

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 2014

	Group					
	3Q			9 Months Ended		
	30-Sep-14 S\$'000	30-Sep-13 S\$'000	Change %	30-Sep-14 S\$'000	30-Sep-13 S\$'000	Change %
Revenue	24,771	25,375	-2%	87,769	86,041	2%
Net finance income/ (expenses) (Note (a))	4	12	-67%	29	(30)	N.M
Changes in inventories	1,156	1,167	-1%	(2,267)	1,768	N.M
Raw material purchases and subcontractor charges	(12,595)	(13,037)	-3%	(37,726)	(44,418)	-15%
Employee benefits expense	(3,162)	(2,926)	8%	(9,356)	(9,109)	3%
Depreciation expense	(2,002)	(1,802)	11%	(5,836)	(5,866)	-1%
Other expenses (Note (b))	(2,904)	(2,979)	-3%	(9,187)	(8,936)	3%
Other credits /(charges) (Note (c))	535	(360)	N.M	245	462	-47%
Profit before income tax	5,803	5,450	6%	23,671	19,912	19%
Income tax expense (Note (d))	(338)	(641)	-47%	(2,419)	(2,010)	20%
Net profit for the period from continuing operations	5,465	4,809	14%	21,252	17,902	19%
Attributable to:						
Equity holders of the Company	5,465	4,809	14%	21,252	17,902	19%
Minority interests	-	-	N.M	-	-	N.M
	5,465	4,809	14%	21,252	17,902	19%

N.M - Not meaningful

NOTES TO INCOME STATEMENT

Note (a) Net finance income/ (expenses)

	Group					
	3Q			9 Months Ended		
	30-Sep-14	30-Sep-13	Change	30-Sep-14	30-Sep-13	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income	15	12	25%	47	36	31%
Interest expense	(11)	-	N.M	(18)	(66)	-73%
Net finance income/ (expenses)	4	12	-67%	29	(30)	N.M

Note (b) Other expenses

	Group					
	3Q			9 Months Ended		
	30-Sep-14	30-Sep-13	Change	30-Sep-14	30-Sep-13	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Legal and professional fees (Note (i))	(283)	(337)	-16%	(913)	(848)	8%
Rental expense (includes leasing of land)	(386)	(374)	3%	(1,176)	(1,180)	0%
Utilities	(969)	(908)	7%	(2,891)	(2,928)	-1%
Freight charges (Note (ii))	(162)	(118)	37%	(490)	(525)	-7%
Insurance	(120)	(118)	2%	(354)	(311)	14%
Upkeep of properties and equipment (Note (iii))	(42)	(182)	-77%	(168)	(264)	-36%
Upkeep of machinery (Note (iv))	(516)	(489)	6%	(1,858)	(1,422)	31%
Others	(426)	(453)	-6%	(1,337)	(1,458)	-8%
	(2,904)	(2,979)	-3%	(9,187)	(8,936)	3%

Note 1 (a)(b)(i) – Included in legal and professional fees is an amount payable to Sure Achieve Enterprises Pte Ltd. Refer to note 13.

Note 1 (a)(b)(ii) – The increase was mainly due to increase in freight rates during the period.

Note 1 (a)(b)(iii) – The decrease was mainly due to lower maintenance requirement during the period.

Note 1 (a)(b)(iv) – The increase was mainly due to higher maintenance requirement during the period .

Note (c) Other credits/ (charges)

	Group					
	3Q			9 Months Ended		
	30-Sep-14	30-Sep-13	Change	30-Sep-14	30-Sep-13	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Foreign exchange gains/ (losses) (Note (i))	525	(210)	N.M	30	1,065	-97%
Gain on disposal of property, plant and equipment	1	93	-99%	40	129	-69%
Property, plant & equipment written off	(2)	(9)	-78%	(2)	(9)	-78%
Write back of allowance for inventories obsolescence	-	-	N.M	105	-	N.M
Allowance for inventories obsolescence	-	(210)	-100%	-	(747)	-100%
Others	11	(24)	-146%	72	24	200%
	535	(360)	N.M	245	462	-47%

