

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 2016

	Group					
	3Q			9 Months Ended		
	30-Sep-16 S\$'000	30-Sep-15 S\$'000	Change %	30-Sep-16 S\$'000	30-Sep-15 S\$'000	Change %
Revenue	26,082	30,696	-15%	70,051	89,206	-21%
Net finance income (Note (a))	27	33	-18%	83	72	15%
Changes in inventories	355	796	-55%	(1,367)	1,567	N.M
Raw material purchases and subcontractor charges	(11,481)	(14,595)	-21%	(27,905)	(40,454)	-31%
Employee benefits expense	(3,210)	(3,886)	-17%	(8,216)	(10,692)	-23%
Depreciation expense	(1,296)	(1,808)	-28%	(4,281)	(5,784)	-26%
Other expenses (Note (b))	(2,575)	(3,643)	-29%	(7,598)	(9,220)	-18%
Other (charges)/ credits (Note (c))	(341)	1,781	N.M	(2,211)	2,400	N.M
Share of result of associate (net of tax)	(26)	-	N.M	(48)	-	N.M
Profit before income tax	7,535	9,374	-20%	18,508	27,095	-32%
Income tax expense (Note (d))	(750)	(843)	-11%	(1,874)	(2,757)	-32%
Net profit for the period from continuing operations	6,785	8,531	-20%	16,634	24,338	-32%
Attributable to:						
Equity holders of the Company	6,785	8,531	-20%	16,634	24,338	-32%
Minority interests	-	-	N.M	-	-	N.M
	6,785	8,531	-20%	16,634	24,338	-32%

N.M - Not meaningful

NOTES TO INCOME STATEMENT

Note (a) Net finance income

	Group					
	3Q			9 Months Ended		
	30-Sep-16	30-Sep-15	Change	30-Sep-16	30-Sep-15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income	29	33	-12%	85	72	18%
Interest expense	(2)	-	N.M	(2)	-	N.M
Net finance income	27	33	-18%	83	72	15%

Note (b) Other expenses

	Group					
	3Q			9 Months Ended		
	30-Sep-16	30-Sep-15	Change	30-Sep-16	30-Sep-15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Legal and professional fees	(354)	(286)	24%	(976)	(883)	11%
Rental expense (includes leasing of land) (Note (i))	(245)	(412)	-41%	(722)	(1,221)	-41%
Utilities (Note (ii))	(667)	(861)	-23%	(1,973)	(2,376)	-17%
Freight charges	(132)	(173)	-24%	(312)	(421)	-26%
Insurance	(123)	(162)	-24%	(380)	(425)	-11%
Upkeep of properties and equipment (Note (i))	(90)	(681)	-87%	(289)	(756)	-62%
Upkeep of machinery (Note (iii))	(507)	(689)	-26%	(1,456)	(1,916)	-24%
Others	(457)	(379)	21%	(1,490)	(1,222)	22%
	(2,575)	(3,643)	-29%	(7,598)	(9,220)	-18%

Note 1 (a)(b)(i) – The decrease in rental expense by S\$0.2 million for the period was mainly due to the Group having substantially vacated the premise at 25 Changi North Rise in Nov 2015. The Group incurred expenses of S\$0.6 million during that same period for building reinstatement, which was classified under upkeep of properties and equipment.

Note 1 (a)(b)(ii) – The decrease in utilities was mainly due to lower production activities during the period.

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

Note (c) Other (charges)/ credits

	Group					
	3Q			9 Months Ended		
	30-Sep-16	30-Sep-15	Change	30-Sep-16	30-Sep-15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Foreign exchange gain/ (loss) (Note (i))	682	2,411	-72%	(881)	3,023	-129%
Allowance for doubtful non-trade debts	-	(308)	-100%	-	(308)	-100%
Gain on disposal of property, plant and equipment	-	14	-100%	7	14	-50%
Property, plant & equipment written off	-	(211)	-100%	(20)	(213)	-91%
Inventories written off	-	(219)	-100%	-	(243)	-100%
Write back of allowance for inventories obsolescence	-	219	-100%	-	219	-100%
Allowance for inventories obsolescence (Note (ii))	(1,032)	(133)	676%	(1,385)	(133)	941%
Others	9	8	13%	68	41	66%
	(341)	1,781	N.M	(2,211)	2,400	N.M

Note 1(a)(c)(i) - The exchange gain in 3Q2016 was due to appreciation of the US dollar during the period.

