

UMS HOLDINGS LIMITED
COMPANY REGISTRATION NO: 200100340R
Full Year 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 YEAR ENDED 31 DECEMBER 2014

	Group					
	4Q			Full Year Ended		
	31-Dec-14 S\$'000	31-Dec-13 S\$'000	Change %	31-Dec-14 S\$'000	31-Dec-13 S\$'000	Change %
Revenue	22,050	34,455	-36%	109,819	120,496	-9%
Net finance income (Note (a))	27	114	-76%	56	84	-33%
Changes in inventories	(1,599)	8,424	N.M	(3,866)	10,192	N.M
Raw material purchases and subcontractor charges	(8,663)	(21,325)	-59%	(46,389)	(65,743)	-29%
Employee benefits expense	(2,866)	(3,965)	-28%	(12,222)	(13,074)	-7%
Depreciation expense	(1,905)	(2,009)	-5%	(7,741)	(7,875)	-2%
Other expenses (Note (b))	(3,073)	(3,089)	-1%	(12,260)	(12,025)	2%
Other credits (Note (c))	62	195	-68%	307	657	-53%
Profit before income tax	4,033	12,800	-68%	27,704	32,712	-15%
Income tax expense (Note (d))	(356)	(1,822)	-80%	(2,775)	(3,832)	-28%
Net profit for the period from continuing operations	3,677	10,978	-67%	24,929	28,880	-14%
Attributable to:						
Equity holders of the Company	3,677	10,978	-67%	24,929	28,880	-14%
Minority interests	-	-	N.M	-	-	N.M
	3,677	10,978	-67%	24,929	28,880	-14%

N.M - Not meaningful

NOTES TO INCOME STATEMENT

Note (a) Net finance income/ (expenses)

	Group					
	4Q			12 Months Ended		
	31-Dec-14	31-Dec-13	Change	31-Dec-14	31-Dec-13	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income	16	14	14%	63	50	26%
Unwinding discount on long-term provision	11	100	-89%	11	100	-89%
Interest expense	-	-	N.M	(18)	(66)	-73%
Net finance income	27	114	-76%	56	84	-33%

Note (b) Other expenses

	Group					
	4Q			Full Year Ended		
	31-Dec-14	31-Dec-13	Change	31-Dec-14	31-Dec-13	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Legal and professional fees (Note (i))	(312)	(291)	7%	(1,225)	(1,139)	8%
Rental expense (includes leasing of land)	(379)	(417)	-9%	(1,555)	(1,597)	-3%
Utilities	(946)	(972)	-3%	(3,837)	(3,900)	-2%
Freight charges	(124)	(206)	-40%	(614)	(731)	-16%
Insurance	(148)	(155)	-5%	(502)	(466)	8%
Upkeep of properties and equipment	(42)	(13)	223%	(210)	(277)	-24%
Upkeep of machinery (Note (ii))	(686)	(559)	23%	(2,544)	(1,981)	28%
Others	(436)	(476)	-8%	(1,773)	(1,934)	-8%
	(3,073)	(3,089)	-1%	(12,260)	(12,025)	2%

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 higher maintenance requirement during the year .

Note (c) Other credits/ (charges)

	Group					
	4Q			Full Year Ended		
	31-Dec-14	31-Dec-13	Change	31-Dec-14	31-Dec-13	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Foreign exchange gains (Note (i))	503	258	N.M	533	1,323	-60%
Allowance for doubtful trade debts	(33)	-	N.M	(33)	-	N.M
Bad debts written off	(9)	-	N.M	(9)	-	N.M
Gain on disposal of property, plant and equipment	-	(1)	-100%	40	128	-69%
Property, plant & equipment written off	(274)	-	N.M	(276)	(9)	2967%
Allowance for inventories obsolescence	(131)	(162)	-19%	(26)	(909)	-97%
Others	6	100	-94%	78	124	-37%
	62	195	-68%	307	657	-53%