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

Note (d) Income tax

	Group					
	3Q			9 Months Ended		
	30-Sep-14	30-Sep-13	Change	30-Sep-14	30-Sep-13	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Income tax:						
- Current	(338)	(641)	-47%	(2,419)	(2,010)	20%
- Deferred tax	-	-	N.M	-	-	N.M
	(338)	(641)	-47%	(2,419)	(2,010)	20%

Note 1(a)(d) - The increase in year-to-date current income tax provision is in line with higher profits this 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	
	30 Sep 2014 S\$'000	31 Dec 2013 S\$'000	30 Sep 2014 S\$'000	31 Dec 2013 S\$'000
ASSETS				
Current Assets				
Cash and bank balances (Note (ii))	32,947	29,236	1,065	621
Trade receivables and other current assets (Note (iii))	14,505	21,383	560	5,843
Inventories (Note (iv))	35,054	37,193	-	-
Total Current Assets	82,506	87,812	1,625	6,464
Non-Current Assets				
Investment in subsidiaries (Note (i))	-	-	192,415	192,415
Property, plant and equipment	43,458	43,419	-	-
Investment property	2,683	2,848	-	-
Goodwill	81,683	81,683	-	-
Total Non-Current Assets	127,824	127,950	192,415	192,415
Total Assets	210,330	215,762	194,040	198,879
LIABILITIES AND EQUITY				
Current Liabilities				
Bank borrowings	-	-	-	-
Trade and other payables (Note (iv))	10,614	18,906	5,540	3,206
Income tax payable	1,211	3,617	-	55
Total Current Liabilities	11,825	22,523	5,540	3,261
Non Current Liabilities				
Deferred tax liabilities	1,644	1,644	12	12
Long-term provision *	464	464	-	-
Total Non-Current Liabilities	2,108	2,108	12	12
Total Liabilities	13,933	24,631	5,552	3,273
Capital and Reserves				
Share Capital	136,623	136,623	136,623	136,623
Reserves	(3,570)	(3,907)	-	-
Retained earnings	63,344	58,415	51,865	58,983
Total Equity	196,397	191,131	188,488	195,606
Total Liabilities and Equity	210,330	215,762	194,040	198,879

* Provision for reinstatement of leased premises.

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

The details of the subsidiaries as at 30 September 2014 are as follows:

Name	Effective percentage of equity held by the group		Company's cost of investment	
	30-Sep-2014	31-Dec-2013	30-Sep-2014	31-Dec-2013
	%	%	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 net increase in cash and cash equivalents by S\$3.7 million was mainly due to net cash generated from operating activities during the period.

Note 1(b)(i)(iii) – Trade receivables and other current assets decreased by S\$6.9 million, which were mainly due to lower sales during the period.

Note 1(b)(i)(iv) – The decrease in inventories and trade and other payables by S\$2.1 million and S\$8.3 million respectively were mainly due to lower purchases made during the period.

