

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

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

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

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	Group					
	3Q			9 Months Ended		
	30-Sep-17	30-Sep-16	Change	30-Sep-17	30-Sep-16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	39,339	26,082	51%	123,833	70,051	77%
Net finance (expense)/ income (Note (a))	(17)	27	N.M	32	83	-61%
Changes in inventories	10,550	355	2872%	17,195	(1,367)	N.M
Raw material purchases and subcontractor charges	(26,767)	(11,481)	133%	(74,633)	(27,905)	167%
Employee benefits expense	(3,946)	(3,210)	23%	(11,361)	(8,216)	38%
Depreciation expense	(998)	(1,296)	-23%	(3,309)	(4,281)	-23%
Other expenses (Note (b))	(2,907)	(2,575)	13%	(9,285)	(7,598)	22%
Other charges (Note (c))	(362)	(341)	6%	(2,598)	(2,211)	18%
Share of result of associate (net of income tax)	(33)	(26)	27%	(33)	(48)	-31%
Profit before income tax	14,859	7,535	97%	39,841	18,508	115%
Income tax expense (Note (d))	(1,459)	(750)	95%	(3,980)	(1,874)	112%
Net profit for the period	13,400	6,785	97%	35,861	16,634	116%
Attributable to:						
Owners of the Company	13,561	6,785	100%	36,211	16,634	118%
Non-controlling interests	(161)	-	N.M	(350)	-	N.M
Net profit for the period	13,400	6,785	97%	35,861	16,634	116%

N.M - Not meaningful

NOTES TO INCOME STATEMENT

Note (a) Net finance income

	Group					
	3Q			9 Months Ended		
	30-Sep-17	30-Sep-16	Change	30-Sep-17	30-Sep-16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income from cash and cash equivalents	57	29	97%	171	85	101%
Interest income from an associate	73	-	N.M	99	-	N.M
Interest expense from bank borrowings	(147)	(2)	7250%	(238)	(2)	11800%
Net finance income	(17)	27	N.M	32	83	-61%

Note (b) Other expenses

	Group					
	3Q			9 Months Ended		
	30-Sep-17	30-Sep-16	Change	30-Sep-17	30-Sep-16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Legal and professional fees (Note (i))	(522)	(354)	47%	(1,706)	(976)	75%
Rental expense	(267)	(245)	9%	(793)	(722)	10%
Utilities (Note (ii))	(705)	(667)	6%	(2,123)	(1,973)	8%
Freight charges (Note (ii))	(203)	(132)	54%	(687)	(312)	120%
Insurance	(118)	(123)	-4%	(363)	(380)	-4%
Upkeep of properties and equipment	(158)	(90)	76%	(323)	(289)	12%
Upkeep of machinery (Note (iii))	(435)	(507)	-14%	(1,992)	(1,456)	37%
Others	(499)	(457)	9%	(1,298)	(1,490)	-13%
	(2,907)	(2,575)	13%	(9,285)	(7,598)	22%

Note 1 (a)(b)(i) – The increase in professional fees was mainly due to sales commission provision payable to the Group's sales consultant. Refer to note 13.

Note 1 (a)(b)(ii) – The increase in utilities and freight charges were mainly due to higher production activities during the period.

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

Note (c) Other charges

	Group					
	3Q			9 Months Ended		
	30-Sep-17	30-Sep-16	Change	30-Sep-17	30-Sep-16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Foreign exchange (loss)/ gain (Note (i))	(417)	682	N.M	(2,333)	(881)	165%
Gain on disposal of property, plant and equipment	41	-	N.M	57	7	714%
Property, plant & equipment written off	-	-	N.M	-	(20)	-100%
Inventories written off	-	-	N.M	(224)	-	N.M
Write back of allowance for inventories obsolescence	-	-	N.M	221	-	N.M
Allowance for inventories obsolescence	-	(1,032)	-100%	(370)	(1,385)	-73%
Others	14	9	N.M	51	68	-25%
	(362)	(341)	6%	(2,598)	(2,211)	18%

