

UMS HOLDINGS LIMITED
COMPANY REGISTRATION NO: 200100340R
Full Year Financial Statement And Dividend Announcement

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

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

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	Group					
	4Q			Full Year Ended		
	31-Dec-16	31-Dec-15	Change	31-Dec-16	31-Dec-15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	34,153	21,884	56%	104,204	111,090	-6%
Net finance income (Note (a))	62	56	11%	145	128	13%
Changes in inventories	(4,269)	2,467	N.M	(5,636)	4,034	N.M
Raw material purchases and subcontractor charges	(14,274)	(7,762)	84%	(42,179)	(48,216)	-13%
Employee benefits expense	(3,333)	(2,825)	18%	(11,549)	(13,517)	-15%
Depreciation expense	(1,153)	(1,641)	-30%	(5,434)	(7,425)	-27%
Other expenses (Note (b))	(2,455)	(2,618)	-6%	(10,053)	(11,838)	-15%
Other (charges)/ credits (Note (c))	(2,502)	109	N.M	(4,713)	2,509	N.M
Share of result of associate (net of income tax)	-	-	N.M	(48)	-	N.M
Profit before income tax	6,229	9,670	-36%	24,737	36,765	-33%
Income tax expense (Note (d))	(272)	291	N.M	(2,146)	(2,466)	-13%
Net profit for the period from continuing operations	5,957	9,961	-40%	22,591	34,299	-34%
Attributable to:						
Equity holders of the Company	5,957	9,961	-40%	22,591	34,299	-34%
Minority interests	-	-	N.M	-	-	N.M
	5,957	9,961	-40%	22,591	34,299	-34%

N.M - Not meaningful

NOTES TO INCOME STATEMENT

Note (a) Net finance income

	Group					
	4Q			Full Year Ended		
	31-Dec-16	31-Dec-15	Change	31-Dec-16	31-Dec-15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income from cash and cash equivalents	35	46	-24%	120	118	2%
Interest income from an associate	18	-	N.M	18	-	N.M
Unwinding discount on long-term provision	10	10	0%	10	10	0%
Interest expense from bank borrowings	(1)	-	N.M	(3)	-	N.M
Net finance income	62	56	11%	145	128	13%

Note (b) Other expenses

	Group					
	4Q			Full Year Ended		
	31-Dec-16	31-Dec-15	Change	31-Dec-16	31-Dec-15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Legal and professional fees	(316)	(362)	-13%	(1,292)	(1,245)	4%
Rental expense	(274)	(335)	-18%	(1,099)	(1,556)	-29%
Utilities (Note (ii))	(632)	(579)	9%	(2,605)	(2,955)	-12%
Freight charges	(127)	(111)	14%	(439)	(532)	-17%
Insurance	(82)	(109)	-25%	(462)	(534)	-13%
Upkeep of properties and equipment (Note (i))	(188)	20	N.M	(477)	(736)	-35%
Upkeep of machinery (Note (iii))	(405)	(706)	-43%	(1,861)	(2,622)	-29%
Others	(431)	(436)	-1%	(1,818)	(1,658)	10%
	(2,455)	(2,618)	-6%	(10,053)	(11,838)	-15%

Note 1 (a)(b)(i) – The decrease in rental expense by S\$0.5 million for the year 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 for building reinstatement in year 2015, which was classified under upkeep of properties and equipment.

Note 1 (a)(b)(ii) – The decrease in utilities by S\$0.4 million for the year was mainly due to lower average electricity tariff rates as compared to last year and lower production volume during the first half of the year.