Note 1(a)(c)(ii) - The allowance for inventories obsolescence of S\$1.0 million was made in 3Q2016 in line with the Groups' inventory provision policy.

Note (d) Income tax

	Group					
	3Q			9 Months Ended		
	30-Sep-16	30-Sep-15	Change	30-Sep-16	30-Sep-15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Income tax:						
- Current	(750)	(843)	-11%	(1,874)	(2,757)	-32%
- Deferred tax	-	-	N.M	-	-	N.M
	(750)	(843)	-11%	(1,874)	(2,757)	-32%

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	
	30 Sep 2016 S\$'000	31 Dec 2015 S\$'000	30 Sep 2016 S\$'000	31 Dec 2015 S\$'000
ASSETS				
Current Assets				
Cash and bank balances	39,217	38,933	270	223
Trade receivables and other current assets (Note (ii))	16,419	12,420	38	4,226
Inventories (Note (iii))	35,994	37,361	-	-
Total Current Assets	91,630	88,714	308	4,449
Non-Current Assets				
Investment in subsidiaries (Note (i))	-	-	192,415	192,415
Property, plant and equipment	32,972	34,807	-	-
Investment property	2,254	2,411	-	-
Investment in associate (Note (iv))	-	-	-	-
Loan to associate	545	-	545	-
Goodwill	81,683	81,683	-	-
Total Non-Current Assets	117,454	118,901	192,960	192,415
Total Assets	209,084	207,615	193,268	196,864
LIABILITIES AND EQUITY				
Current Liabilities				
Bank borrowings (Note 1(b)(ii))	249	-	-	-
Trade and other payables (Note (v))	12,833	9,760	2,285	7,981
Income tax payable	940	1,975	3	21
Total Current Liabilities	14,022	11,735	2,288	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	15,437	13,150	2,288	8,002
Capital and Reserves				
Share Capital	136,623	136,623	136,623	136,623
Reserves	(9,432)	(9,146)	-	-
Retained earnings	66,456	66,988	54,357	52,239
Total Equity	193,647	194,465	190,980	188,862
Total Liabilities and Equity	209,084	207,615	193,268	196,864

* Provision for reinstatement of leased premises.

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

The details of the subsidiaries as at 30 September 2016 are as follows:

Name	Effective percentage of equity held by the group		Company's cost of investment	
	30-Sep-2016 %	31-Dec-2015 %	30-Sep-2016 S\$'000	31-Dec-2015 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) Unquoted equity shares, at cost	100	100	30,772	30,772
			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)– Trade receivables and other current assets increased by S\$4.0 million, which were mainly due to higher sales during the period.

Note 1(b)(i)(iii)– The decrease in inventories by S\$1.4 million was mainly due to inventories obsolescence provision made during the period.

Note 1(b)(i)(iv) – Investment in associate relates to the Group's 10% equity interest investment in Allstar Manufacturing Sdn Bhd (formerly known as All Star Fortress Sdn. Bhd (the "Associate")) and the Group's share of the Associate's current period result. During the current period, the Group has recognised share of losses of the associate.

Note 1(b)(i)(v)– The increase in trade and other payables by S\$3.1 million was mainly due to higher purchases made during the period.

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 2016			As at 31 Dec 2015		
Secured	Unsecured	Total	Secured	Unsecured	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
-	249	249	-	-	-

Details of any collateral

The Group's borrowings comprise short-term bank borrowings.