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			
	3Q		9 Months Ended	
	30-Sep-14 S\$'000	30-Sep-13 S\$'000	30-Sep-14 S\$'000	30-Sep-13 S\$'000
Cash flows from operating activities				
Profit before income tax	5,803	5,450	23,671	19,912
Adjustments for:				
Depreciation expense	2,002	1,802	5,836	5,866
Allowance for inventories obsolescence	-	210	-	747
Write back of allowance for inventories obsolescence	-	-	(105)	-
Property, plant and equipment written off	2	9	2	9
Gain on disposal of property, plant and equipment	(1)	(93)	(40)	(129)
Interest income	(15)	(12)	(47)	(36)
Interest expense	11	-	18	66
Unrealised foreign exchange (gain) /loss	(430)	379	230	(631)
Operating cash flows before working capital changes	7,372	7,745	29,565	25,804
Changes in working capital:				
Trade receivables and other current assets	3,554	2,909	6,151	(1,576)
Inventories	(929)	(1,492)	2,233	(2,665)
Trade and other payables	(1,387)	(1,063)	(8,644)	1,772
Cash generated from operations	8,610	8,099	29,305	23,335
Income tax paid	(1,681)	(1,086)	(3,950)	(2,186)
Net cash generated from operating activities	6,929	7,013	25,355	21,149
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	1	93	40	129
Purchase of property, plant and equipment	(1,248)	(676)	(5,457)	(1,123)
Proceeds on sale of financial assets, available-for-sale	-	-	-	4,276
Interest received	15	12	47	36
Net cash (used in) /generated from investing activities	(1,232)	(571)	(5,370)	3,318
Cash flows from financing activities				
Proceeds from bank borrowings	1,268	-	6,268	8,000
Repayment of bank borrowings	(6,268)	-	(6,268)	(25,100)
Dividends paid	(4,292)	(3,438)	(16,323)	(10,313)
Repayment of finance leases obligation	-	-	-	(138)
(Decrease)/ increase in fixed deposit - restricted	(2)	8	(6)	4
Interest paid	(11)	-	(18)	(66)
Net cash used in financing activities	(9,305)	(3,430)	(16,347)	(27,613)
Net effect of exchange rate changes	440	(287)	65	751
Net (decrease) / increase in cash and cash equivalents	(3,168)	2,725	3,703	(2,395)
Cash and cash equivalents at the beginning of the period	35,861	27,156	28,990	32,276
Cash and cash equivalents at the end of the period	32,693	29,881	32,693	29,881
Fixed deposit - restricted in use			254	253
Cash and cash equivalents in the Balance Sheet			32,947	30,134

- 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-14 S\$'000	30-Sep-13 S\$'000	Change %	30-Sep-14 S\$'000	30-Sep-13 S\$'000	Change %
Net Profit for the period	5,465	4,809	14%	21,252	17,902	19%
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	141	(1,513)	-109%	337	(1,080)	-131%
Total comprehensive income for the period	5,606	3,296	70%	21,589	16,822	28%
Attributable to:						
Equity holders of the Company	5,606	3,296	70%	21,589	16,822	28%
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 2013	136,623	(2,833)	46,723	180,513
Changes in equity for first quarter				
Net profit for the period	-	-	5,256	5,256
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	248	-	248
Total comprehensive income for the quarter	-	248	5,256	5,504
Balance at 31 March 2013	136,623	(2,585)	51,979	186,017
Changes in equity for second quarter				
Net profit for the period	-	-	7,837	7,837
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	185	-	185
Total comprehensive income for the quarter	-	185	7,837	8,022
Dividend paid	-	-	(6,875)	(6,875)
As at 30 June 2013	136,623	(2,400)	52,941	187,164
Changes in equity for third quarter				
Net profit for the period	-	-	4,809	4,809
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	(1,513)	-	(1,513)
Total comprehensive income for the quarter	-	(1,513)	4,809	3,296
Dividend paid	-	-	(3,438)	(3,438)
As at 30 September 2013	136,623	(3,913)	54,312	187,022

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 2014	136,623	(3,907)	58,415	191,131
Changes in equity for first quarter				
Net profit for the period	-	-	8,558	8,558
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	49	-	49
Total comprehensive income for the quarter	-	49	8,558	8,607
Balance at 31 March 2014	<u>136,623</u>	<u>(3,858)</u>	<u>66,973</u>	<u>199,738</u>
Changes in equity for second quarter				
Net profit for the period	-	-	7,229	7,229
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	147	-	147
Total comprehensive income for the quarter	-	147	7,229	7,376
Dividend paid	-	-	(12,031)	(12,031)
As at 30 June 2014	<u>136,623</u>	<u>(3,711)</u>	<u>62,171</u>	<u>195,083</u>
Changes in equity for third quarter				
Net profit for the period	-	-	5,465	5,465
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	141	-	141
Total comprehensive income for the quarter	-	141	5,465	5,606
Dividend paid	-	-	(4,292)	(4,292)
As at 30 September 2014	<u>136,623</u>	<u>(3,570)</u>	<u>63,344</u>	<u>196,397</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 2013	136,623	85	53,596	190,304
Changes in equity for first quarter				
Net loss for the period	-	-	(337)	(337)
Total comprehensive expenses for the quarter	-	-	(337)	(337)
Balance at 31 March 2013	136,623	85	53,259	189,967
Changes in equity for second quarter				
Net profit for the period	-	-	5,012	5,012
Total comprehensive income for the quarter	-	-	5,012	5,012
Dividend paid	-	-	(6,875)	(6,875)
As at 30 June 2013	136,623	85	51,396	188,104
Changes in equity for third quarter				
Net profit for the period	-	-	3,727	3,727
Other comprehensive income for the period	-	(85)	-	(85)
Total comprehensive (expenses)/ income for the quarter	-	(85)	3,727	3,642
Dividend paid	-	-	(3,438)	(3,438)
As at 30 September 2013	136,623	-	51,685	188,308