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

Note (c) Other (charges)/ credits

	Group					
	4Q			Full Year Ended		
	31-Dec-16	31-Dec-15	Change	31-Dec-16	31-Dec-15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Foreign exchange gain/ (loss) (Note (i))	2,102	(130)	-1717%	1,221	2,893	-58%
Write back for doubtful trade debts	-	36	-100%	-	36	-100%
Impairment of goodwill (Note (ii))	(1,600)	-	N.M	(1,600)	-	N.M
Allowance for doubtful non-trade debts	-	-	N.M	-	(308)	-100%
Gain on disposal of property, plant and equipment	-	6	-100%	7	20	-65%
Property, plant & equipment written off	-	-	N.M	(20)	(213)	-91%
Inventories written off	(780)	(195)	300%	(780)	(438)	78%
Allowance for inventories obsolescence (Note (iii))	(2,277)	(509)	347%	(3,662)	(642)	470%
Write back of allowance for inventories obsolescence	-	798	-100%	-	1,017	-100%
Others	53	103	-49%	121	144	-16%
	(2,502)	109	N.M	(4,713)	2,509	N.M

Note 1(a)(c)(i) - The exchange gain was due to the appreciation of the US dollar during 4Q2016.

Note 1(a)(c)(ii) - This relates to partial impairment recognized on the goodwill arising from the acquisition of Integrated Manufacturing Technologies Inc.

Note 1(a)(c)(iii) - The allowance for inventories obsolescence of S\$2.3 million was made in 4Q2016 in line with the Groups' inventory provision policy.

Note (d) Income tax

	Group					
	4Q			Full Year Ended		
	31-Dec-16	31-Dec-15	Change	31-Dec-16	31-Dec-15	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Income tax:						
- Current	(1)	(74)	-99%	(1,875)	(2,831)	-34%
- Deferred tax	(271)	365	-174%	(271)	365	-174%
	(272)	291	N.M	(2,146)	(2,466)	-13%

Note 1(a)(d) - The decrease in current income tax was mainly due to lower profits during the year.

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

	Group		Company	
	31 Dec 2016 S\$'000	31 Dec 2015 S\$'000	31 Dec 2016 S\$'000	31 Dec 2015 S\$'000
ASSETS				
Current Assets				
Cash and bank balances	42,620	38,933	329	223
Trade receivables and other current assets (Note (ii))	20,944	12,420	3,618	4,226
Inventories (Note (iii))	31,725	37,361	-	-
Total Current Assets	95,289	88,714	3,947	4,449
Non-Current Assets				
Investment in subsidiaries (Note (i))	-	-	192,415	192,415
Property, plant and equipment	31,704	34,807	-	-
Investment property	2,284	2,411	-	-
Investment in associate (Note (iv))	-	-	-	-
Loan to associate	828	-	828	-
Goodwill	80,083	81,683	-	-
Total Non-Current Assets	114,899	118,901	193,243	192,415
Total Assets	210,188	207,615	197,190	196,864
LIABILITIES AND EQUITY				
Current Liabilities				
Bank borrowings (Note 1 (b) (ii))	249	-	-	-
Trade and other payables (Note (v))	16,563	9,760	6,067	7,981
Income tax payable	2,210	1,975	7	21
Total Current Liabilities	19,022	11,735	6,074	8,002
Non Current Liabilities				
Deferred tax liabilities	1,243	972	-	-
Long-term provision *	433	443	-	-
Total Non-Current Liabilities	1,676	1,415	-	-
Total Liabilities	20,698	13,150	6,074	8,002
Capital and Reserves				
Share Capital	136,623	136,623	136,623	136,623
Reserves	(10,963)	(9,146)	-	-
Retained earnings	63,830	66,988	54,493	52,239
Total Equity	189,490	194,465	191,116	188,862
Total Liabilities and Equity	210,188	207,615	197,190	196,864

* Provision for reinstatement of leased premises.

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

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

Name	Effective percentage of equity held by the group		Company's cost of investment	
	31-Dec-2016	31-Dec-2015	31-Dec-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
			<hr/>	
Unquoted equity shares, at cost			216,213	216,213
Less: Provision for impairment			(23,798)	(23,798)
			<hr/>	
			192,415	192,415
			<hr/>	
<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\$8.5 million, which were mainly due to higher sales during the period.

Note 1(b)(i)(iii)– The decrease in inventories by S\$5.6 million was mainly due to inventories written off and inventory 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\$6.8 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 31 Dec 2016			As at 31 Dec 2015		
Secured S\$'000	Unsecured S\$'000	Total S\$'000	Secured S\$'000	Unsecured S\$'000	Total S\$'000
-	249	249	-	-	-

Details of any collateral

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

Not applicable.

