UMS Holdings Limited

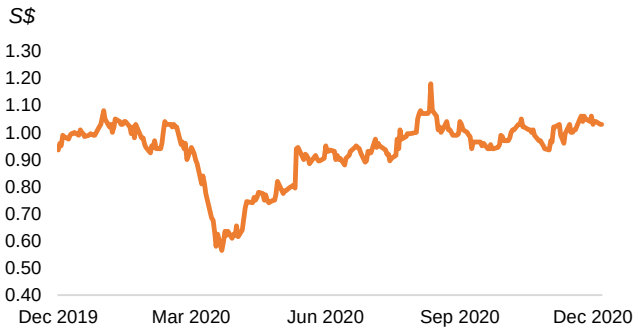
Date: 9 December 2020

BUY (Initiation)

Target Price: S$1.26 (+22.3%)

UMS Holdings (558.SI)

Price: S$1.03 (as at 8 December 2020)



Share price	1M	3M	6M	1Y
UMS Holdings Limited	0.0%	+4.0%	+10.8%	+4.6%
Straits Times Index	+8.3%	+12.8%	+1.0%	-11.6%

Market Capitalisation	S$549.4 million
Current Price	S$1.03
Shares Outstanding	533.4 million
Free Float	79.5%
Major Shareholder	Luong Andy 20.4%
Recommendation of other brokers	2 Buy 1 Outperform 1 Add

Source: Company data, Bloomberg, SAC Capital

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Semiconductor industry tailwind to persist

UMS Holdings is in the business of providing manufacturing and engineering services to semiconductor equipment manufacturers. The Group specialises in manufacturing high precision front-end semiconductor components and performing electromechanical assembly and final testing services. They work closely with its clients to provide fully integrated solutions for factory automation, as well as to develop new processes and technology. In recent years, UMS Holdings has also branched out into aerospace component manufacturing, which taps on its precision engineering expertise, as well as water and chemical engineering solutions.

Expect robust performance in FY2020 on the back of strong semiconductor demand. 9MFY20 revenue increased 31.5% yoy to S$120.3 million, due to robust performance in the semiconductor segment. Net profit in 9MFY20 rose by 48.1% yoy to S$35.3 million, with strong operating leverage and higher share of profit from associate JEP Holdings. Gross margin in 9MFY20 remained relatively stable at 53.2% (9MFY19: 53.7%). We expect growth to continue into 4QFY20 with the industry-wide semiconductor growth due to strong customer demand.

Semiconductor tailwind expected to persist. According to SEMI's mid-year forecast, global sales of semiconductor equipment manufacturing is projected to increase by 6.0% to US$63.2 billion in 2020. The growth trajectory is likely to continue even after 2020, with the World Semiconductor Trade Statistics ("**WSTS**") forecasting semiconductor sales to grow 6.2% yoy in 2021, in line with SEMI's forecasts that semiconductor manufacturing equipment sales would rise 17.4% to US$70 billion in 2021. This is accelerated by Covid-19, which drove the demand for chips, from gaming, communications, IT infrastructures, data centres and healthcare electronics.

Initiate with a BUY rating, at fair value of S$1.26. Our target price is based on a FY21E P/E of 14.4x, in line with the Singapore sector average P/E of 14.4x. We expect the semiconductor growth to continue into FY2021, with the adoption of technologies such as artificial intelligence (AI), Internet of Things and use of advance chipsets in automotive and consumer electronics. Our target price implies a 22.3% upside to the last traded price.

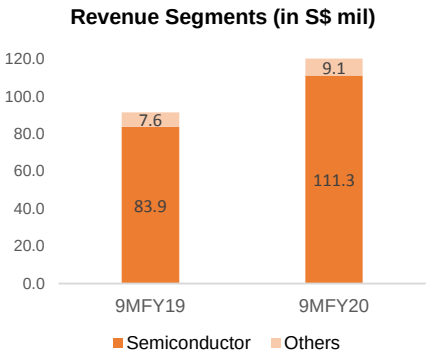
Key Risks: Customer concentration risk, supply chain uncertainty, FX risks