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

Note (d) Income tax expense

	Group					
	4Q			Full Year Ended		
	31-Dec-14	31-Dec-13	Change	31-Dec-14	31-Dec-13	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Income tax:						
- Current	(663)	(2,394)	-72%	(3,082)	(4,404)	-30%
- Deferred tax	307	572	-46%	307	572	-46%
	(356)	(1,822)	-80%	(2,775)	(3,832)	-28%

Note 1(a)(d) - The decrease in current income tax provision is in line with lower 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	
	31 Dec 2014 S\$'000	31 Dec 2013 S\$'000	31 Dec 2014 S\$'000	31 Dec 2013 S\$'000
ASSETS				
Current Assets				
Cash and bank balances (Note (ii))	33,792	29,236	357	621
Trade receivables and other current assets (Note (iii))	12,850	21,383	3,740	5,843
Inventories (Note (iv))	33,327	37,193	-	-
Total Current Assets	79,969	87,812	4,097	6,464
Non-Current Assets				
Investments in subsidiaries (Note (i))	-	-	192,415	192,415
Property, plant and equipment	41,725	43,419	-	-
Investment property	2,629	2,848	-	-
Goodwill	81,683	81,683	-	-
Total Non-Current Assets	126,037	127,950	192,415	192,415
Total Assets	206,006	215,762	196,512	198,879
LIABILITIES AND EQUITY				
Current Liabilities				
Bank borrowings	-	-	-	-
Trade and other payables (Note (iv))	11,061	18,906	7,043	3,206
Income tax payable	2,357	3,617	-	55
Total Current Liabilities	13,418	22,523	7,043	3,261
Non Current Liabilities				
Deferred tax liabilities	1,337	1,644	-	12
Long-term provision *	453	464	-	-
Total Non-Current Liabilities	1,790	2,108	-	12
Total Liabilities	15,208	24,631	7,043	3,273
Capital and Reserves				
Share Capital	136,623	136,623	136,623	136,623
Reserves	(4,263)	(3,907)	-	-
Retained earnings	58,438	58,415	52,846	58,983
Total Equity	190,798	191,131	189,469	195,606
Total Liabilities and Equity	206,006	215,762	196,512	198,879

* Provision for reinstatement of leased premises.

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

The details of the subsidiaries as at 31 December 2014 are as follows:

Name	Effective percentage of equity held by the group		Company's cost of investment	
	31-Dec-2014	31-Dec-2013	31-Dec-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
			<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) – The net increase in cash and cash equivalents by S\$4.6 million was mainly due to net cash generated from operating activities during the year.

Note 1(b)(i)(iii) – Trade receivables and other current assets decreased by S\$8.5 million mainly due to lower sales during the year.

Note 1(b)(i)(iv) – The decrease in inventories and trade and other payables by S\$3.9 million and S\$7.8 million respectively were mainly due to lower purchases made during the year.

