

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

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

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

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2016

	Group		
	3 Months Ended		
	31-Mar-16	31-Mar-15	Change
	S\$'000	S\$'000	%
Revenue	20,362	27,467	-26%
Net finance income (Note (a))	29	14	107%
Changes in inventories	152	2,011	-92%
Raw material purchases and subcontractor charges	(8,279)	(13,898)	-40%
Employee benefits expense	(2,613)	(3,344)	-22%
Depreciation expense	(1,420)	(1,990)	-29%
Other expenses (Note (b))	(2,645)	(2,678)	-1%
Other (charges)/ credits (Note (c))	(1,870)	832	N.M
Share of result of associate (net of tax)	(11)	-	N.M
Profit before income tax	3,705	8,414	-56%
Income tax expense (Note (d))	(325)	(873)	-63%
Net profit for the period from continuing operations	3,380	7,541	-55%
Attributable to:			
Equity holders of the Company	3,380	7,541	-55%
Minority interests	-	-	N.M
	3,380	7,541	-55%
N.M - Not meaningful			

NOTES TO INCOME STATEMENT

Note (a) Net finance income

	Group		
	3 Months Ended		
	31-Mar-16	31-Mar-15	Change
	S\$'000	S\$'000	%
Interest income	29	14	107%
Interest expense	-	-	N.M
Net finance income	29	14	107%

Note (b) Other expenses

	Group		
	3 Months Ended		
	31-Mar-16	31-Mar-15	Change
	S\$'000	S\$'000	%
Legal and professional fees	(304)	(295)	3%
Rental expense (includes leasing of land) (Note (i))	(223)	(381)	-41%
Utilities	(624)	(728)	-14%
Freight charges	(108)	(132)	-18%
Insurance	(141)	(168)	-16%
Upkeep of properties and equipment (Note (ii))	(198)	(27)	633%
Upkeep of machinery (Note (iii))	(542)	(454)	19%
Others	(505)	(493)	2%
	(2,645)	(2,678)	-1%

Note 1 (a)(b)(i) – The decrease in rental expense by S\$0.2M for the period was mainly due to the Group having substantially vacated the premise at 25 Changi North Rise in Nov 2015.

Note 1 (a)(b)(ii) – The increase was mainly due to higher upkeep of properties and equipment carried out during the period.

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

Note (c) Other credits

	Group		
	3 Months Ended		
	31-Mar-16	31-Mar-15	Change
	S\$'000	S\$'000	%
Foreign exchange (loss)/ gain (Note (i))	(1,927)	830	N.M
Gain on disposal of property, plant and equipment	7	-	N.M
Property, plant & equipment written off	(20)	(2)	900%
Inventories written off	-	(24)	-100%
Others	70	28	150%
	(1,870)	832	N.M

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		
	3 Months Ended		
	31-Mar-16	31-Mar-15	Change
	S\$'000	S\$'000	%
Income tax:			
- Current	(325)	(873)	-63%
- Deferred tax	-	-	N.M
	(325)	(873)	-63%

Note 1(a)(d) - 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 Mar 2016 S\$'000	31 Dec 2015 S\$'000	31 Mar 2016 S\$'000	31 Dec 2015 S\$'000
ASSETS				
Current Assets				
Cash and bank balances (Note (ii))	42,780	38,933	437	223
Trade receivables and other current assets	13,552	12,420	2,295	4,226
Inventories	37,513	37,361	-	-
Total Current Assets	93,845	88,714	2,732	4,449
Non-Current Assets				
Investment in subsidiaries (Note (i))	-	-	192,415	192,415
Property, plant and equipment	35,236	34,807	-	-
Investment property	2,356	2,411	-	-
Investment in associate (Note (iii))	37	-	-	-
Loan to associate	142	-	142	-
Goodwill	81,683	81,683	-	-
Total Non-Current Assets	119,454	118,901	192,557	192,415
Total Assets	213,299	207,615	195,289	196,864
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	10,463	9,760	6,981	7,981
Income tax payable	2,268	1,975	12	21
Total Current Liabilities	12,731	11,735	6,993	8,002
Non Current Liabilities				
Deferred tax liabilities	972	972	-	-
Long-term provision *	443	443	-	-
Total Non-Current Liabilities	1,415	1,415	-	-
Total Liabilities	14,146	13,150	6,993	8,002
Capital and Reserves				
Share Capital	136,623	136,623	136,623	136,623
Reserves	(7,838)	(9,146)	-	-
Retained earnings	70,368	66,988	51,673	52,239
Total Equity	199,153	194,465	188,296	188,862
Total Liabilities and Equity	213,299	207,615	195,289	196,864

* Provision for reinstatement of leased premises.