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

Note (d) Income tax

	Group					
	3Q			9 Months Ended		
	30-Sep-17	30-Sep-16	Change	30-Sep-17	30-Sep-16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Income tax:						
- Current	(1,459)	(750)	95%	(3,917)	(1,874)	109%
- Prior years	-	-	N.M	(63)	-	N.M
	(1,459)	(750)	95%	(3,980)	(1,874)	112%

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

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

	Group		Company	
	30 Sep 2017 S\$'000	31 Dec 2016 S\$'000	30 Sep 2017 S\$'000	31 Dec 2016 S\$'000
ASSETS				
Current Assets				
Cash and bank balances (Note (ii))	64,325	42,620	169	329
Trade receivables and other current assets (Note (iii))	26,678	20,944	3,472	3,618
Inventories (Note (iv))	48,920	31,725	-	-
Total Current Assets	139,923	95,289	3,641	3,947
Non-Current Assets				
Investment in subsidiaries (Note (i))	-	-	193,405	192,415
Property, plant and equipment	34,311	31,704	-	-
Investment property	2,235	2,284	-	-
Investment in associate (Note (v))	-	-	-	-
Loan to associate (Note (v))	3,231	828	3,231	828
Goodwill (Note (vi))	82,167	80,083	-	-
Total Non-Current Assets	121,944	114,899	196,636	193,243
Total Assets	261,867	210,188	200,277	197,190
LIABILITIES AND EQUITY				
Current Liabilities				
Bank borrowings (Note 1(b)(ii))	20,442	249	-	-
Trade and other payables (Note (iv))	25,865	16,563	4,769	6,067
Income tax payable	4,185	2,210	-	7
Total Current Liabilities	50,492	19,022	4,769	6,074
Non Current Liabilities				
Loan from related party (Note (vii))	3,094	-	-	-
Deferred tax liabilities	1,243	1,243	-	-
Long-term provision*	433	433	-	-
Total Non-Current Liabilities	4,770	1,676	-	-
Total Liabilities	55,262	20,698	4,769	6,074
Capital and Reserves				
Share Capital	136,623	136,623	136,623	136,623
Reserves	(11,504)	(10,963)	-	-
Retained earnings	82,875	63,830	58,885	54,493
	207,994	189,490	195,508	191,116
Non-controlling interests	(1,389)	-	-	-
Total Equity	206,605	189,490	195,508	191,116
Total Liabilities and Equity	261,867	210,188	200,277	197,190

* Provision for reinstatement of leased premises.

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

The details of the subsidiaries as at 30 September 2017 are as follows:

Name	Effective percentage of equity held by the group		Company's cost of investment	
	30-Sep-2017	31-Dec-2016	30-Sep-2017	31-Dec-2016
	%	%	S\$'000	S\$'000
<u>Held by the Company</u>				
UMS Systems Pte Ltd (Singapore)	100	100	9,561	9,561
UMS International Pte Ltd (Singapore)	100	100	800	800
UMS Pte Ltd (Singapore)	100	100	127,081	127,081
UMS Aerospace Pte Ltd (Singapore)	100	100	20,000	20,000
Integrated Manufacturing Technologies Pte Ltd (Singapore)	100	100	19,803	19,803
Integrated Manufacturing Technologies Inc. (United States)	100	100	8,196	8,196
Ultimate Machining Solutions (M) Sdn. Bhd. (Malaysia)	100	100	30,772	30,772
Kalf Engineering Pte Ltd (Singapore)	51	-	990	-
Unquoted equity shares, at cost			217,203	216,213
Less: Provision for impairment			(23,798)	(23,798)
			<u>193,405</u>	<u>192,415</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		

Note 1(b)(i)(ii) – The net increase in cash and cash equivalents by S\$1.5 million (after netting-off the increase in short-term borrowing of S\$20.2 million) was mainly due to net cash generated from operation activities, partially offset by dividend payments made and inventory purchases during the period.