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

	Group			
	4Q		Full Year Ended	
	31-Dec-16 S\$'000	31-Dec-15 S\$'000	31-Dec-16 S\$'000	31-Dec-15 S\$'000
Cash flows from operating activities				
Profit before income tax	6,229	9,670	24,737	36,765
Adjustments for:				
Impairment of goodwill	1,600	-	1,600	-
Depreciation expense	1,153	1,641	5,434	7,425
Allowance for doubtful non-trade debts	-	-	-	308
Write back for doubtful trade debts	-	(36)	-	(36)
Allowance for inventories obsolescence	2,277	509	3,662	642
Inventories written off	780	195	780	438
Write back of allowance for inventories obsolescence	-	(798)	-	(1,017)
Property, plant and equipment written off	-	-	20	213
Unwinding discount on long-term provision	(10)	(10)	(10)	(10)
Gain on disposal of property, plant and equipment	-	(6)	(7)	(20)
Interest income	(53)	(46)	(138)	(118)
Interest expense	1	-	3	-
Share of result of associate (net of income tax)	-	-	48	-
Unrealised foreign exchange (gain)/ loss	(1,366)	405	(117)	(1,125)
Operating cash flows before working capital changes	10,611	11,524	36,012	43,465
Changes in working capital:				
Trade receivables and other current assets	(4,199)	4,458	(8,593)	(380)
Inventories	160	(3,375)	1,257	(4,120)
Trade and other payables	5,742	(709)	7,870	(427)
Cash generated from operations	12,314	11,898	36,546	38,538
Income tax paid	84	(155)	(2,677)	(2,766)
Net cash generated from operating activities	12,398	11,743	33,869	35,772
Cash flows from investing activities				
Proceeds from disposal of plant and equipment	-	6	7	20
Purchase of plant and equipment	(302)	(2,931)	(2,625)	(4,478)
Improvement to investment property	(65)	-	(65)	-
Loan to associate	(283)	-	(828)	-
Investment in associate	-	-	(48)	-
Interest received	53	46	138	118
Net cash used in investing activities	(597)	(2,879)	(3,421)	(4,340)
Cash flows from financing activities				
Proceeds from bank borrowings	-	-	1,249	-
Repayment of bank borrowings	-	-	(1,000)	-
Dividends paid	(8,583)	(8,583)	(25,749)	(25,749)
Withdrawal of fixed deposit - restricted	-	-	-	247
Interest paid	(1)	-	(3)	-
Net cash used in financing activities	(8,584)	(8,583)	(25,503)	(25,502)
Net effect of exchange rate changes	186	397	(1,259)	(540)
Net increase in cash and cash equivalents	3,403	678	3,686	5,390
Cash and cash equivalents at beginning of the period	39,217	38,255	38,934	33,543
Cash and cash equivalents at end of the period	42,620	38,933	42,620	38,933
Fixed deposit - restricted in use			-	-
Cash and cash equivalents in the Balance Sheet			42,620	38,933

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

	Group					
	4Q			Full Year Ended		
	31-Dec-16 S\$'000	31-Dec-15 S\$'000	Change %	31-Dec-16 S\$'000	31-Dec-15 S\$'000	Change %
Net Profit for the period	5,957	9,961	-40%	22,591	34,299	-34%
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	(1,531)	748	N.M	(1,817)	(4,883)	-63%
Total comprehensive income for the period	4,426	10,709	-59%	20,774	29,416	-29%
Attributable to:						
Equity holders of the Company	4,426	10,709	-59%	20,774	29,416	-29%
Minority interests	-	-	N.M	-	-	N.M

The exchange loss on translation of foreign operations was mainly due to the depreciation of the Malaysian Ringgit.