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-16 S\$'000	30-Sep-15 S\$'000	30-Sep-16 S\$'000	30-Sep-15 S\$'000
Cash flows from operating activities				
Profit before income tax	7,535	9,374	18,508	27,095
Adjustments for:				
Depreciation expense	1,296	1,808	4,281	5,784
Allowance for doubtful non-trade debts	-	308	-	308
Allowance for inventories obsolescence	1,032	133	1,385	133
Inventories written off	-	219	-	243
Write back of allowance for inventories obsolescence	-	(219)	-	(219)
Property, plant and equipment written off	-	211	20	213
Gain on disposal of property, plant and equipment	-	(14)	(7)	(14)
Interest income	(29)	(33)	(85)	(72)
Interest expense	2	-	2	-
Share of result of associate (net of tax)	26	-	48	-
Unrealised foreign exchange (gain)/ loss	(519)	(1,265)	1,249	(1,530)
Operating cash flows before working capital changes	9,343	10,522	25,401	31,941
Changes in working capital:				
Trade receivables and other current assets	(1,565)	(4,013)	(4,394)	(4,838)
Inventories	(293)	54	1,097	(745)
Trade and other payables	4,012	(838)	2,128	282
Cash generated from operations	11,497	5,725	24,232	26,640
Income tax paid	(1,382)	(1,319)	(2,761)	(2,611)
Net cash generated from operating activities	10,115	4,406	21,471	24,029
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	-	14	7	14
Purchase of property, plant and equipment	(1,156)	(956)	(2,323)	(1,547)
Loan to associate	(268)	-	(545)	-
Investment in associate	-	-	(48)	-
Interest received	29	33	85	72
Net cash used in investing activities	(1,395)	(909)	(2,824)	(1,461)
Cash flows from financing activities				
Proceeds from bank borrowings	-	-	1,249	-
Repayment of bank borrowings	(1,000)	-	(1,000)	-
Dividends paid	(4,292)	(4,292)	(17,166)	(17,166)
Withdrawal of fixed deposit - restricted	-	-	-	247
Interest paid	(2)	-	(2)	-
Net cash used in financing activities	(5,294)	(4,292)	(16,919)	(16,919)
Net effect of exchange rate changes	392	(557)	(1,445)	(937)
Net increase/ (decrease) in cash and cash equivalents	3,818	(1,352)	283	4,712
Cash and cash equivalents at beginning of the period	35,399	39,607	38,934	33,543
Cash and cash equivalents at end of the period	39,217	38,255	39,217	38,255

- 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-16 S\$'000	30-Sep-15 S\$'000	Change %	30-Sep-16 S\$'000	30-Sep-15 S\$'000	Change %
Net Profit for the period	6,785	8,531	-20%	16,634	24,338	-32%
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	(538)	(3,838)	-86%	(286)	(5,631)	-95%
Total comprehensive income for the period	6,247	4,693	33%	16,348	18,707	-13%
Attributable to:						
Equity holders of the Company	6,247	4,693	33%	16,348	18,707	-13%
Minority interests	-	-	N.M	-	-	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	<u>136,623</u>	<u>(4,753)</u>	<u>65,979</u>	<u>197,849</u>
Changes in equity for second quarter				
Net profit for the period	-	-	8,266	8,266
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	(1,303)	-	(1,303)
Total comprehensive income for the quarter	-	(1,303)	8,266	6,963
Dividend paid	-	-	(12,874)	(12,874)
As at 30 June 2015	<u>136,623</u>	<u>(6,056)</u>	<u>61,371</u>	<u>191,938</u>
Changes in equity for third quarter				
Net profit for the period	-	-	8,531	8,531
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	(3,838)	-	(3,838)
Total comprehensive income for the quarter	-	(3,838)	8,531	4,693
Dividend paid	-	-	(4,292)	(4,292)
As at 30 September 2015	<u>136,623</u>	<u>(9,894)</u>	<u>65,610</u>	<u>192,339</u>