Key Financials

Year ended 31 Dec	FY2017A	FY2018A	FY2019A	FY2020E	FY2021E
Revenue (S$'000)	162,498	127,939	131,912	165,252	171,982
% Growth	55.9%	-21.3%	3.1%	25.3%	4.1%
Gross margin	54.7%	60.2%	52.9%	52.9%	51.8%
Profit/(loss) before tax (S$'000)	55,238	45,506	35,455	51,713	50,639
Profit/(loss) before tax margin	34.0%	35.6%	26.9%	31.3%	29.4%
Profit/(loss) attributable to owners (S$'000)	52,037	43,071	33,556	47,927	46,728
EPS (Singapore cents)	9.70	8.03	6.26	8.94	8.72
P/E (x)	10.6	12.8	16.4	11.5	11.8
P/B (x)	2.6	2.4	2.2	2.1	1.9
Net Debt/Equity (%)	Net Cash	2.7	Net Cash	Net Cash	Net Cash

*Singapore Financial Reporting Standards (International) ("**SFRS(I)**") SFRS 16 has been implemented in FY2019.*

Investment Highlights



Source: Company Data, SAC Capital

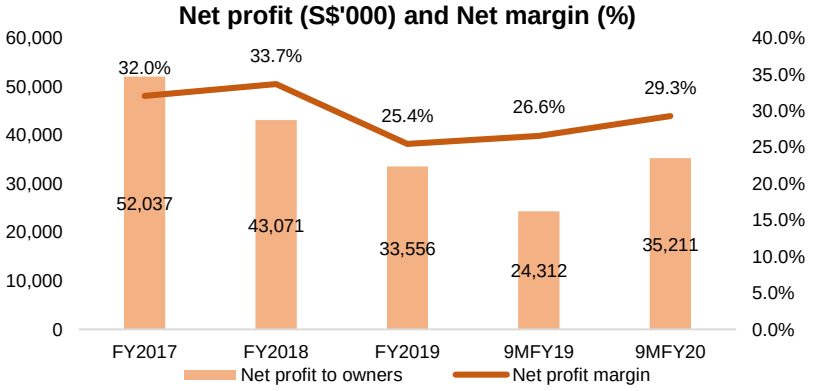
UMS Holdings is in the business of providing manufacturing and engineering services to semiconductor equipment manufacturers.

The Group specialises in manufacturing high precision front-end semiconductor components and performing electromechanical assembly and final testing services. They work closely with its clients to provide fully integrated solutions for factory automation, as well as to develop new processes and technology. In recent years, UMS Holdings has also branched out into aerospace component manufacturing, which taps on its precision engineering expertise, as well as water and chemical engineering solutions.

A profitable 9MFY20, strength expected to continue into 4QFY20.

Revenue for 9MFY2020 grew 31.5% yoy to S$120.3 million, which accounted for 91.2% of FY2019 revenue. This is due to overall 32.7% and 18.4% improvements in the Semiconductor and Others segments respectively. Revenue rose in all of the Group's key markets, except the United States due to lower component sales for new systems built. Overall, gross margin in 9MFY20 remained relatively stable at 53.2% (9MFY19: 53.7%). Net profit margin sits at 29.3% in 9MFY20, a 3.2 percentage point increase from 26.1% a year ago.

The semiconductor industry in general has seen a surge in demand in 2020. The stellar performance in 2020 is due to the industry wide demand for semiconductor segment, accelerated by Covid-19 which drove demand for chips. We expect growth to continue into 4QF20 due to industry-wide semiconductor growth due to strong customer demand.



Source: Company Data, SAC Capital

Increasing stake in JEP Holdings

UMS believes that JEP Holdings Ltd. ("**JEP**")'s semiconductor equipment manufacturing capability is a good fit with theirs and has raised its stake in JEP to 41.0% as at 25 November 2020. In 9MFY20, JEP's share of profits increased 11.1% yoy, from S$1.9 million to S$2.2 million. However, JEP's higher profit is mainly due to higher government grants rather than an increase in revenue. Although vaccine hopes have renewed some optimism in the aerospace industry, we feel that the outlook for aviation is still uncertain. We expect share of profits from JEP to decrease due to lower government grants in FY2021.

Investment Highlights

Foothold in the global supply chain

UMS retains its position as a supplier to Applied Materials, a market leader in semiconductor equipment manufacturing with a market share of approximately 20%. UMS also focuses on producing equipment for the wafer manufacturing stage in the upstream integrated circuit manufacturing process. Silicon wafers are the basic building blocks of ICs. The sector is resilient in the face of advancement and changes in IC design or manufacturing processes which are further downstream.

In FY2020 ending 31 October, Applied Materials saw their revenue grew 17.8% yoy, to US$17.2 billion. Earnings per share came in at US$4.17. According to Bloomberg consensus estimates, Applied Materials' FY2021E expected revenue growth is 13.6%, and net profit 19.1%. Sales is expected to rise through the fiscal year 2021, benefitting from solid demand for foundry and logic-chip, with ongoing shift to next-generation technologies such as 5- and 3-nanometer chips for 5G and data centres. Digital transformation of companies and the accelerating economy are multi-year growth drivers for the semiconductor industry.