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 2014	136,623	-	58,983	195,606
Changes in equity for first quarter				
Net loss for the period	-	-	(705)	(705)
Total comprehensive expenses for the quarter	-	-	(705)	(705)
Balance at 31 March 2014	136,623	-	58,278	194,901
Changes in equity for second quarter				
Net profit for the period	-	-	1,559	1,559
Total comprehensive income for the quarter	-	-	1,559	1,559
Dividend paid	-	-	(12,031)	(12,031)
As at 30 June 2014	136,623	-	47,806	184,429
Changes in equity for third quarter				
Net profit for the period	-	-	8,351	8,351
Total comprehensive income for the quarter	-	-	8,351	8,351
Dividend paid	-	-	(4,292)	(4,292)
As at 30 September 2014	136,623	-	51,865	188,488

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.

The movement of the Company's issued share capital during the financial period ended 30 September 2014 is as follows:

	Group and Company 2014		Group and Company 2013	
	Number of Ordinary Shares	S\$'000	Number of Ordinary Shares	S\$'000
<u>Issued and fully paid share capital</u>				
Balance at 1 Jan	343,754,327	136,623	343,754,327	136,623
Issue of bonus share	85,389,620	-	-	-
Balance at 30 Sep	429,143,947	136,623	343,754,327	136,623

On 16 June 2014, there were bonus shares issued on the basis of one (1) Bonus Share for every four (4) existing ordinary shares in the capital of the Company held by the shareholders of the Company. The number of bonus shares issued was 85,389,620.

As at 30 September 2014, the Company does not hold any treasury shares.

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 2014 was 429,143,947 (31 December 2013: 343,754,327).

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 as at 31 December 2013 and 30 September 2014.

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 2013.

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 2014.

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.

	3Q		9 Months Ended	
	30-Sep-14	30-Sep-13 (Restated)	30-Sep-14	30-Sep-13 (Restated)
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	1.27 cents	1.12 cents	4.95 cents	4.17 cents
- Weighted average number of shares	429,143,947	429,143,947	429,143,947	429,143,947
(b) On a fully diluted basis	1.27 cents	1.12 cents	4.95 cents	4.17 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-14	31-Dec-13	30-Sep-14	31-Dec-13
Net asset per ordinary share based on existing issued share capital as at end of period reported on	45.76 cents	55.60 cents	43.92 cents	56.90 cents

The net asset per outstanding ordinary share as at the latest period and as at the end of the previous financial year have been calculated based on 429,143,947 and 343,754,327 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 2014 Vs 2013

	Group		
	9 Months Ended		
	30-Sep-14	30-Sep-13	Change
	S\$'000	S\$'000	%
Business Segments			
Contract Equipment Manufacturing (CEM)	589	1,739	-66%
Semiconductor (Semicon)	87,180	84,302	3%
	<u>87,769</u>	<u>86,041</u>	<u>2%</u>
Geographical Regions			
Singapore	48,463	49,943	-3%
United States of America ('US')	17,272	18,585	-7%
Others	22,034	17,513	26%
	<u>87,769</u>	<u>86,041</u>	<u>2%</u>