Note 1(b)(i)(iii) – Trade receivables and other current assets increased by S\$5.7 million, which were mainly due to higher sales made during the period.

Note 1(b)(i)(iv) – The increase in inventories and trade and other payables by S\$17.2 million and S\$9.3 million respectively were mainly due to higher purchases made during the period.

Note 1(b)(i)(v) – Investment in associate relates to the Group's 10% equity interest investment in Allstar Manufacturing Sdn Bhd (the "Associate") and the Group's share of Associate's corresponding period result. The Group has fully recognised the share of losses for the investment up to 30 September 2017. Loan to associate relates to working capital and machine purchase loan extended by the Group.

Note 1(b)(i)(vi) – The increase in goodwill is due to the acquisition of Kalf Engineering Pte Ltd and this represents the excess of the cost of acquisition over the Group's interest in the fair value of their net tangible assets as at the date of acquisition.

Note 1(b)(i)(vii) – Related party loan relates to amounts owing by Kalf Engineering Pte Ltd to entities controlled by Mr. Luong Andy, CEO of the Group. The loan is interest-bearing and has no fixed repayment schedule.

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

Amount repayable in one year or less, or on demand

As at 30 Sep 2017			As at 31 Dec 2016		
Secured	Unsecured	Total	Secured	Unsecured	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
-	20,442	20,442	-	249	249

Details of any collateral

The Group's borrowing comprise mainly short-term SGD bank loans for its SGD currency requirements. The Group takes the view that USD would strengthen against the SGD in the future.

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

	Group			
	3Q		9 Months Ended	
	30-Sep-17 S\$'000	30-Sep-16 S\$'000	30-Sep-17 S\$'000	30-Sep-16 S\$'000
Cash flows from operating activities				
Profit before income tax	14,859	7,535	39,841	18,508
Adjustments for:				
Depreciation expense	998	1,296	3,309	4,281
Write back of allowance for inventories obsolescence	-	-	(221)	-
Inventories written off	-	-	224	-
Allowance for inventories obsolescence	-	1,032	370	1,385
Property, plant and equipment written off	-	-	-	20
Gain on disposal of property, plant and equipment	(41)	-	(57)	(7)
Interest income	(130)	(29)	(270)	(85)
Interest expense	147	2	238	2
Share of result of associate (net of income tax)	33	26	33	48
Unrealised foreign exchange loss	379	(519)	1,916	1,249
Operating cash flows before working capital changes	16,245	9,343	45,383	25,401
Changes in working capital:				
Trade receivables and other current assets	(24)	(1,565)	(5,793)	(4,394)
Inventories	(10,536)	(293)	(17,400)	1,097
Trade and other payables	4,292	4,012	9,132	2,128
Cash generated from operations	9,977	11,497	31,322	24,232
Income tax paid	(1,184)	(1,382)	(1,753)	(2,761)
Net cash generated from operating activities	8,793	10,115	29,569	21,471
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	42	-	59	7
Purchase of property, plant and equipment	(2,256)	(1,156)	(5,899)	(2,323)
Improvement to investment property	-	-	(61)	-
Net cash outflow on acquisition of subsidiaries	-	-	(178)	-
Loan to associate	(2,061)	(268)	(2,403)	(545)
Investment in associate	(33)	-	(33)	(48)
Interest received	130	29	270	85
Net cash used in investing activities	(4,178)	(1,395)	(8,245)	(2,824)
Cash flows from financing activities				
Proceeds from bank borrowings	1,538	-	20,193	1,249
Repayment of bank borrowings	-	(1,000)	-	(1,000)
Dividends paid	(4,292)	(4,292)	(17,166)	(17,166)
Interest paid	(147)	(2)	(238)	(2)
Net cash (used in)/ generated from financing activities	(2,901)	(5,294)	2,789	(16,919)
Net effect of exchange rate changes	(343)	392	(2,408)	(1,445)
Net increase in cash and cash equivalents	1,371	3,818	21,705	283
Cash and cash equivalents at beginning of the period	62,954	35,399	42,620	38,934
Cash and cash equivalents at end of the period	64,325	39,217	64,325	39,217