Initiate BUY rating, with fair value S$1.26.

Given the cyclical nature of the semiconductor industry, we have arrived at a fair value of S$1.26 using P/E valuation. Our target price is based on a FY21E P/E of 14.4x, in line with the Singapore sector average P/E of 14.4x. We expect the semiconductor growth to continue into FY2021, with the adoption of technologies such as artificial intelligence (AI), Internet of Things use of advance chipsets in automotive and consumer electronics. Our target price implies a 22.3% upside to the last traded price.

While we expect FY2021E revenue to increase, we believe higher raw material costs will drag gross margins down slightly. Higher costs stemming from employee benefits and depreciation expense can be expected in order to keep up with industry demands. In addition, despite higher stake in JEP, we expect share of profits from associate to decrease in the absence of government grants, given the weakness in the aviation sector still persist. Hence, we expect the overall FY2021E net profit to decrease slightly.

TICKER	Market Cap (USD mil)	P/E (as at 8 Dec 2020)
HI-P INTERNATIONAL LTD	1051.9	17.6
AEM HOLDINGS LTD	710.4	9.8
UMS HOLDINGS LTD	411.3	12.4
FRENCKEN GROUP LTD	367.2	11.8
SUNNINGDALE TECH LTD	217.8	17.5
FU YU CORPORATION	143.8	12.8
ISDN HOLDINGS	130.4	15.5
INNOTEK	92.5	9.6
AVI-TECH ELECTRONICS	53.8	12.0
GRAND VENTURE TECHNOLOGY	51.7	22.0
ASTI HOLDINGS LTD	15.3	17.3
SECTOR AVERAGE	**295.1**	**14.4**