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			
	4Q		Full Year Ended	
	31-Dec-14 S\$'000	31-Dec-13 S\$'000	31-Dec-14 S\$'000	31-Dec-13 S\$'000
Cash flows from operating activities				
Profit before income tax	4,033	12,800	27,704	32,712
Adjustments for:				
Depreciation expense	1,905	2,009	7,741	7,875
Bad debts written off	9	-	9	-
Allowance for doubtful trade debts	33	-	33	-
Allowance for inventories obsolescence	131	163	26	909
Property, plant and equipment written off	274	-	276	9
Gain on disposal of property, plant and equipment	-	1	(40)	(128)
Unwinding discount on long-term provision	(11)	(100)	(11)	(100)
Interest income	(16)	(14)	(63)	(50)
Interest expense	-	-	18	66
Unrealised foreign exchange (gain) /loss	(356)	(367)	(126)	(997)
Operating cash flows before working capital changes	6,002	14,492	35,567	40,296
Changes in working capital:				
Trade receivables and other current assets	1,904	(6,219)	8,055	(7,795)
Inventories	1,561	(8,431)	3,794	(11,096)
Trade and other payables	799	6,857	(7,845)	8,629
Cash generated from operations	10,266	6,699	39,571	30,034
Income tax paid	(12)	(30)	(3,962)	(2,216)
Net cash generated from operating activities	10,254	6,669	35,609	27,818
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	-	(1)	40	128
Purchase of property, plant and equipment	(1,232)	(871)	(6,689)	(1,994)
Proceeds on sale of financial assets, available-for-sale	-	-	-	4,276
Interest received	16	14	63	50
Net cash (used in) /generated from investing activities	(1,216)	(858)	(6,586)	2,460
Cash flows from financing activities				
Proceeds from bank borrowings	-	-	6,268	8,000
Repayment of bank borrowings	-	-	(6,268)	(25,100)
Dividends paid	(8,583)	(6,875)	(24,906)	(17,188)
Repayment of finance leases obligation	-	-	-	(138)
(Decrease)/ increase in fixed deposit - restricted	(2)	(2)	(8)	2
Interest paid	-	-	(18)	(66)
Net cash used in financing activities	(8,585)	(6,877)	(24,932)	(34,490)
Net effect of exchange rate changes	397	175	462	926
Net increase /(decrease) in cash and cash equivalents	850	(891)	4,553	(3,286)
Cash and cash equivalents at the beginning of the period	32,693	29,881	28,990	32,276
Cash and cash equivalents at the end of the period	33,543	28,990	33,543	28,990
Fixed deposit - restricted in use			249	246
Cash and cash equivalents in the Balance Sheet			33,792	29,236

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-14	31-Dec-13	Change	31-Dec-14	31-Dec-13	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Net Profit for the period	3,677	10,978	-67%	24,929	28,880	-14%
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	(693)	6	N.M	(356)	(1,074)	-67%
Total comprehensive income for the period	2,984	10,984	-73%	24,573	27,806	-12%
Attributable to:						
Equity holders of the Company	2,984	10,984	-73%	24,573	27,806	-12%
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	<u>136,623</u>	<u>(2,585)</u>	<u>51,979</u>	<u>186,017</u>
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	<u>136,623</u>	<u>(2,400)</u>	<u>52,941</u>	<u>187,164</u>
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	<u>136,623</u>	<u>(3,913)</u>	<u>54,312</u>	<u>187,022</u>
Changes in equity for fourth quarter				
Profit for the period	-	-	10,978	10,978
Other comprehensive income for the period	-	6	-	6
Total comprehensive income for the quarter	-	6	10,978	10,984
Cancellation of treasury shares and share buy back	-	-	-	-
Dividend paid	-	-	(6,875)	(6,875)
As at 31 December 2013	<u>136,623</u>	<u>(3,907)</u>	<u>58,415</u>	<u>191,131</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 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>
Changes in equity for fourth quarter				
Profit for the period	-	-	3,677	3,677
Other comprehensive income for the period	-	(693)	-	(693)
Total comprehensive income for the quarter	-	(693)	3,677	2,984
Dividend paid	-	-	(8,583)	(8,583)
As at 31 December 2014	<u>136,623</u>	<u>(4,263)</u>	<u>58,438</u>	<u>190,798</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
Changes in equity for fourth quarter				
Profit for the period	-	-	14,173	14,173
Other comprehensive income for the period	-	-	-	-
Total comprehensive expenses for the quarter	-	-	14,173	14,173
Dividend paid	-	-	(6,875)	(6,875)
As at 31 December 2013	136,623	-	58,983	195,606

	Share Capital S\$'000	Capital Reserve S\$'000	Retained Earnings S\$'000	Total equity attributable to equity of holders of the Company S\$'000
Company				
Balance at 1 January 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
Changes in equity for fourth quarter				
Profit for the period	-	-	9,564	9,564
Total comprehensive expenses for the quarter	-	-	9,564	9,564
Dividend paid	-	-	(8,583)	(8,583)
As at 31 December 2014	136,623	-	52,846	189,469

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 year ended 31 December 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 January	343,754,327	136,623	343,754,327	136,623
Issue of bonus share	85,389,620	-	-	-
Balance at 31 December	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 31 December 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 31 December 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 31 December 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.