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>
Changes in equity for fourth quarter				
Net profit for the period	-	-	9,961	9,961
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	748	-	748
Total comprehensive income for the quarter	-	748	9,961	10,709
Dividend paid	-	-	(8,583)	(8,583)
As at 31 December 2015	<u>136,623</u>	<u>(9,146)</u>	<u>66,988</u>	<u>194,465</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	<u>136,623</u>	<u>(7,838)</u>	<u>70,368</u>	<u>199,153</u>
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	<u>136,623</u>	<u>(8,894)</u>	<u>63,963</u>	<u>191,692</u>
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	<u>136,623</u>	<u>(9,432)</u>	<u>66,456</u>	<u>193,647</u>
Changes in equity for fourth quarter				
Net profit for the period	-	-	5,957	5,957
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	(1,531)	-	(1,531)
Total comprehensive income for the quarter	-	(1,531)	5,957	4,426
Dividend paid	-	-	(8,583)	(8,583)
As at 31 December 2016	<u>136,623</u>	<u>(10,963)</u>	<u>63,830</u>	<u>189,490</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 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 expenses 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
Changes in equity for fourth quarter				
Net profit for the period	-	-	12,984	12,984
Total comprehensive income for the quarter	-	-	12,984	12,984
Dividend paid	-	-	(8,583)	(8,583)
As at 31 December 2015	136,623	-	52,239	188,862

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
Changes in equity for forth quarter				
Net profit for the period	-	-	8,719	8,719
Total comprehensive income for the quarter	-	-	8,719	8,719
Dividend paid	-	-	(8,583)	(8,583)
As at 31 December 2016	136,623	-	54,493	191,116

- 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 December 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 December 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 December 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			
	4Q		Full Year Ended	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-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	1.39 cents	2.32 cents	5.26 cents	7.99 cents
- Weighted average number of shares	429,143,947	429,143,947	429,143,947	429,143,947
(b) On a fully diluted basis	1.39 cents	2.32 cents	5.26 cents	7.99 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	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Net asset per ordinary share based on existing issued share capital as at end of period reported on	44.16 cents	45.31 cents	44.53 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

Full Year 2016 Vs 2015

	Group		
	Full Year Ended		
	31-Dec-16 S\$'000	31-Dec-15 S\$'000	Change %
Business Segments			
Semiconductor (Semicon)	101,409	110,126	-8%
Others	2,795	964	190%
	<u>104,204</u>	<u>111,090</u>	<u>-6%</u>
Geographical Regions			
Singapore	67,188	54,603	23%
United States of America ('US')	10,783	26,585	-59%
Malaysia	1,959	1,597	23%
Others	24,274	28,305	-14%
	<u>104,204</u>	<u>111,090</u>	<u>-6%</u>

Revenue

4Q2016 Vs 4Q2015

	Group		
	4Q		
	31-Dec-16 S\$'000	31-Dec-15 S\$'000	Change %
Business Segments			
Semiconductor (Semicon)	32,367	21,488	51%
Others	1,786	396	351%
	<u>34,153</u>	<u>21,884</u>	<u>56%</u>
Geographical Regions			
Singapore	25,093	9,855	155%
United States of America ('US')	2,824	4,307	-34%
Malaysia	669	401	67%
Others	5,567	7,321	-24%
	<u>34,153</u>	<u>21,884</u>	<u>56%</u>

Revenue

UMS revenue for the three months ended 31 December 2016 ("4Q2016") jumped 56% to S\$34.2 million, as compared to S\$21.9 million in the previous corresponding period ("4Q2015"). This was mainly due to higher semiconductor component and integrated system sales during 4Q2016. Quarter-on-quarter, UMS 4Q2016 revenue increased by 31% from S\$26.1 million in the preceding quarter ("3Q2016"). This was attributed to strong customers demand in the global semiconductor market this quarter.

Segmentally, revenue in the Semicon segment soared 51% to S\$32.4 million in 4Q2016 from S\$21.5 million in 4Q2015. Compared to 4Q2015, semiconductor Integrated System sales increased by 155% from S\$7.3 million to S\$18.5 million whereas revenue from component sales decreased by 2% from S\$14.2 million to S\$13.9 million. Revenue contribution from the Others segment increased by 351% to S\$1.8 million in 4Q2016, compared to that of S\$0.4 million a year ago. This was a result of the shipment of water disinfection systems to Kalf Engineering Pte Ltd (see Note 13). Compared to the preceding quarter of 3Q2016, 4Q2016 revenue from Semicon segment increased by 25% whilst Others segment increased by 626%.