Source: Company Data, SAC Capital

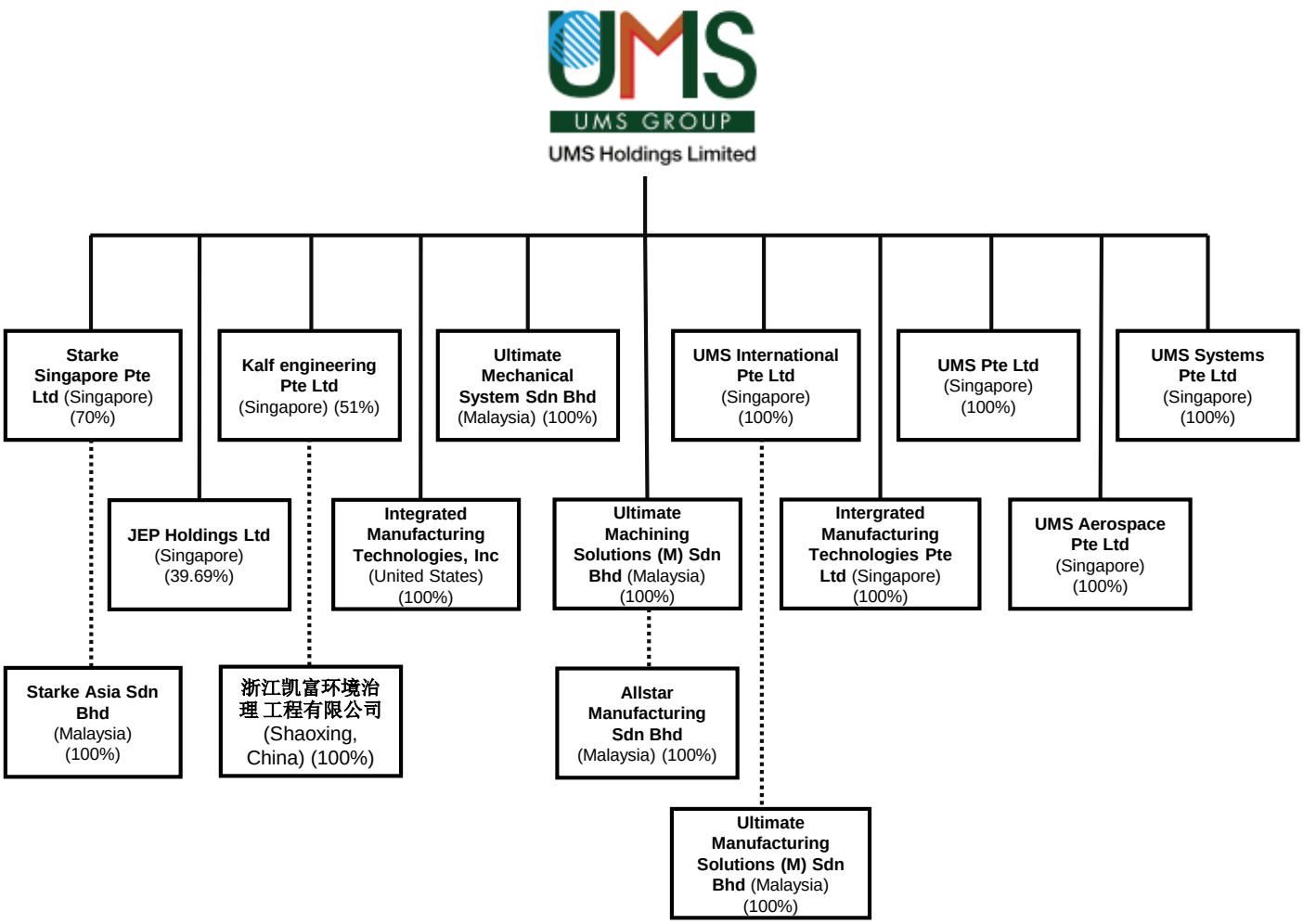
Company Background

UMS Holdings Limited ("**UMS**") started as Long's Manufacturing in Silicon Valley, before its incorporation in Singapore in January 2001 as a provider of equipment manufacturing and engineering services. With over 20 years of experience, UMS specialises in manufacturing high precision front-end semiconductor components, performing electromechanical assembly and final testing services.

At present, UMS is qualified to use over 70 special processes in the production of their semiconductor components. Some of these special processes includes anodizing, plating and chemical cleaning. Headquartered in Singapore, the Group has production facilities in Singapore, Malaysia and California, USA.

Aside from semiconductor industry, UMS has branched out into other industries including in electronic, machine tools, aerospace component manufacturing and oil & gas industries.

Corporate Structure



Corporate History

2020 — **As at November 2020**, equity stake in **JEP Holdings Ltd** increased to 40.93%

2019 — In **2019**, raised equity stake in **JEP Holdings Ltd** to 38.7%

2018 — In **2018**, acquired 29.5% of Catalist-listed **JEP Holdings Ltd** and 70% stake in **Starke Singapore Pte Ltd**

2017 — In **2017**, acquired 51% equity stake in **Kraft Engineering Pte Ltd.** A 10-year tax-free status was granted to **Ultimate Manufacturing Solutions (M) Sdn Bhd.**

2016 — In **2016**, entered into an agreement to acquire 10% equity stake and extend convertible loan to **All Star Fortress Sdn. Bhd.**

2015 — In **2015**, signed MOU with Malaysian aerospace metallic component manufacturer, **All Star Fortress Sdn. Bhd.**

2012 — In **2012**, successful acquisition of **Integrated Manufacturing Technologies Pte Ltd** and **Integrated Manufacturing Technologies Inc**

2011 — In **2011**, entered into an agreement to acquire **Integrated Manufacturing Technologies Pte Ltd** and **Integrated Manufacturing Technologies Inc.**

2010 — In **2010**, obtained 10-year pioneer tax-free status under **Ultimate Machining Solutions Sdn Bhd**

2009 — In **2009**, began operations at Penang Hub, Malaysia, a RM75 million investment

2008 — In **2008**, established new facility at Changi North Rise, Singapore

2007 — In **2007**, awarded AS9100:2004 certification. Entered into exclusive contract with a major oil and gas company. Set up manufacturing plant in Penang, Malaysia.

2006 — In **2006**, established new 80,000sq ft facility in Changi North Rise, Singapore. Announced US$20 million investments into aerospace and oil and gas industry.

2004 — In **2004**, merger between **UMS** and **Norelco Centreline Holdings Limited**

1996 — In **1996**, **UMS Singapore** was established

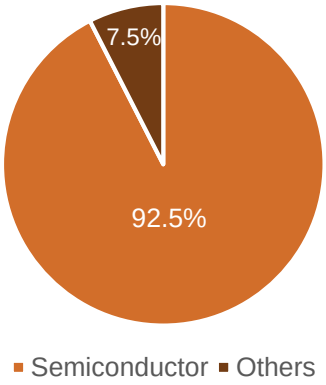
1984 — In **1984**, **Long's Manufacturing** was founded in Silicon Valley, USA

Business Segments

With extensive experience in precision engineering and manufacturing, UMS Holdings provides manufacturing and engineering solutions primarily to the Semiconductor equipment manufacturing industry.