Group	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
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
Changes in equity for second quarter				
Net profit for the period	-	-	6,469	6,469
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	(1,056)	-	(1,056)
Total comprehensive income for the quarter	-	(1,056)	6,469	5,413
Dividend paid	-	-	(12,874)	(12,874)
As at 30 June 2016	136,623	(8,894)	63,963	191,692
Changes in equity for third quarter				
Net profit for the period	-	-	6,785	6,785
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	(538)	-	(538)
Total comprehensive income for the quarter	-	(538)	6,785	6,247
Dividend paid	-	-	(4,292)	(4,292)
As at 30 September 2016	136,623	(9,432)	66,456	193,647

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 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
Changes in equity for second quarter				
Net loss for the period	-	-	(608)	(608)
Total comprehensive income for the quarter	-	-	(608)	(608)
Dividend paid	-	-	(12,874)	(12,874)
As at 30 June 2015	136,623	-	38,750	175,373
Changes in equity for third quarter				
Net profit for the period	-	-	13,380	13,380
Total comprehensive income for the quarter	-	-	13,380	13,380
Dividend paid	-	-	(4,292)	(4,292)
As at 30 September 2015	136,623	-	47,838	184,461

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
Dividend paid	-	-	(4,292)	(4,292)
As at 30 September 2016	136,623	-	54,357	190,980

- 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 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 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 30 September 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			
	3Q		9 Months Ended	
	30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-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	1.58 cents	1.99 cents	3.88 cents	5.67 cents
- Weighted average number of shares	429,143,947	429,143,947	429,143,947	429,143,947
(b) On a fully diluted basis	1.58 cents	1.99 cents	3.88 cents	5.67 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-16	31-Dec-15	30-Sep-16	31-Dec-15
Net asset per ordinary share based on existing issued share capital as at end of period reported on	45.12 cents	45.31 cents	44.50 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

9 Months 2016 Vs 2015

Business Segments

Semiconductor (Semicon)
Others

	Group		
	9 Months Ended		
	30-Sep-16 S\$'000	30-Sep-15 S\$'000	Change %
Semiconductor (Semicon)	69,042	88,637	-22%
Others	1,009	569	77%
	<u>70,051</u>	<u>89,206</u>	<u>-21%</u>

Geographical Regions

Singapore
United States of America ('US')
Malaysia
Others

Singapore	42,096	44,757	-6%
United States of America ('US')	7,959	22,269	-64%
Malaysia	1,290	1,196	8%
Others	18,706	20,984	-11%
	<u>70,051</u>	<u>89,206</u>	<u>-21%</u>

Revenue

3Q2016 Vs 3Q2015

Business Segments

Semiconductor (Semicon)
Others

	Group		
	3Q		
	30-Sep-16 S\$'000	30-Sep-15 S\$'000	Change %
Semiconductor (Semicon)	25,836	30,250	-15%
Others	246	446	-45%
	<u>26,082</u>	<u>30,696</u>	<u>-15%</u>

Geographical Regions

Singapore
United States of America ('US')
Malaysia
Others

Singapore	16,930	13,811	23%
United States of America ('US')	2,771	7,783	-64%
Malaysia	574	429	34%
Others	5,807	8,673	-33%
	<u>26,082</u>	<u>30,696</u>	<u>-15%</u>

Revenue

Revenue for the three months ended 30 September 2016 ("3Q2016") decreased by 15% from S\$30.7 million a year ago ("3Q2015") to S\$26.1 million. On a sequential basis, revenue in 3Q2016 increased by 10% from S\$23.6 million in the preceding quarter ("2Q2016").

In 3Q2016, revenue contribution from the Group's semiconductor business segment was lower by 15% to S\$25.8 million compared to S\$30.3 million in the previous corresponding period ("3Q2015"). Compared to 3Q2015, semiconductor Integrated System sales increased by 6% from S\$11.9 million to S\$12.6 million whereas revenue from component sales decreased by 28% from S\$18.3 million to S\$13.2 million.

