,385	382	286	6,874	5,671
Gain on acquisition of a subsidiary	-	-	-	(1,580)	-	(1,580)
Bad debts written off non-trade	-	-	8	-	8	-
Impairment of Goodwill	-	-	990	-	990	-
Loss of allowance for trade debts	-	-	-	90	-	90
Property, plant and equipment written off	32	(1)	-	5	32	4
Gain on disposal of Property, plant and equipment	(264)	(10)	-	-	(264)	(10)
Inventories written off	-	61	-	-	-	61
Allowance for/ (reversal of) inventories obsolescence, net	1,611	(38)	-	4	1,611	(34)
Total assets	484,348	480,166	23,772	20,250	508,120	500,416
Total assets includes:						
Additions to property, plant and equipment	2,113	15,646	94	39	2,207	15,685
Improvement to investment property	43	12	-	-	43	12
Total liabilities	111,129	119,046	17,131	13,165	128,260	132,211

Geographical Segments

	Singapore		USA		Taiwan		Malaysia		Others		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group												
Total sales to external parties	84,368	70,230	21,903	24,483	20,727	26,720	2,660	4,488	2,254	2,018	131,912	127,939
Other geographical information:												
Non-current assets:												
Property, plant and equipment	15,276	18,319	64	98	-	-	36,967	34,951	-	-	52,307	53,368
Investment property	1,832	2,100	-	-	-	-	-	-	-	-	1,832	2,100
Goodwill	80,287	81,277	-	-	-	-	924	924	-	-	81,211	82,201
	<u>97,395</u>	<u>101,696</u>	<u>64</u>	<u>98</u>	<u>-</u>	<u>-</u>	<u>37,891</u>	<u>35,875</u>	<u>-</u>	<u>-</u>	<u>135,350</u>	<u>137,669</u>

A reconciliation of total assets for reportable segments to total assets is as follows:

	Group	
	2019	2018
	S\$'000	S\$'000
Total asset for reportable segments	508,120	500,416
Elimination of inter-segment assets	(220,907)	(225,388)
Total assets	<u>287,213</u>	<u>275,028</u>

A reconciliation of total liabilities for reportable segments to total liabilities is as follows:

	Group	
	2019	2018
	S\$'000	S\$'000
Total liabilities for reportable segments	128,260	132,211
Elimination of inter-segment liabilities	(85,933)	(87,644)
Total liabilities	<u>42,327</u>	<u>44,567</u>

16 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

17 A breakdown of sales as follows:

		Group		Change
		2019	2018	
		S\$'000	S\$'000	%
(a)	Sales reported for first half	58,580	72,745	-19%
(b)	Operating profit after tax before deducting non-controlling interests reported for first half year	14,763	25,650	-42%
(c)	Sales reported for second half	73,332	55,194	33%
(d)	Operating profit after tax before deducting non-controlling interests reported for second half year	18,451	17,003	9%

18 A breakdown of total annual dividend (in dollar value) of the issuer's latest full year and its previous full year.

	2019	2018
Ordinary	S\$'000	S\$'000
Interim Dividend	8,046	13,411
Final Dividend	10,729	10,729
Special Dividend	2,682	-
Total	21,457	24,140

The Final Dividend for FY2018 were approved at the Annual General Meeting of the Company on 25 April 2019 and paid on 24 May 2019. The proposed Final Dividend and Special Dividend for FY2019, if approved at the forthcoming Annual General Meeting of the Company, will be paid on 22 May 2020.

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

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that there is no person occupying a managerial position in the Company who is related to a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Luong Andy
Chief Executive Officer

24 February 2020