The Group's business can be categorised into 2 main business segments, **Semiconductor** and **Others**.

9MFY20 Revenue

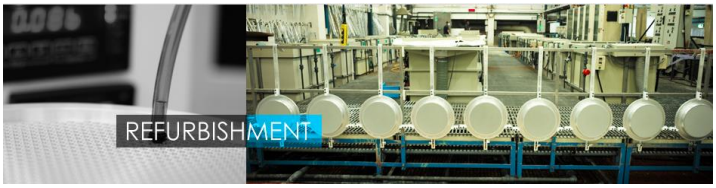


Source: Company Data, SAC Capital

Business Overview:

UMS Holdings' core business is the provision of manufacturing and engineering services to semiconductor equipment manufacturers. The company works closely with its clients to provide fully integrated solutions for factory automation, as well as to develop new processes and technology. In recent years, UMS Holdings has branched out into aerospace component manufacturing, which taps on its precision engineering expertise, as well as water and chemical engineering solutions.

Semiconductor segment



Masking, Polishing, bread-blasting, Chemical Stripping, Inspection & QC



Anodising, Passivation, Brazing & Welding, Plating



5-axis CNC Machining, Vertical Turning Lathe



Direct engagement with customers' product development teams to achieve quality outcomes efficiently.



Full system integration and validation testing



New business models, supply chain strategy & management

Business Segments

Others segment



Manufacturing and engineering services for highly specialized and customized products including engine casings for passenger airlines.



Chemical engineering solutions, including the manufacture of on-site chlorine and sodium hypochlorite generation systems. These help clients reduce dependency on suppliers and lower risks from transport and transfer of these chemicals.



Reverse Osmosis water treatment systems



Metal products supply and fabrication

Industry Overview

Strong semiconductor demand likely to follow into 2021

According to The Ministry for Trade and Industry ("**MTI**"), strong demand for semiconductors and semiconductors manufacturing equipment contributed to the growth and recovery of Singapore's manufacturing industry, which grew by 2.0% yoy in 3Q2020 as compared to a 0.8% contraction in 2Q2020. Within 1H2020, the output for the semiconductor industry in Singapore had risen by 1.7% yoy, despite Covid-19's adverse impact on the economy.

Growth in the semiconductor industry is expected to continue into the last quarter of 2020 in spite of the continued uncertainty in the global economy. According to SEMI's mid-year forecast, global sales of semiconductor equipment manufacturing is projected to increase by 6.0% to US$63.2 billion in 2020 from US$59.6 billion in 2019.

The growth trajectory is likely to continue even after 2020, with the World Semiconductor Trade Statistics ("**WSTS**") forecasting semiconductor sales to grow 6.2% yoy in 2021. This is in line with SEMI's forecasts that semiconductor manufacturing equipment sales would rise to US$70 billion in 2021, giving a growth of 17.4%. According to Global Market Insights, the adoption of technologies such as artificial intelligence (AI), Internet of Things in fabrication and the constant use of advance chipsets in automotive and consumer electronics, will drive the demand for semiconductor manufacturing. This demand will boost support for the semiconductor manufacturing equipment market and is projected to reach over US$80 billion by 2026.

Industry Overview

COVID-19 on the semiconductor industry

SEMI forecasts that while global fab equipment spending is likely to increase by 8% in 2020 to approximately US$60 billion, 2021 is expected to see capex of US$67.7 billion, a 13% increase. This is driven by the demand for chips, from gaming, communications, IT infrastructures, data centers and healthcare electronics, accelerated by Covid-19.

Growth will be driven by memory spending and investment in leading-edge technologies and China. Foundry and logic spending growth will account for about 50% of total wafer fabrication equipment spending in 2020 and 2021. Asia will be the key powerhouse for semiconductor expansion and is forecast to lead the pack in capital spending in 2020. Furthermore, both DRAM and NAND spending in 2020 will surpass 2019 levels and expected to grow by over 20% in 2021. These strong growth figures pose well for UMS which is a beneficiary of the chip equipment manufacturing market.

Covid-19 is changing the way we work and communicate globally, and accelerating the migration to digitalisation. The change in behaviour is likely to last post-COVID, and high dependence on technology will drive semiconductor demand. According to McKinsey, growth in semiconductor sales is expected to be accelerated by a shift towards Artificial Intelligence, 5G Technology, semiconductors that enable servers, connectivity, and cloud usage as online collaboration grows. Other sectors that will fuel demand growth are contactless solutions, automated-delivery solutions, digital work processes and the Internet of Things, especially in traditional sectors, such as healthcare, government, and defense.