Revenue
3Q2014 Vs 3Q2013

	Group		
	3 Months Ended		
	30-Sep-14	30-Sep-13	Change
	S\$'000	S\$'000	%
Business Segments			
Contract Equipment Manufacturing (CEM)	137	745	-82%
Semiconductor (Semicon)	24,634	24,630	0%
	<u>24,771</u>	<u>25,375</u>	<u>-2%</u>
Geographical Regions			
Singapore	13,407	12,186	10%
United States of America ('US')	4,667	7,202	-35%
Others	6,697	5,987	12%
	<u>24,771</u>	<u>25,375</u>	<u>-2%</u>

Revenue

Revenue for the nine months ended 30 September 2014 ("9M2014") increased 2% to S\$87.8 million from S\$86.0 million for the nine months ended 30 September 2013 ("9M2013"). This was mainly due to an increase in semiconductor component sales, which was partially offset by lower semiconductor Integrated System sales.

Segmentally, revenue from Semiconductor segment ("Semicon") edged up slightly by 3% to S\$87.2 million in 9M2014 compared to S\$84.3 million in 9M2013 while revenue from Contract Equipment Manufacturing segment ("CEM") decreased from S\$1.7 million in 9M2013 to S\$0.6 million in 9M2014.

Geographically, revenue from the US and Singapore market experienced a slight decrease of 7% and 3% to S\$17.3 million and S\$48.5 million respectively in 9M2014 from S\$18.6 million and S\$49.9 million respectively in 9M2013.

Outside these two countries, there was a 26% improvement in revenue to S\$22.0 million in 9M2014 as compared to S\$17.5 million a year ago. These comprised mainly customers from Taiwan and Europe.

For the three months ended 30 September 2014 ("3Q2014"), revenue for UMS stood at S\$24.8 million, a slight decrease of 2% as compared to S\$25.4 million in the corresponding quarter a year ago ("3Q2013"). This was mainly due to lower CEM revenue in 3Q2014. For the quarter under review, revenue from CEM stood at S\$0.1 million as compared to S\$0.7 million in 3Q2013 while revenue from Semicon remained flat at S\$24.6 million (3Q2013: S\$24.6 million).

On a sequential basis, UMS' revenue in 3Q2014 decreased 14% from that of the preceding three months ended 30 June 2014 ("2Q2014"). The third quarter is traditionally a period where the Group experience lower orders and this performance was within the expectation of the Group. Segmentally, revenue from Semicon in 3Q2014 decreased 13% from S\$28.4 million in 2Q2014 while revenue contribution from CEM decreased 55% from S\$0.3 million in 2Q2014.

In 3Q2014, Singapore continued to be the main market, accounting for more than 54% of the Group's total revenue. Revenue contribution from Singapore increased 10% to S\$13.4 million in 3Q2014 in comparison with S\$12.2 million in 3Q2013. This was mainly a result of higher semiconductor Integrated System sales. For the US market, revenue decreased 35% to S\$ 4.7 million from the previous corresponding period mainly due to lower component sales. For Others, revenue rose 12% to S\$6.7 million in 3Q2014 from S\$6.0 million a year ago mainly due to higher spare parts sales.

Profitability

Gross material margin improved from 50% in 9M2013 to 54% in 9M2014 as a result of higher proportion of semiconductor component sales.

In 9M2014, there was a slight increase of 3% for employee benefits expense to S\$9.4 million from S\$9.1 million in 9M2013. Depreciation expense remained relatively flat at S\$5.8 million in 9M2014 (9M2013: S\$5.9 million) while other expenses increased 3% in 9M2014 to S\$9.2 million from S\$8.9 million in 9M2013.

As a result of the above, UMS registered a 19% jump in net profit from S\$17.9 million in 9M2013 to S\$21.3 million in 9M2014.

In 3Q2014, gross material margin remained relatively flat at 54% as compared to a year ago (3Q2013: 53%).