Geographically, Singapore continues to account for the majority of the Group's revenue, contributing S\$16.9 million in 3Q2016, a 23% increase from S\$13.8 million in 3Q2015. This was largely attributed to higher semiconductor Integrated System sales. Revenue from United States of America ("US") stood at S\$2.7 million, a 64% decrease from a year ago due to lower component sales.

For the nine months ended 30 September 2016 ("9M2016"), the Group's revenue decreased by 21% to S\$70.1 million from S\$89.2 million from the previous corresponding 9 months ("9M2015"). Compared to 9M2015, semiconductor Integrated System sales decreased by 8% from S\$35.3 million to S\$32.0 million whereas revenue from component sales decreased by 30% from S\$53.3 million to S\$37.1 million.

For the same nine months period, the Group's revenue from Singapore decreased by 6% from S\$44.7 million a year ago to S\$42.1 million. Revenue from US decreased by 64% from S\$22.3 million in 9M2015 to S\$8.0 million in 9M2016 while revenue from Others stood at S\$18.7 million, a 11% decrease from S\$21.0 million in 9M2015.

Profitability

For the quarter under review, the Group's gross material margin increased from 55% in 3Q2015 to 57%. During the current quarter, employee benefits decreased by 17% to S\$3.2 million from S\$3.9 million in 3Q2015 mainly due to lower bonus provisions. Depreciation expense decreased by 28% to S\$1.3 million from S\$1.8 million in 3Q2015 due to more fixed assets being fully depreciated. Other expense declined 29% to S\$2.6 million as an effect of lower production activities. Other charges/ credits for 3Q2016 included an allowance for inventories obsolescence of S\$1.0 million partially offset by an exchange gain of S\$0.7 million.

The Group recorded a lower net profit after tax of S\$6.7 million in 3Q2016, as compared to S\$8.5 million in 3Q2015.

For the nine months of 2016, the Group's gross material margin improved from 56% in 9M2015 to 58%. Employee benefits expense decreased 23% to S\$8.2 million for the same reason mentioned above. Depreciation expense in 9M2016 stood at S\$4.2 million as compared to S\$5.8 million in 9M2015 while Other expenses fell 18% from S\$9.2 million in 9M2015 to S\$7.6 million in 9M2016. Other charges/ credits in 9M2016 registered a loss of S\$2.2 million compared to a gain of S\$2.4 million in 9M2015.

As a result of the above, the Group's net profit decreased from S\$24.3 million in 9M2015 to S\$16.6 million in 9M2016.

Cashflow

In 3Q2016, UMS continued to generate strong cash flow with a positive operating cash flow of S\$10.1 million and free cash flow of S\$9.0 million.

For the nine months comparison, the Group generated positive operating cash flow of S\$21.5 million and free cash flow of S\$19.2 million in 9M2016, compared to S\$24.0 million and S\$22.5 million in 9M2015 respectively.

As at 30 September 2016, after a dividend payment of S\$17.2 million, the Group's net cash remained healthy at S\$39.2 million.

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 2Q2016 results announcement made on 12 August 2016. Amongst others, the Group had commented that the Group expected business activities to remain stable.

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 the August update of the World Fab Forecast report by SEMI, the global industry association serving the manufacturing supply chain for the micro- and nano-electronics industries, its latest data showed increasing equipment spending, reaching 4.1 percent YOY in 2016 and 10.6 percent in 2017.

The largest growth drivers for the industry are mobile devices (including devices using SSDs), automotive, and soon anticipated to be IoT, with these applications, in many cases, requiring 3D NAND and Logic 10nm/7nm.

During a recent Analyst briefing, our key customer detailed its innovation leadership strategy to drive sustainable growth, and have forecasted a compound earnings growth of approximately 17% over the next three years.

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

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 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 2 December 2016, 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 2016.

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 1 December 2016 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 1 December 2016 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 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)	
Fabrication of water disinfection system	1,739
Final 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 3Q2016 and the period ended 30 September 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 November 2016