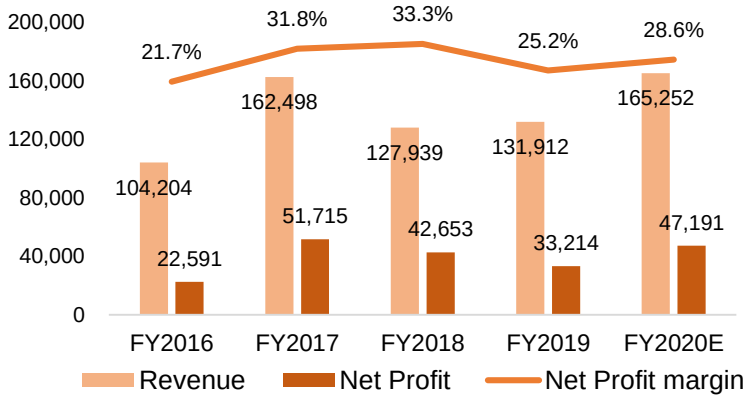
Financial Summary

Stronger sales recorded

In 9MFY2020, UMS' revenue grew 31.5% yoy to S$120.3 million, which accounted for 91.2% of FY2019 revenue. This is due to the robust performance in the semiconductor segment in 2020. The Semiconductor and Others segments grew 32.7% and 18.4% respectively.

Gross margin in 9MFY20 remained relatively stable at 53.2% (9MFY19: 53.7%). The slight decrease is due to higher raw material purchases. Net profit margin sits at 29.3% in 9MFY20, a 3.2 percentage point increase from 26.1% a year ago. This is despite higher expenses for employee benefits and depreciation. The higher net profit margin can be attributed to the 11.1% increase yoy in share of profits from JEP, from S$1.9 million in 9MFY19 to S$2.2 million in 9MFY20.

Revenue, Net Profit, Net Profit Margin



Source: Company Data

Steady cash flow

In 9MFY2020, the Group generated S$32.4 million in positive net cash from operating activities and S$30.9 million in free cash flow. Its net cash position improved to S$34.4 million as at 30 September 2020 compared to S$25 million as at 31 December 2019. The Group's cash balance was higher even after increased investment of $1.1 million in JEP Holdings, share-buyback of S$1.9 million and a dividend payment of S$18.7 million. A higher cash holdings enables the Group to have more buffer.

Future Growth

Capitalising on growth trends

Covid-19 has accelerated the demand for the semiconductor industry, with higher demand for chips, from gaming, communications, IT infrastructures, data centers and healthcare electronics. The strong forecasted demand puts UMS in a good positioned to capitalise on the growth opportunities arising from the chip equipment manufacturing market and the acceleration of digital innovations.

Key Risks

Supply chain disruptions from Covid-19 lockdowns

With virus cases still climbing in the United States and Malaysia, expect social and travel restrictions to be extended, thus negatively affecting factory activities and product delivery.

US-China trade tensions

The semiconductor industry has been in the crosshairs of US-China trade tensions. Under Trump's administration, US has imposed restrictions on semicon equipment and chip producers that employ US technologies from supplying to Huawei from 15 Sept 2020. They need to seek a waiver to be exempted from this ban. Democrat's win will likely bring about more normalised trade relations, but the pressure on China is likely to stay.

Customer concentration

Applied Materials is a key customer, accounting for a significant portion of its revenue. UMS is seeking diversification through acquiring stake in Starke Singapore and JEP Holdings, to grow its client base and broaden revenue stream.

Foreign exchange risks

In 3QFY20, UMS recorded a S$1.35 million foreign exchange losses. This was mainly due to the depreciation of the USD. Sales are mainly denominated in USD. Rising Covid-19 cases in the US and the delay in the stimulus bill are weighing on consumer sentiment and the USD.

Management

Andy Luong is the founder and also the Group's Chief Executive Officer of UMS Holdings since January 2005. Andy Luong has over 20 years of experience in the industry of front-end semiconductor components. He started out learning his machining skills through his family's machining business in Vietnam. In 1979, Andy Luong emigrated to the USA and right after college, began a precision machining business Long's Manufacturing, Inc.