	Group			
	4Q		Full Year Ended	
	31-Dec-14	31-Dec-13 (Restated)	31-Dec-14	31-Dec-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	0.86 cents	2.56 cents	5.81 cents	6.73 cents
- Weighted average number of shares	429,143,947	429,143,947	429,143,947	429,143,947
(b) On a fully diluted basis	0.86 cents	2.56 cents	5.81 cents	6.73 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-14	31-Dec-13	31-Dec-14	31-Dec-13
Net asset per ordinary share based on existing issued share capital as at end of period reported on	44.46 cents	55.60 cents	44.15 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

Full Year 2014 Vs 2013

	Group		
	Full Year Ended		
	31-Dec-14	31-Dec-13	Change
	S\$'000	S\$'000	%
Business Segments			
Contract Equipment Manufacturing (CEM)	719	3,004	-76%
Semiconductor (Semicon)	109,100	117,492	-7%
	109,819	120,496	-9%
Geographical Regions			
Singapore	60,433	68,473	-12%
United States of America ('US')	22,619	27,166	-17%
Others	26,767	24,857	8%
	109,819	120,496	-9%

Revenue

4Q2014 Vs 4Q2013

	Group		
	3 Months Ended		
	31-Dec-14	31-Dec-13	Change
	S\$'000	S\$'000	%
Business Segments			
Contract Equipment Manufacturing (CEM)	130	1,265	-90%
Semiconductor (Semicon)	21,920	33,190	-34%
	22,050	34,455	-36%
Geographical Regions			
Singapore	11,970	18,530	-35%
United States of America ('US')	5,347	8,581	-38%
Others	4,733	7,344	-36%
	22,050	34,455	-36%

Revenue

UMS' revenue for the three months ended 31 December 2014 ("4Q2014") declined 36% to S\$22.1 million from S\$34.5 million in the three months ended 31 December 2013 ("4Q2013"). On a sequential basis, revenue in 4Q2014 decreased 11% from that of the preceding three months ended 30 September 2014 ("3Q2014"). The lower revenue was in line with the general industry performance for the quarter under review.

According to a Semiconductor Market Forecast Update by SEMI and SEAJ in December 2014¹, the bookings and billings of the semiconductor equipment had been declining since 2Q2014. Similarly, SEMI's book-to-bill ratio² had fallen below the 1.00 mark in October and December, indicating global contraction within the semiconductor equipment market.

Revenue for the Semiconductor (“Semicon”) segment declined 34% to S\$21.9 million in 4Q2014, while revenue in Contract Equipment Manufacturing (“CEM”) segment stood at S\$0.1 million, compared to S\$1.3 million in the previous corresponding quarter. Compared to 3Q2014, revenue for the Semicon segment decreased 11%, while CEM’s revenue decreased 5%.

The majority of the revenue continues to originate from Singapore and accounted for 54% of the Group’s total revenue in 4Q2014. The revenue from Singapore declined 35% from S\$18.5 million in 4Q2013 to S\$12.0 million in 4Q2014. This was mainly due to lower semiconductor Integrated System sales. Revenue from United States of America (“US”) and Others decreased 38% and 36% to S\$5.35 million and S\$4.73 million respectively in 4Q2014, mainly as a result of lower component sales.

For the full year ended 31 December 2014 (“FY2014”), UMS’ revenue declined 9% to S\$109.8 million from S\$120.5 million in FY2013. This downtrend was largely due to lower sales in the second half of the current year. Revenue from the Semicon segment decreased 7% to S\$109.1 million, while revenue in CEM decreased 76% from S\$3.0 million a year ago to S\$0.7 million. Geographically, revenue from the Singapore and US markets declined 12% and 17% to S\$60.4 million and S\$22.6 million respectively, while revenue in Others region grew 8% to S\$26.8 million in FY2014.