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

The details of the subsidiaries as at 31 March 2016 are as follows:

Name	Effective percentage of equity held by the group		Company's cost of investment	
	31-Mar-2016	31-Dec-2015	31-Mar-2016	31-Dec-2015
	%	%	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
Unquoted equity shares, at cost			216,213	216,213
Less: Provision for impairment			(23,798)	(23,798)
			192,415	192,415
<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 increase in cash and cash equivalents by S\$3.8 million was mainly due to net cash generated from operation activities during the period.

Note 1(b)(i)(iii) – Investment in associate relates to the Group's 10% equity interest investment in All Star Fortress Sdn. Bhd (the " Associate") and the Group's share of the Associate's current period result.

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

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	
	3 Months Ended	
	31-Mar-16	31-Mar-15
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before income tax	3,705	8,414
Adjustments for:		
Depreciation expense	1,420	1,990
Inventories written off	-	24
Property, plant and equipment written off	20	2
Gain on disposal of property, plant and equipment	(7)	-
Interest income	(29)	(14)
Share of result of associate (net of tax)	11	-
Unrealised foreign exchange loss/(gain)	1,918	(623)
Operating cash flows before working capital changes	7,038	9,793
Changes in working capital:		
Trade receivables and other current assets	(1,918)	(4,477)
Inventories	(144)	(2,070)
Trade and other payables	684	3,660
Cash generated from operations	5,660	6,906
Income tax paid	(31)	(295)
Net cash generated from operating activities	5,629	6,611
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	7	-
Purchase of property, plant and equipment	(593)	(200)
Loan to associate	(142)	-
Investment in associate	(48)	-
Interest received	29	14
Net cash used in investing activities	(747)	(186)
Cash flows from financing activities		
Withdrawal of fixed deposit - restricted	-	247
Net cash generated from financing activities	-	247
Net effect of exchange rate changes	(1,036)	586
Net increase in cash and cash equivalents	3,846	7,258
Cash and cash equivalents at beginning of the period	38,934	33,543
Cash and cash equivalents at end of the period	42,780	40,801

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

	Group		
	3 Months Ended		
	31-Mar-16	31-Mar-15	Change
	S\$'000	S\$'000	%
Net Profit for the period	3,380	7,541	-55%
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	1,308	(490)	N.M
Total comprehensive income for the period	4,688	7,051	-34%
Attributable to:			
Equity holders of the Company	4,688	7,051	-34%
Minority interests	-	-	N.M

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
Group				
Balance at 1 January 2015	136,623	(4,263)	58,438	190,798
Changes in equity for first quarter				
Net profit for the period	-	-	7,541	7,541
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	(490)	-	(490)
Total comprehensive income for the quarter	-	(490)	7,541	7,051
Balance at 31 March 2015	136,623	(4,753)	65,979	197,849

	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
Group				
Balance at 1 January 2016	136,623	(9,146)	66,988	194,465
Changes in equity for first quarter				
Net profit for the period	-	-	3,380	3,380
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	1,308	-	1,308
Total comprehensive income for the quarter	-	1,308	3,380	4,688
Balance at 31 March 2016	136,623	(7,838)	70,368	199,153

	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 2015	136,623	-	52,846	189,469
Changes in equity for first quarter				
Net loss for the period	-	-	(614)	(614)
Total comprehensive expenses for the quarter	-	-	(614)	(614)
Balance at 31 March 2015	136,623	-	52,232	188,855

	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 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

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 also the number of shares that may be issued on conversion of all outstanding convertibles, as well as the number of shares held as treasury shares of the issuer, if any, against the total number of issued shares excluding treasury shares 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.

There was no change in the Company's issued share capital since last financial year ended 31 December 2015 to 31 March 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 31 March 2016 was 429,143,947 (31 December 2015: 429,143,947).

1(e)(iv) A statement showing all sales, transfers, disposals, 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 2015 and 31 March 2016.

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 2015.

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 2016.

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	
	3 Months Ended	
	31-Mar-16	31-Mar-15
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	0.79 cents	1.76 cents
- Weighted average number of shares	429,143,947	429,143,947
(b) On a fully diluted basis	0.79 cents	1.76 cents
- Weighted average number of shares	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	
	31-Mar-16	31-Dec-15	31-Mar-16	31-Dec-15
Net asset per ordinary share based on existing issued share capital as at end of period reported on	46.41 cents	45.31 cents	43.88 cents	44.01 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
1Q2016 Vs 1Q2015

	Group		
	3 Months Ended		
	31-Mar-16	31-Mar-15	Change
	S\$'000	S\$'000	%
Business Segments			
Semiconductor (Semicon)	19,608	27,349	-28%
Others	754	118	539%
	20,362	27,467	-26%
Geographical Regions			
Singapore	10,893	14,314	-24%
United States of America ('US')	2,455	7,043	-65%
Others	7,014	6,110	15%
	20,362	27,467	-26%

Revenue

Revenue for the three months ended 31 March 2016 ("1Q2016") decreased by 26% from S\$27.5 million a year ago ("1Q2015") to S\$20.4 million. This was mainly attributed to the current weak global economy. On a sequential basis, revenue in 1Q2016 decreased by 7% from S\$21.9 million in the preceding quarter ("4Q2015").