Loh Meng Chong, Stanley has been the group's Financial Controller since 5 September 2008. He brings with him over 20 years of experience in the field of finance, accounting, treasury and auditing. These skills were acquired during his previously controllership roles in trading and manufacturing organisations. Stanley Loh holds a Bachelor of Accountancy (Hons) from National University of Singapore and a Master of Business Administration from Southern Illinois University (Carbondale). Being a member of the Institute of Singapore Chartered Accountants (ISCA), he is in-charge of the overall financial, accounting, tax, treasury, corporate finance, compliance matters and the operations of the Group.

Kay Tan Kian Hong is the General Manager of the Group's Malaysia operations. Before this appointment, Kay Tan was the Group's Global Account Director. He is in-charge of managing relationship between UMS and its key customers in USA by facilitating suitable customer contacts at all levels of business creation cycles. Kay Tan is also responsible for the Company's USA subsidiary. Before entering UMS back in April 2007, Kay Tan began as a Trainee Supervisor in precision machining in 1989. By 2003, he was appointed Key Account Manager in USA. Kay Tan has over 20 years of experience in areas such as machining, assembly of high-tech equipment and hands on experience in Project Management.

Income Statement

$'000	FY2017A	FY2018A	FY2019A	FY2020E	FY2021E
	Fiscal Year Ended 31 Dec				
Revenue	**162,498**	**127,939**	**131,912**	**165,252**	**171,982**
Cost of sales	(73,567)	(50,920)	(62,082)	(77,767)	(82,943)
Gross profit	**88,931**	**77,019**	**69,830**	**87,485**	**89,039**
Employee benefits expense	(16,593)	(16,616)	(15,905)	(18,466)	(19,296)
Depreciation expense	(4,321)	(5,671)	(6,874)	(7,667)	(8,336)
Other expenses	(12,322)	(11,707)	(10,884)	(11,441)	(11,541)
Other income/ (charges)	(414)	2,357	(2,653)	(285)	(641)
Finance income	389	210	331	200	167
Finance expense	(390)	(611)	(964)	(638)	(1,004)
Impairment loss on investment in associate	(42)	-	-	-	-
Share of profit of associate	-	525	2,574	2,524	2,253
Profit/(Loss) before tax	**55,238**	**45,506**	**35,455**	**51,713**	**50,639**
Income tax (expense) / benefit	(3,523)	(2,853)	(2,241)	(3,787)	(3,911)
Profit/(Loss) for the year	**51,715**	**42,653**	**33,214**	**47,927**	**46,728**
Profit/(Loss) attributable to owners of company	**52,037**	**43,071**	**33,556**	**47,927**	**46,728**
Minority Interests	(322)	(418)	(342)	-	-
EPS:					
-Basic (SG cents)	9.70	8.03	6.26	8.94	8.72
-Diluted (SG cents)	9.70	8.03	6.26	8.94	8.72

Ratios

	FY2017A	FY2018A	FY2019A	FY2020E	FY2021E
	Fiscal Year Ended 31 Dec				
Adoption of SFRS 16 Leases increased lease liability in FY2019					
Profitability (%)					
Gross profit/(loss) margin	54.7	60.2	52.9	52.9	51.8
Profit/(loss) before tax margin	34.0	35.6	26.9	31.3	29.4
Liquidity (x)					
Current ratio	3.3	2.7	3.3	3.1	3.4
Quick ratio	2.1	0.9	1.7	1.7	2.0
Interest coverage ratio	142.6	75.5	37.8	82.1	51.4
Net Debt to Equity (%)	Net Cash	2.7	Net Cash	Net Cash	Net Cash
Valuation (x)					
P/S	3.4	4.3	4.2	3.3	3.2
P/E	10.6	12.8	16.4	11.5	11.8
Core P/E at target price	12.9	15.6	20.0	14.0	14.4
P/B	2.6	2.4	2.2	2.1	1.9
P/NTA	4.2	3.7	3.4	3.1	2.6
Cash Conversion Cycle					
Trade receivable days	53	43	61	68	65
Inventory days	246	505	304	263	257
Trade payable days	90	101	110	94	91
CCC days	209	447	255	237	231