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

	Group					
	3Q			9 Months Ended		
	30-Sep-17 S\$'000	30-Sep-16 S\$'000	Change %	30-Sep-17 S\$'000	30-Sep-16 S\$'000	Change %
Net Profit for the period	13,400	6,785	97%	35,861	16,634	116%
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	34	(538)	N.M	(530)	(286)	85%
Total comprehensive income for the period	13,434	6,247	115%	35,331	16,348	116%
Attributable to:						
Owners of the Company	13,605	6,247	118%	35,670	16,348	118%
Non-controlling interests	(171)	-	N.M	(339)	-	N.M
	13,434	6,247	115%	35,331	16,348	116%

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.

	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	Total Equity S\$'000
Group					
Balance at 1 January 2016	136,623	(9,146)	66,988	194,465	194,465
Changes in equity for first quarter					
Net profit for the period	-	-	3,380	3,380	3,380
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	1,308	-	1,308	1,308
Total comprehensive income for the quarter	-	1,308	3,380	4,688	4,688
Balance at 31 March 2016	136,623	(7,838)	70,368	199,153	199,153
Changes in equity for second quarter					
Net profit for the period	-	-	6,469	6,469	6,469
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	(1,056)	-	(1,056)	(1,056)
Total comprehensive income for the quarter	-	(1,056)	6,469	5,413	5,413
Dividend paid	-	-	(12,874)	(12,874)	(12,874)
As at 30 June 2016	136,623	(8,894)	63,963	191,692	191,692
Changes in equity for third quarter					
Net profit for the period	-	-	6,785	6,785	6,785
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	(538)	-	(538)	(538)
Total comprehensive income for the quarter	-	(538)	6,785	6,247	6,247
Cancellation of treasury shares and share buy back	-	-	-	-	-
Dividend paid	-	-	(4,292)	(4,292)	(4,292)
As at 30 September 2016	136,623	(9,432)	66,456	193,647	193,647

Group	Share Capital	Foreign Exchange Translation Reserve	Retained Earnings	Total equity attributable to equity holders of the Company	Non-controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2017	136,623	(10,963)	63,830	189,490	-	189,490
Changes in equity for first quarter						
Net profit for the period	-	-	11,168	11,168	-	11,168
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	(1,045)	-	(1,045)	-	(1,045)
Total comprehensive income for the quarter	-	(1,045)	11,168	10,123	-	10,123
Balance at 31 March 2017	<u>136,623</u>	<u>(12,008)</u>	<u>74,998</u>	<u>199,613</u>	<u>-</u>	<u>199,613</u>
Changes in equity for second quarter						
Net profit for the period	-	-	11,482	11,482	(189)	11,293
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	460	-	460	21	481
Total comprehensive income for the quarter	-	460	11,482	11,942	(168)	11,774
Dividend paid	-	-	(12,874)	(12,874)	-	(12,874)
Acquisition of subsidiary with non-controlling interests	-	-	-	-	(1,050)	(1,050)
As at 30 June 2017	<u>136,623</u>	<u>(11,548)</u>	<u>73,606</u>	<u>198,681</u>	<u>(1,218)</u>	<u>197,463</u>
Changes in equity for third quarter						
Net profit for the period	-	-	13,561	13,561	(161)	13,400
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	44	-	44	(10)	34
Total comprehensive income for the quarter	-	44	13,561	13,605	(171)	13,434
Dividend paid	-	-	(4,292)	(4,292)	-	(4,292)
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-
As at 30 September 2017	<u>136,623</u>	<u>(11,504)</u>	<u>82,875</u>	<u>207,994</u>	<u>(1,389)</u>	<u>206,605</u>