Geographically, Singapore continued to be the key revenue contributor of UMS, contributing S\$25.1 million in 4Q2016 which is a 155% jump as compared to S\$9.9 million in 4Q2015. This is mainly due to higher semiconductor integrated system sales. For the same period, revenue from the US in 4Q2016 decreased by 34% to S\$2.8 million as compared to S\$4.3 million in 4Q2015, while revenue from Others also decreased 24% from S\$7.3 million in 4Q2015 to S\$5.6 million in 4Q2016. The decrease in sales is mainly due to lower component sales.

For the year ended 31 December 2016 ("FY2016"), UMS revenue decreased 6% to S\$104.2 million, compared to S\$111.1 million a year ago ("FY2015"). The decline in revenue was mainly due to weaker performance during the first half of this year. Similarly, revenue from Semicon segment decrease 8% to S\$101.4 million in FY2016 from S\$110.1 million in FY2015. Compared to FY2015, semiconductor Integrated System sales increased by 19% from S\$42.6 million to S\$50.5 million whereas revenue from component sales decreased by 25% from S\$67.6 million to S\$50.9 million. Revenue from Others segment increased 190% from S\$1 million in FY2015 to S\$2.8 million in FY2016.

Over the same period, UMS revenue from Singapore in FY2016 increased by 23% from S\$54.6 million in FY2015 to S\$67.2 million in FY2016. Revenue in US decreased by 59% in FY2016 to S\$10.8 million from S\$26.6 million in FY2015, while revenue from Others decreased by 14% from S\$28.3 million in FY2015 to S\$24.3 million in FY2016.

Profitability

In 4Q2016, UMS's gross material margin decreased to 46% as a result of change in product mix. Employee benefits expense increased by 18% from S\$2.8 million in 4Q2015 to S\$3.3 million in 4Q2016 due to higher headcount and overtime costs incurred to achieve higher production output as well as higher bonus provisions. Depreciation expenses decreased from S\$1.6 million in 4Q2015 to S\$1.2 million in 4Q2016 due to some assets being fully depreciated.

Other expenses decreased by 6% from S\$2.6 million in 4Q2015 to S\$2.5 million in 4Q2016 mainly due to lower maintenance of machinery and equipment carried out during the quarter. Other credits/charges recorded a charge of S\$2.5 million in 4Q2016 as compared to a credit of S\$0.1 million in 4Q2015. The charge was a result of a partial impairment recognised on the goodwill arising from the acquisition of Integrated Manufacturing Technologies Inc (S\$1.6 million), inventory provisions of S\$2.3 million, S\$0.8 million of inventory written off, partially offset by exchange gain (S\$2.1 million) resulting from the appreciation of USD against SGD in 4Q2016. In 4Q2016, the management assessed the recoverability of the investment in Integrated Manufacturing Technologies Inc ("IMT-US). In view of the underperformance of the company, a goodwill impairment of S\$1.6 million was calculated based on the recoverable amounts of IMT-US, value in use calculation using forecast earnings and cash flows at that time.

UMS's net profit decrease to S\$6.0 million in 4Q2016, from S\$10.0 million in 4Q2015.

In FY2016, UMS' gross material margin decreased to 54% as compared to 60% in FY2015 as a result of change in product mix. Employee benefits expense decreased by 15% from S\$13.5 million in FY2015 to S\$11.5 million in FY2016. Depreciation expense decreased from S\$7.4 million in FY2015 to S\$5.4 million in FY2016.

Other expenses saw a decrease of 15% from S\$11.8 million in FY2015 to S\$10.1 million in FY2016. In line with the lower profit, income tax expense also decrease. The higher effective tax rate in FY2016 when compared to that of FY2015, was mainly due to lower PIC tax benefits claimed in FY2016 as compared to FY2015.

As a result of the above, UMS recorded a net profit of S\$22.6 million for FY2016, a 34% decrease from S\$34.3 million in FY2015.