Balance Sheet

(S$'000)	FY2017A	FY2018A	FY2019A	FY2020E	FY2021E
	Fiscal Year Ended 31 Dec				
Cash and bank balances	59,571	18,926	34,364	42,297	65,451
Trade receivables and other current assets	23,431	15,149	22,072	30,763	32,016
Inventories	49,633	70,438	51,746	56,135	57,780
Total current assets	**132,635**	**104,513**	**108,182**	**129,195**	**155,247**
PPE	38,782	53,368	52,307	48,671	52,386
Right-of-use assets	-	-	4,237	3,998	3,998
Investment property	2,240	2,100	1,832	1,737	1,737
Investment in associates	-	29,501	39,397	42,658	50,016
Loan to associate	3,296	3,345	-	-	-
Goodwill	82,201	82,201	81,211	81,211	81,211
Deferred tax assets	-	-	47	47	47
Total non-current assets	**126,519**	**170,515**	**179,031**	**178,322**	**189,394**
Total assets	**259,154**	**275,028**	**287,213**	**309,058**	**344,641**
Bank Borrowings	19,001	20,295	9,334	13,327	16,208
Trade and other payables	18,077	14,123	18,760	20,125	20,635
Loan from related parties	-	1,403	1,403	1,403	1,403
Lease liability	-	-	262	172	184
Income tax payable	3,285	2,316	2,754	4,655	3,911
Total current liabilities	**40,363**	**38,137**	**32,513**	**39,682**	**42,341**
Loan from related parties	3,158	3,419	3,626	3,825	3,825
Deferred tax liabilities	1,427	2,606	2,127	2,103	2,103
Long-term provision	405	405	405	405	405
Lease liability	-	-	3,656	3,561	3,093
Total non-current liabilities	**4,990**	**6,430**	**9,814**	**9,894**	**9,426**
Share Capital	136,623	136,623	136,623	136,623	136,623
Treasury Shares	-	-	-	(1,919)	(1,919)
Reserves	(10,560)	(10,683)	(10,823)	(10,871)	(10,871)
Retained earnings	89,045	102,612	117,465	134,006	167,398
Non-controlling interest	(1,307)	1,909	1,621	1,643	1,643
Total Equity	**213,801**	**230,461**	**244,886**	**259,482**	**292,874**
Total Liabilities and Equity	**259,154**	**275,028**	**287,213**	**309,058**	**344,641**

Cash Flows Statement

(S$'000)	FY2017A	FY2018A	FY2019A	FY2020E	FY2021E
	Fiscal Year Ended 31 Dec				
Profit/(Loss) before tax	**55,238**	**45,506**	**35,455**	**51,713**	**50,639**
Depreciation expense	4,321	5,671	6,874	7,667	8,336
Allowance for inventories obsolescence	(910)	(34)	1,611	843	641
Interest income	(361)	(210)	(331)	(200)	(167)
Interest expense	390	611	964	638	1,004
Changes in working capital	(17,589)	(7,451)	12,923	(11,715)	(2,388)
Share of profit of Associate	-	(525)	(2,574)	(2,524)	(2,253)
Others	944	(1,622)	1,019	(1,035)	-
Income tax	(2,060)	(3,566)	(2,339)	(3,375)	(3,911)
Net generated from operating activities	**39,973**	**38,380**	**53,602**	**42,012**	**51,902**
Purchase of PPE	(10,564)	(15,685)	(2,207)	(2,216)	(12,051)
Proceeds from PPE disposal	1,901	21	2,021	192	-
Investment in Associate	(42)	(28,976)	(7,322)	(1,807)	(5,105)
Net cash outflow from acquisition of subsidiary	(866)	(4,386)	28	-	-
Others	(2,210)	198	288	184	167
Net Cash used in investing activities	**(11,781)**	**(48,828)**	**(7,192)**	**(3,647)**	**(16,989)**
Proceeds from bank borrowings	25,766	48,320	41,700	7,412	14,881
Repayment of bank borrowings	(7,014)	(47,254)	(52,639)	(4,700)	(12,000)
Dividends paid	(26,822)	(29,504)	(18,775)	(26,671)	(13,336)
Interest paid	(390)	(321)	(480)	(275)	(1,004)
Treasury share purchase	-	-	-	(1,919)	-
Repayment of loan from related parties	-	(1,403)	-	-	-
Repayment on lease liability	-	-	(463)	(497)	(300)
Net Cash used in financing activities	**(8,460)**	**(30,162)**	**(30,657)**	**(26,651)**	**(11,759)**
Net (decrease)/increase in cash and cash equivalents	**19,732**	**(40,610)**	**15,753**	**11,714**	**23,154**
Net effect of exchange rate	(2,781)	(35)	(315)	(3,781)	-
Cash and cash equivalents at the end of the year	**59,571**	**18,926**	**34,364**	**42,297**	**65,451**

*Financial figures have not been adjusted to Singapore Financial Reporting Standards (International) ("**SFRS(I)**") and may not be comparable to the latest company financials*

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