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 2016	136,623	-	52,239	188,862
Changes in equity for first quarter				
Net loss for the period	-	-	(566)	(566)
Total comprehensive expenses for the quarter	-	-	(566)	(566)
Balance at 31 March 2016	136,623	-	51,673	188,296
Changes in equity for second quarter				
Net profit for the period	-	-	3,403	3,403
Total comprehensive income for the quarter	-	-	3,403	3,403
Dividend paid	-	-	(12,874)	(12,874)
As at 30 June 2016	136,623	-	42,202	178,825
Changes in equity for third quarter				
Net profit for the period	-	-	16,447	16,447
Total comprehensive income for the quarter	-	-	16,447	16,447
Cancellation of treasury shares and share buy back	-	-	-	-
Dividend paid	-	-	(4,292)	(4,292)
As at 30 September 2016	136,623	-	54,357	190,980

	Share Capital S\$'000	Capital Reserve S\$'000	Retained Earnings S\$'000	Total equity attributable to equity of holders of the Company S\$'000
Company				
Balance at 1 January 2017	136,623	-	54,493	191,116
Changes in equity for first quarter				
Net loss for the period	-	-	(571)	(571)
Total comprehensive expenses for the quarter	-	-	(571)	(571)
Balance at 31 March 2017	136,623	-	53,922	190,545
Changes in equity for second quarter				
Net profit for the period	-	-	8,324	8,324
Total comprehensive income for the quarter	-	-	8,324	8,324
Dividend paid	-	-	(12,874)	(12,874)
As at 30 June 2017	136,623	-	49,372	185,995
Changes in equity for third quarter				
Net profit for the period	-	-	13,805	13,805
Total comprehensive income for the quarter	-	-	13,805	13,805
Dividend paid	-	-	(4,292)	(4,292)
As at 30 September 2017	136,623	-	58,885	195,508

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

There was no change in the Company's issued share capital since last financial year ended 31 December 2016 to 30 September 2017. There are neither treasury shares nor subsidiary holdings as at 30 September 2017 and 30 September 2016.

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

The total number of issued shares excluding treasury shares as at 30 September 2017 was 429,143,947 (31 December 2016: 429,143,947).

- 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 2016 and 30 September 2017.

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 subsidiary holdings as at 30 September 2017.

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 2016.

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 Group has adopted all the new and revised Singapore Financial Reporting Standards (FRS) and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning 1 January 2017.

The adoption of the new/ revised FRS and INT FRS does not result in any significant changes to the accounting policies of the Group and has no material effect on the amounts reported for the current and prior periods.

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

	Group			
	3Q		9 Months Ended	
	30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16
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	3.16 cents	1.58 cents	8.44 cents	3.88 cents
- Weighted average number of shares	429,143,947	429,143,947	429,143,947	429,143,947
(b) On a fully diluted basis	3.16 cents	1.58 cents	8.44 cents	3.88 cents
- Weighted average number of shares	429,143,947	429,143,947	429,143,947	429,143,947

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

	Group		Company	
	30-Sep-17	31-Dec-16	30-Sep-17	31-Dec-16
Net asset per ordinary share based on existing issued share capital as at end of period reported on	48.47 cents	44.16 cents	45.56 cents	44.53 cents

The net asset per outstanding ordinary share as at both the current and the previous financial year have been calculated based on 429,143,947 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
9 Months 2017 Vs 2016

	Group		
	9 Months Ended		
	30-Sep-17	30-Sep-16	Change
	S\$'000	S\$'000	%
Business Segments			
Semiconductor (Semicon)	122,805	69,042	78%
Others	1,028	1,009	2%
	123,833	70,051	77%
Geographical Regions			
Singapore	88,458	42,096	110%
United States of America ('US')	12,753	7,959	60%
Malaysia	3,772	1,290	192%
Others	18,850	18,706	1%
	123,833	70,051	77%

Revenue
3Q2017 Vs 3Q2016

	Group		
	3 Months Ended		
	30-Sep-17	30-Sep-16	Change
	S\$'000	S\$'000	%
Business Segments			
Semiconductor (Semicon)	39,329	25,836	52%
Others	10	246	-96%
	39,339	26,082	51%
Geographical Regions			
Singapore	25,814	16,930	52%
United States of America ('US')	4,089	2,771	48%
Malaysia	2,287	574	298%
Others	7,149	5,807	23%
	39,339	26,082	51%

Revenue

Revenue for the three months ended 30 September ("3Q2017") surged by 51% from S\$26.1 million one year ago ("3Q2016") to S\$39.3 million on the back of robust customer demand in the Semiconductor business segment.