¹<http://www.design-reuse.com/news/36164/semiconductor-capacity-utilization.html>

²<http://www.semi.org/en/node/54341>

Profitability

Gross material margin for 4Q2014 was similar to previous quarters during the year at 54%. This was lower than that of 4Q2013. The higher gross material margin in 4Q2013 was mainly a result of inventory provision adjustments made a year ago.

Employee benefits expense decreased 28% from S\$4.0 million in 4Q2013 to S\$2.9 million in 4Q2014, largely due to lower bonus provisions. Depreciation expense experienced a slight decline of 5% to S\$1.9 million as some fixed assets have been fully depreciated.

Other credits/ charges for 4Q2014 included an exchange gain of S\$0.5 million (4Q2013: S\$0.3 million), a result of the appreciation of USD during 4Q2014. The gain was partially offset by fixed assets written off amounting to S\$0.3 million as well as inventory provision of S\$0.13 million (4Q2013: S\$0.16 million). See note 1(a)(c).

As a result of the above, UMS registered a 67% decrease in net profit from S\$11.0 million in 4Q2013 to S\$3.7 million in 4Q2014.

During FY2014, employee benefits expense declined 7% to S\$12.2 million from S\$13.1 million in 4Q2013. Depreciation expense decreased 2% to S\$7.7 million (FY2013: S\$7.9 million) while other expenses grew 2% to S\$12.3 million (FY2013: S\$12.0 million) for the reasons stated above.

Correspondingly, the net profit for FY2014 declined 14% from S\$28.9 million in FY2013 to S\$24.9 million in FY2014.

Cashflow

UMS continues to demonstrate good cash generation as evidenced by the Group registering S\$10.3 million positive net cash from operating activities, a 54% increase from S\$6.7 million from 4Q2013. Free cash flow has also increased 56% from S\$5.8 million in 4Q2013 to S\$9.0 million in 4Q2014.

For the full year under review, the Group registered a positive net cash generated from operating activities of S\$35.6 million, which was 28% higher than that of S\$27.8 million in FY2013. Free cash flow also increased 12% from S\$25.8 million in FY2013 to S\$28.9 million in FY2014.

As of 31 December 2014, UMS has no bank borrowings and remains in a strong cash position with cash and cash equivalent standing at S\$33.8 million, despite paying out S\$24.9 million of dividend during the year.

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 slightly below expectation in line with our previous announcement that customer demands were a little subdued as some end users of our customers have pushed back their deliveries.

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.

The weaker performance in 4Q2014 was due to the global slowdown in the semiconductor equipment market as major foundries continue to push back their investments. Despite the recent slowdown, major research publications are still forecasting growth in capital equipment spending. According to Gartner, capital equipment spending is expected to increase 5.6 percent to US\$41.1 billion in 2015.¹

Additionally, we are seeing stronger demands for new components which may translate into stronger product mix offering for the Group.

Barring any unforeseen circumstances, the Group is optimistic that the Group will remain profitable in FY2015.

¹<http://www.gartner.com/newsroom/id/2961017>

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)	1.5 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 28 May 2015.

(d) Books closure date

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of the Company will be closed on 8 May 2015, 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 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 7 May 2015 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 7 May 2015 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.

	Full Year Ended 31 December 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	800
Kalf Engineering Pte Ltd (Note 2) Factory rental	19

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 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 year ended 31 December 2014 amounted to S\$800,000 which represented approximately 0.7% 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.