Employee benefits expense increased 8% to S\$3.16 million in 3Q2014 from S\$2.93 million in 3Q2013. Depreciation expense increased 11% to S\$2.0 million in 3Q2014 as compared to S\$1.8 million in 3Q2013 due to new capital expenditure incurred during the current fiscal year. Other expenses decreased 3% to S\$2.9 million in 3Q2014 from S\$3.0 million in 3Q2013, primarily because of lower upkeep of properties and equipment costs.

Other credits/ charges in 3Q2014 included an exchange gain of S\$0.5 million as a result of the strengthening of USD during the period. This was in contrast to an exchange loss of S\$0.2 million in 3Q2013. Additionally, there was no provision for inventory during the quarter compared to a provision of S\$0.2 million in 3Q2013.

Overall, the net profit increased 14% from S\$4.8 million in 3Q2013 to S\$5.5 million in 3Q2014.

Cashflow

The Group continued to demonstrate good cashflow generation ability and generated S\$25.4 million of positive net cash from operating activities, which translated to an increase of 20% as compared to 9M2013. Free cash flow remained relatively flat at S\$19.9 million in 9M2014 (9M2013: S\$20.0 million).

For the quarter under review, net cash from generated operating activities remained comparable to a year ago at S\$6.9 million (3Q2013: S\$7.0 million) while free cash flow decreased 10% to S\$5.7 million in 3Q2014 from S\$6.3 million in 3Q2013 due to an increase in capital expenditure to replace older and less efficient equipment.

As of 30 September 2014, UMS has no bank borrowings and its net cash and cash equivalents remained healthy at S\$32.9 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 2Q2014 results announcement made on 6 August 2014. Amongst others, the Group had commented that it was entering a period where its customers' demands are typically at the lowest during 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.

Typically, the Group's customer demand in the last quarter of the year is higher than the cyclical low experienced in the third quarter. The improvement that the Group is witnessing now appears to be a little subdued as some end users of our customer has pushed back their deliveries. As such, the Group expects the performance in 4Q2014 to be relatively flat sequentially.

According to WSTS (World Semiconductor Trade Statistics), a leading global organization, 2014 should book in a global growth rate of 6.5% with the absolute figure expecting to be US\$325 billion for the total global semiconductor revenue. Moreover, it has also revised up its forecasts for the total global semiconductor revenue in 2015 to be about US\$336 billion¹.

Additionally, SEMI, a leading global semiconductor trade association, also predicts a healthy equipment spending into 2015. The general consensus for the semiconductor industry is for this year's positive trend to continue into 2015 as both revenue growth and unit shipment growth are expected to be in the mid- to high- single digit range. Front end fab equipment spending is projected to grow another 20% in 2015 to \$42 billion. According to the SEMI World Fab Forecast data, this means that 2015 spending could mark a historical record high, surpassing the previous peak years of 2007 (\$39 billion) and 2011 (\$40 billion).²

As such, the Group remains confident that the final quarter of 2014 will be profitable.

Footnote:

¹Refer to <http://www.forbes.com/sites/jimhandy/2014/06/26/wsts-updates-semiconductor-forecast-325-billion-in-2014/>

²Refer to <http://www.semi.org/en/node/51311>

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

19 December 2014.

(d) Books closure date

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of the Company will be closed on 5 December 2014, 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 2014.

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 4 December 2014 will be registered before entitlements 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 4 December 2014 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 2014
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
Sure Achieve Enterprises Pte Ltd (Note 1) Consultancy Services charges	598
Kalf Engineering Pte Ltd (Note 2) Factory rental	16

Note 1: Transaction above is with Sure Achieve Enterprises Pte Ltd in which Mrs. Sylvia SY Lee Luong is a director. She was formerly the executive director/COO of the UMS Group and is the wife of the CEO, Mr. Andy Luong. She left the Company's employ on 6 March 2013 and continued as a consultant thereafter.

The aggregate value of IPT entered into between the Group and Sure Achieve Enterprises Pte Ltd for the period ended 30 September 2014 amounted to S\$598,000 which represented approximately 0.6% of the Group's latest audited net tangible assets as at 31 December 2013.

Note 2: 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 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 3Q2014 and the period ended 30 September 2014 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
13 November 2014