Semiconductor Integrated System sales rose to S\$20.3 million in 3Q2017 – up by 61% from S\$12.6 million in 3Q2016; while Component sales shot up by 44% to S\$19.0 million – from S\$13.2 million during the same period a year ago.

On a sequential basis, revenue in the Semiconductor segment eased 8% from the preceding quarter ("2Q2017"). Revenue in the Group's "Others" segment were lower due to fluctuations in the shipment of its engineering systems.

Geographically, Singapore continues to account for the bulk or 66% of the Group's revenue, contributing S\$25.8 million in 3Q2017. The year-on-year sales increase of 52% (from S\$16.9 million in 3Q2016) was boosted by higher Semiconductor Integrated System sales.

For the nine months ended 30 September 2017 ("9M2017"), both the Group's core business segments reported positive growth year-on-year.

Group revenue jumped 77% to S\$123.8 million from S\$70.1 million in the corresponding period last year ("9M2016"). Semiconductor segment sales climbed 78%, fuelled by a 116% surge in Semiconductor Integrated System revenue to S\$69.1 million from S\$32.0 million last year. Revenue from component sales also grew by 45% from S\$37.1 million in 9M2016 to S\$53.7 million in 9M2017. Sales in the Group's Others segment rose by 2%.

Singapore remains the largest contributor to Group sales - as it recorded a 110% sales surge for the nine months of FY2017 compared to 9M2016, driven mainly by strong demand for Semiconductor Integrated Systems from our key customers. Revenue in US increased 60% vs 9M2016 – benefiting from higher component sales for new system built.

Profitability

Net profit attributable to shareholders in 3Q2017 shot up by 100% to S\$13.6 million from S\$6.8 million in 3Q2016.

The surge in net profit came on the back of the Group's strong sales growth in 3Q2017. The Group also benefited from lower depreciation expenses.

UMS' gross material margin in 3Q2017 increased to 59% from 57% in 3Q2016 mainly due to a change in product mix. In 3QFY2017, the Group has a higher proportion of component sales as compared to the first two quarters of 2017. Component sales command a higher margin compared to integrated systems sales.

During the current quarter, expenses generally are higher due to increased expenses to support the higher level of production activities, consolidation of costs for a new subsidiary and an increase in employee benefits. Depreciation costs fell 23% mainly due to some fixed assets being fully depreciated.

Compared to an exchange gain of about S\$0.7 million in 3Q2016, the Group however, had to bear higher exchange losses due to the depreciation of the US dollar during the period under review.

Income tax expense rose 95% in line with the higher profits.

For the nine months ended on 30 September 2017 ("9M2017"), the Group's net profit attributable to shareholders surged 118% to reach S\$36.2 million from S\$16.6 million in the corresponding year-ago period ("9M2016").

Gross material margin ("9M2017") were marginally lower by 4 percentage points to 54% mainly due to a higher proportion of Integrated Systems sales which command a lower margin compared to component sales.

Depreciation declined during the nine months due to some fixed assets being fully depreciated while expenses rose due to the consolidation of a new subsidiary's results and higher expenses for increased production activities and employee benefits.

The Group's foreign exchange losses also increased due to the depreciation of USD during the period under review.

Cashflow

UMS continued to generate strong cash flow with a positive operating cash flow of S\$8.8M and \$6.6M free cash flow in 3Q2017.

For 9M2017, the Group registered S\$29.6M positive net cash from operating activities and also \$23.7M free cash flow.