Cashflow

In line with UMS' cash flow generating capabilities, the Group registered a positive operating cash flow of S\$12.4 million and free cash flow of S\$12.0 million in 4Q2016, as compared to S\$11.7 million and S\$8.8 million respectively in 4Q2015. The Group was able to generate comparatively high cash flow mainly because many expenses recorded in the income statement were non-cash in nature.

For the full year, UMS generated a positive operating cash flow of S\$33.9 million and free cash flow of S\$31.2 million, as compared to S\$35.8 million and S\$31.3 million respectively in FY2015.

As of 31 December 2016, despite paying dividend of S\$25.7 million, the Group achieved net cash and cash equivalents of \$42.6 million, surpassing last year's record of S\$38.9 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 3Q2016 results announcement made on 10 November 2016. Amongst others, the Group had commented that the Group expects semiconductor fab equipment spending to gain momentum through the end of the year.

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.

SEMI, the global industry association representing more than 2,000 companies in the electronics manufacturing supply chain, reported in their SEMI Year-end Forecast released in December 2016 that worldwide sales of new semiconductor manufacturing equipment are projected to increase 8.7 percent to \$39.7 billion in 2016. SEMI has also projected that in 2017, another 9.3 percent growth is expected, resulting in a global semiconductor equipment market totaling \$43.4 billion.

For 2016, Taiwan and South Korea are projected to remain the largest spending regions, with China joining the top three for the first time. Rest of World (essentially Southeast Asia), will lead in growth with 87.7 percent, followed by China at 36.6 percent and Taiwan at 16.8 percent.

SEMI forecasts that in 2017, equipment sales in Europe will climb the most, 51.7 percent, to a total of \$2.8 billion, following a 10.0 percent contraction in 2016. In 2017, Taiwan, Korea and China are forecast to remain the top three markets, with Taiwan maintaining the top spot even with a 9.2 percent decline to total \$10.2 billion. Equipment sales to Korea are forecast at \$9.7 billion, while equipment sales to China are expected to reach \$7.0 billion.

The Group has recently renewed its integrated system business contract with its key customer for another 3 years, with the option to further extend another 3 years, upon reasonable and mutually agreed terms and conditions. This puts the Group in a good position to benefit from the industry growth and also adds stability to its revenue base.

As announced on 24 Feb 2017, UMS will continue to pursue its diversification strategy by investing into a Singapore water and chemical engineering solution company. The investment amount as well as subsequent performance of this investment is not expected to have a material impact to the Group's financial performance in the next 12 months, (Please see separate announcement for more detail).

Barring unforeseen circumstances, the Board of Directors is optimistic that FY2017 will be a profitable year for the Group.

References:

- <http://www.emsnow.com/npps/story.cfm?pg=story&id=60043>
- <http://semiengineering.com/fab-tool-biz-faces-challenges-in-2017>

11 Dividend

(a) Current Financial Period Reported

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

Name of Dividend	Proposed Final Dividend	Proposed Special Dividend
Dividend Type	Cash	Cash
Dividend Amount (SGD)	2.0 cents per ordinary share, (tax exempt one-tier)	1.0 cents per ordinary share, (tax exempt one-tier)
Tax rate	Not applicable	Not applicable

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	Proposed Final Dividend	Proposed Special Dividend
Dividend Type	Cash	Cash
Dividend Amount (SGD)	2.0 cents per ordinary share, (tax exempt one-tier)	1.0 cents per ordinary share, (tax exempt one-tier)
Tax rate	Not applicable	Not applicable

(c) Date payable

The proposed Final Dividend and Special Dividend, if approved at the forthcoming Annual General Meeting of the Company, will be paid on 30 May 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 9 May 2017, for the purpose of determining members' entitlements to the Final Dividend of 2.0 cents per ordinary share and Special Dividend of 1.0 cent per ordinary share (tax-exempt one-tier) for the financial year ended 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 8 May 2017 will be registered before entitlement to the Proposed Final Dividend and Special Dividend are determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 8 May 2017 will be entitled to the Proposed Final Dividend and Special Dividend.

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

Not applicable.