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

- 14 **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>CEM</u>		<u>Semiconductor</u>		<u>Total for continuing operations</u>	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Group						
Total segment sales	719	7,557	150,550	156,736	151,269	164,293
Inter-segment sales	-	(4,553)	(41,450)	(39,244)	(41,450)	(43,797)
Sales to external parties	719	3,004	109,100	117,492	109,819	120,496
Segment results	199	805	27,505	31,907	27,704	32,712
Material non-cash items include:						
Allowance of inventories obsolescence, net	-	21	26	888	26	909
Total assets	1,823	10,268	343,148	341,082	344,971	351,350
Total assets includes:						
Additions to property, plant and equipment	-	-	6,689	1,994	6,689	1,994
Total liabilities	-	2,058	33,098	37,997	33,098	40,055

	Group	
	2014 S\$'000	2013 S\$'000
Adjusted EBITDA for reportable segments	35,389	40,503
Depreciation	(7,741)	(7,875)
Finance expense	(18)	(66)
Finance income	74	150
Profit before income tax	27,704	32,712

Geographical Segments

Group	Singapore		USA		Others		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Total sales to external parties	60,433	68,473	22,619	27,166	26,767	24,857	109,819	120,496
Other geographical information:								
Non-current assets:								
Property, plant and equipment	9,339	11,639	199	114	32,187	31,666	41,725	43,419
Investment property	2,629	2,848	-	-	-	-	2,629	2,848
Goodwill	80,759	80,759	-	-	924	924	81,683	81,683
	<u>92,727</u>	<u>95,246</u>	<u>199</u>	<u>114</u>	<u>33,111</u>	<u>32,590</u>	<u>126,037</u>	<u>127,950</u>

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

	Group	
	2014	2013
	S\$'000	S\$'000
Total asset for reportable segments from continued operations	344,971	351,350
Elimination of inter-segment receivables	(138,965)	(135,588)
Total assets	<u>206,006</u>	<u>215,762</u>

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

	Group	
	2014	2013
	S\$'000	S\$'000
Total liabilities for reportable segments from continued operations	33,098	40,055
Elimination of inter-segment payables	(17,890)	(15,424)
Total liabilities	<u>15,208</u>	<u>24,631</u>

15 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.

16 A breakdown of sales as follows:

	Group		
	2014	2013	Change
	S\$'000	S\$'000	%
(a) Sales reported for first half	62,998	60,666	4%
(b) Operating profit after tax before deducting minority interests reported for first half year	15,787	13,093	21%
(c) Sales reported for second year	46,821	59,830	-22%
(d) Operating profit after tax before deducting minority interests reported for second half year	9,142	15,787	-42%

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

	2014	2013
Ordinary	S\$'000	S\$'000
Interim Dividend	12,875	10,313
Final Dividend	8,583	6,875
Special Dividend	4,291	5,156
Total	25,749	22,344

The Final Dividend and Special Dividend for FY2013 were approved at the Annual General Meeting of the Company on 29 April 2014 and paid on 28 May 2014. The proposed Final Dividend and Special Dividend for FY2014, if approved at the forthcoming Annual General Meeting of the Company, will be paid on 28 May 2015.

18 **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.**

Name	Age	Family relationship with any director, chief executive officer and/ or substantial shareholder	Current position and duties, and the year the position was first held	Detail of changes in duties and position held, if any, during the year
Andy Luong	54	Husband of Lee Luong Sylvia S Y, Business Consultant of the Company.	Appointed as Executive Director on 01 April 2004. He was appointed as Chief Executive Officer since January 2005, responsible for the day-to day management of the business. He is also responsible in the business directions and operational efficiency of the Group.	None
Lee Luong Sylvia S Y	54	Wife of Andy Luong, Chief Executive Officer of the Company.	Appointed as Executive Director on 30 June 2010. She was appointed as Chief Operating Officer with effect from 23 November 2007, with executive powers over the operations of the Group. Redesignated as consultant with effect from 6 March 2013, responsible for sales consultancy services.	Mrs Lee Luong Sylvia S Y was redesignated as Consultant of the Company via Sure Achieve Enterprises Pte Ltd with effect from 6 March 2013.

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
26 February 2015