In 1Q2016, revenue contribution from the Group's semiconductor business segment was lower by 28% to S\$19.6 million compared to S\$27.3 million in the previous corresponding period. However, revenue contributions from the Others segment increased \$0.63 million from S\$0.12 million to S\$0.75 million in the same period from shipments of oil and gas industry products.

Geographically, Singapore continues to account for the majority of the Group's revenue, contributing S\$10.9 million in 1Q2016, a 24% fall from S\$14.3 million in 1Q2015. This was largely attributed to lower semiconductor Integrated System sales. Revenue from United States of America ("US") stood at S\$2.5 million, a 65% decrease from a year ago due to lower component sales while revenue from Others increased 15% from S\$6.1 million in 1Q2015 to S\$7.0 million in 1Q2016 mainly a result of higher shipment of oil and gas industry products.

Profitability

UMS' gross material margin grew by 3% from 57% in 1Q2015 to 60% in 1Q2016 arising from the higher average USD exchange rate.

During the current quarter, employee benefits decreased by 22% to S\$2.6 million from S\$3.3 million in 1Q2015 due to lower bonus provisions. Depreciation expense decreased by 29% to S\$1.4 million from S\$2.0 million in 1Q2015 due to more fixed assets being fully depreciated. Other expenses were relatively flat at S\$2.6 million. Other charges/ (credits) included an S\$1.9 million foreign exchange loss (1Q2015: S\$0.8 million gain), which was largely attributable to the depreciation of US dollar in March 2016.

The provision made for income tax was reduced by 63% to S\$0.3 million in tandem with the lower profit.

As a result of the above-mentioned, net profit in 1Q2016 declined 55% to S\$3.4 million as compared to S\$7.5 million in 1Q2015.

Cashflow

In 1Q2016, UMS continued to generate strong cash flow with a positive operating cash flow of S\$5.6 million and free cash flow of S\$5.0 million.

The Group has no bank borrowings and its net cash and cash equivalents stood at S\$42.8 million as of 31 March 2016.

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 4Q2015 results announcement made on 29 February 2016. Amongst others, the Group had commented that the Group expects business activities in 1H2016 to be subdued.

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.

In line with expectation, the slower orders in the last quarter of FY2015 continued into the first quarter of FY2016, consistent with the slowdown in global economy.

According to most recent edition of the SEMI World Fab Forecast, front-end fab equipment spending (including new, used, and in-house) is projected to increase by 3.7% in 2016 (to US\$ 37.2 billion) and another 13% in 2017 (to \$42.1 billion). The SEMI World Fab Forecast report presents details of fab-related spending through the industry and extends the outlook through the end of 2017. Fab equipment spending is expected to pick up slowly in the first half of 2016, and accelerate into the second half when momentum starts to build for 2017, with a return to double-digit growth rates¹.

The Group has yet to observe a clear pick up in orders from its key customer and expects the second quarter activities of the current year to be relatively subdued.

As announced on 27 Jan 2016, UMS had embarked on its diversification strategy by investing into a Malaysia aerospace manufacturer. It will be a long term investment with significant growth potential into the regional aerospace industry. The investment amount as well as subsequent performance of this investment will not have any material impact to the Group's financial performance in the next 12 months.

Barring unforeseen circumstances, the Board of Directors remains cautiously optimistic that FY2016 will be a profitable year for the Group.

Footnote:

¹Refer to <http://www.semi.org/en/double-digit-growth-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

29 July 2016.

(d) Books closure date

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of the Company will be closed on 12 July 2016 , for the purpose of determining members' entitlements to the First Interim Dividend of 1.0 cent per ordinary share (tax-exempt one-tier) for the financial year ending 31 December 2016.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to the close of business at 5.00 p.m. on 11 July 2016 will be registered before entitlements to the First Interim Dividend are determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 11 July 2016 will be entitled to the First Interim Dividend.

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

Not applicable.

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

	3 Months Ended 31 March 2016
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 (Note 1) Progress payment for water system upgrade	34

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

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 1Q2016 and the period ended 31 March 2016 financial results to be false or misleading in any material respect.

On behalf of the Board

Luong Andy
Chief Executive Officer

Stanley Loh Meng Chong
Executive Director

BY ORDER OF THE BOARD

Luong Andy
Chief Executive Officer
10 May 2016