Despite the higher material purchases during the quarter and a dividend payout of S\$17.2 million to reward shareholders, the Group continues to enjoy a healthy cash balance of S\$43.9 million net cash and cash equivalents as at 30 Sep 2017.

We expect the Group's cash flow generation to improve even further in 4Q2017.

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

The current announced results are in line with the general prospect commentary previously disclosed to shareholders in the previous announcement made on 11 August 2017. The Group maintains its positive outlook for the industry.

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

Semiconductor shipments are at record levels, driven by the proliferation of connected devices required for automotive, medical, wearables, and high-performance computing applications.

According to SEMI'S Forecast, 2017 fab equipment spending (new and refurbished) is expected to increase by 37 percent, reaching a new annual spending record of about US\$55 billion. The World Fab Forecast also forecasts that fab equipment spending in 2018 will rise further by another 5 percentage points for a new high of about US\$58 billion. The last record spending was in 2011 with about US\$40 billion. The spending in 2017 is now expected to top that by about US\$15 billion.*

These trends augur well for the Group. This is further supported by the robust results of our major customer who has recently posted a sterling 3QFY2017 performance and has projected accelerated growth in the coming quarter.

The outlook for the Group remains bright.

The Group has a strong pipeline of orders from its key customer and will benefit from cost savings by shifting its system integration operations from Singapore to its expanded facilities in Penang as well as higher production output in Malaysia.

The Group also expects to gain from tax incentives secured for its Malaysian operations as its Malaysian subsidiary Ultimate Manufacturing Solutions Sdn Bhd (which will manage the system integration operations) has received in-principle approval for a new 10-Year Pioneer Tax Incentive from MIDA recently.

Barring unforeseen circumstances, FY2017 will remain a profitable year for the Group.

*Source: New Records in Fab Equipment Spending, SEMI (September 12, 2017)

11 Dividend

(a) Current Financial Period Reported

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

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

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

(c) Date payable

15 December 2017.

(d) Books closure date

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of the Company will be closed on 1 December 2017, for the purpose of determining members' entitlements to the Third Interim Dividend of 1.0 cent per ordinary share (tax-exempt one-tier) for the financial year ending 31 December 2017.

Duly completed registrable transfers received by the Company's Share Registrar, RHT Corporate Advisory Pte. Ltd., 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619 up to the close of business at 5.00 p.m. on 30 November 2017 will be registered before entitlement to the Third Interim Dividend are determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 30 November 2017 will be entitled to the Third Interim Dividend.

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

Not applicable.

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

	9 Months Ended 30 September 2017
Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual) S\$'000
Kalf Engineering Pte Ltd Fabrication of water disinfection system (Note 1) Interest expenses from Shareholders loan (Note 3)	 273 120
Sure Achieve Consultant Pte Ltd Consultancy Services charges and commission (Note 2)	 719

Note 1: Kalf Engineering Pte Ltd ("Kalf") is a company in which both executive directors Mr. Luong Andy and Mr. Stanley Loh Meng Chong have an interest. The above aggregate value of Interested person transactions is from 1 January 2017 to 30 March 2017.

On 24 February 2017, the Group entered into a Conditional Subscription agreement with Kalf to subscribe for 51% equity of Kalf's enlarged Shareholdings via issuance of new shares for a total consideration of S\$990,000.

Kalf has become a subsidiary of the Group on 1 April 2017 and the financial results consolidated thereon.

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

The aggregate value of IPT entered into between the Group and Sure Achieve Consultant Pte Ltd for the period ended 30 September 2017 amounted to S\$719,000 which represented approximately 0.55% of the Group's latest audited net tangible assets as at 31 December 2016.

Note 3: Transaction above is with Full City Investments Ltd in which Mr. Luong Andy is a director and shareholder.

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

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

15 Negative confirmation pursuant to Rule 705 (5)

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the 3Q2017 and the period ended 30 September 2017 financial results to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Luong Andy
Chief Executive Officer
10 November 2017