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

	Year Ended 31 December 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	2,176
Final payment for water system upgrade	34

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.

On 24 Feb 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.

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

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

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

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

Business Segments

	<u>Semiconductor</u>		<u>Others</u>		<u>Total for continuing operations</u>	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Group						
Total segment sales	144,128	157,657	2,795	964	146,923	158,621
Inter-segment sales	(42,719)	(47,531)	-	-	(42,719)	(47,531)
Sales to external parties	101,409	110,126	2,795	964	104,204	111,090
Segment results	24,027	36,319	710	446	24,737	36,765
Material non-cash items include:						
Depreciation expense	5,324	7,207	110	218	5,434	7,425
Property, plant and equipment written off	20	213	-	-	20	213
Allowance for doubtful debt (non-trade)	-	-	-	308	-	308
Inventory written off	780	242	-	196	780	438
Allowance/ (Reversal) of inventories obsolescence, net	3,662	(179)	-	(196)	3,662	(375)
Impairment of goodwill	1,600	-	-	-	1,600	-
Total assets	354,419	350,890	79	101	354,498	350,991
Total assets includes:						
Additions to property, plant and equipment	2,625	4,478	-	-	2,625	4,478
Improvement to investment property	65	-	-	-	65	-
Total liabilities	38,190	33,782	-	-	38,190	33,782

	Group	
	2016 S\$'000	2015 S\$'000
Adjusted EBITDA for reportable segments	28,427	44,062
Goodwill impairment	1,600	-
Depreciation	(5,435)	(7,425)
Finance expense	(3)	-
Finance income	148	128
Profit before income tax	24,737	36,765

Geographical Segments

	Singapore		USA		Malaysia		Others		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group										
Total sales to external parties	67,188	54,603	10,783	26,585	1,959	1,597	24,274	28,305	104,204	111,090
Other geographical information:										
Non-current assets:										
Property, plant and equipment	8,732	7,908	102	111	22,870	26,788	-	-	31,704	34,807
Improvement to Investment property	2,284	2,411	-	-	-	-	-	-	2,284	2,411
Goodwill	79,159	80,759	-	-	924	924	-	-	80,083	81,683
	<u>90,175</u>	<u>91,078</u>	<u>102</u>	<u>111</u>	<u>23,794</u>	<u>27,712</u>	<u>-</u>	<u>-</u>	<u>114,071</u>	<u>118,901</u>

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

	Group	
	<u>2016</u>	<u>2015</u>
	S\$'000	S\$'000
Total asset for reportable segments from continued operations	354,498	350,991
Elimination of inter-segment receivables	(144,310)	(143,376)
Total assets	<u>210,188</u>	<u>207,615</u>

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

	Group	
	<u>2016</u>	<u>2015</u>
	S\$'000	S\$'000
Total liabilities for reportable segments from continued operations	38,190	33,782
Elimination of inter-segment payables	(17,492)	(20,632)
Total liabilities	<u>20,698</u>	<u>13,150</u>

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

Not applicable.

17 A breakdown of sales as follows:

		Group		
		<u>2016</u>	<u>2015</u>	<u>Change</u>
		S\$'000	S\$'000	%
(a)	Sales reported for first half	43,696	58,510	-25%
(b)	Operating profit after tax before deducting minority interests reported for first half year	9,849	15,807	-38%
(c)	Sales reported for second half	60,508	52,580	15%
(d)	Operating profit after tax before deducting minority interests reported for second half year	12,742	18,492	-31%

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

	2016	2015
Ordinary	S\$'000	S\$'000
Interim Dividend	12,875	12,875
Final Dividend	8,583	8,583
Special Dividend	4,291	4,291
Total	25,749	25,749

The Final Dividend and Special Dividend for FY2015 were approved at the Annual General Meeting of the Company on 30 April 2016 and paid on 30 May 2016. The proposed Final Dividend and Special Dividend for FY2016, if approved at the forthcoming Annual General Meeting of the Company, will be paid on 30 May 2017.

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

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

BY ORDER OF THE BOARD

Luong Andy
Chief Executive Officer
28 February 2017