

**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 2017**

	<b>Group</b>					
	<b>4Q</b>			<b>Full Year Ended</b>		
	<b>31-Dec-17</b>	<b>31-Dec-16</b>	<b>Change</b>	<b>31-Dec-17</b>	<b>31-Dec-16</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Revenue	38,665	34,153	13%	162,498	104,204	56%
Net finance (expense)/ income (Note (a))	(33)	62	N.M	(1)	145	N.M
Changes in inventories	714	(4,269)	N.M	17,909	(5,636)	N.M
Raw material purchases and subcontractor charges	(16,843)	(14,274)	18%	(91,476)	(42,179)	117%
Employee benefits expense	(5,232)	(3,333)	57%	(16,593)	(11,549)	44%
Depreciation expense	(1,012)	(1,153)	-12%	(4,321)	(5,434)	-20%
Other expenses (Note (b))	(3,037)	(2,455)	24%	(12,322)	(10,053)	23%
Other credits / (charges) (Note (c))	2,184	(2,502)	N.M	(414)	(4,713)	-91%
Impairment loss on investment in associate	(9)	-	N.M	(42)	(48)	-13%
<b>Profit before income tax</b>	<b>15,397</b>	<b>6,229</b>	<b>147%</b>	<b>55,238</b>	<b>24,737</b>	<b>123%</b>
Income tax expense (Note (d))	457	(272)	N.M	(3,523)	(2,146)	64%
<b>Net profit for the period</b>	<b>15,854</b>	<b>5,957</b>	<b>166%</b>	<b>51,715</b>	<b>22,591</b>	<b>129%</b>
<b>Attributable to:</b>						
<b>Owners of the Company</b>	<b>15,826</b>	<b>5,957</b>	<b>166%</b>	<b>52,037</b>	<b>22,591</b>	<b>130%</b>
Non-controlling interests	28	-	N.M	(322)	-	N.M
<b>Net profit for the period</b>	<b>15,854</b>	<b>5,957</b>	<b>166%</b>	<b>51,715</b>	<b>22,591</b>	<b>129%</b>

N.M - Not meaningful

## NOTES TO INCOME STATEMENT

### Note (a) Net finance income

	Group					
	4Q			Full Year Ended		
	31-Dec-17	31-Dec-16	Change	31-Dec-17	31-Dec-16	Change
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Interest income from cash and cash equivalents	61	35	74%	232	120	93%
Interest income from an associate	30	18	67%	129	18	617%
Unwinding discount on long-term provision	28	10	180%	28	10	180%
Interest expense from borrowings	(152)	(1)	N.M	(390)	(3)	N.M
Net finance income	(33)	62	N.M	(1)	145	N.M

### Note (b) Other expenses

	Group					
	4Q			Full Year Ended		
	31-Dec-17	31-Dec-16	Change	31-Dec-17	31-Dec-16	Change
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Legal and professional fees (Note (i))	(640)	(316)	103%	(2,346)	(1,292)	82%
Rental expense	(184)	(274)	-33%	(977)	(1,099)	-11%
Utilities (Note (ii))	(765)	(632)	21%	(2,888)	(2,605)	11%
Freight charges (Note (ii))	(122)	(127)	-4%	(809)	(439)	84%
Insurance	(112)	(82)	37%	(475)	(462)	3%
Upkeep of properties and equipment	(173)	(188)	-8%	(496)	(477)	4%
Upkeep of machinery (Note (iii))	(509)	(405)	26%	(2,501)	(1,861)	34%
Others	(532)	(431)	23%	(1,830)	(1,818)	1%
	(3,037)	(2,455)	24%	(12,322)	(10,053)	23%

Note 1 (a)(b)(i) – The increase in professional fees was mainly due to sales commission provision payable to the Group's sales consultant. Refer to note 13.

Note 1 (a)(b)(ii) – The increase in utilities and freight charges were mainly due to higher production activities during the period.

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

**Note (c) Other credits/ (charges)**

	<b>Group</b>					
	<b>4Q</b>			<b>Full Year Ended</b>		
	<b>31-Dec-17</b>	<b>31-Dec-16</b>	<b>Change</b>	<b>31-Dec-17</b>	<b>31-Dec-16</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Foreign exchange (loss)/ gain (Note (i))	(759)	2,102	N.M	(3,092)	1,221	N.M
Impairment of goodwill (Note (ii))	-	(1,600)	-100%	-	(1,600)	-100%
Gain on disposal of property, plant and equipment	1,843	-	N.M	1,900	7	N.M
Property, plant & equipment written off	-	-	N.M	-	(20)	-100%
Inventories written off	(1)	(780)	-100%	(225)	(780)	-71%
Reversal of allowance for inventories obsolescence	1,059	-	N.M	910	-	N.M
Allowance for inventories obsolescence	-	(2,277)	-100%	-	(3,662)	-100%
Others	42	53	-21%	93	121	-23%
	<b>2,184</b>	<b>(2,502)</b>	<b>N.M</b>	<b>(414)</b>	<b>(4,713)</b>	<b>-91%</b>

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

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

**Note (d) Income tax**

	<b>Group</b>					
	<b>4Q</b>			<b>Full Year Ended</b>		
	<b>31-Dec-17</b>	<b>31-Dec-16</b>	<b>Change</b>	<b>31-Dec-17</b>	<b>31-Dec-16</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Income tax:						
- Current	298	(1)	N.M	(3,619)	(1,875)	93%
- Prior years	159	(271)	N.M	96	(271)	N.M
	<b>457</b>	<b>(272)</b>	<b>N.M</b>	<b>(3,523)</b>	<b>(2,146)</b>	<b>64%</b>

Note 1(a)(d) - The increase in current income tax was due to higher profits during the period.

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

	Group		Company	
	31/12/2017 S\$'000	31 Dec 2016 S\$'000	31/12/2017 S\$'000	31 Dec 2016 S\$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and bank balances (Note (ii))	59,571	42,620	805	329
Trade receivables and other current assets (Note (iii))	23,431	20,944	10,097	3,618
Inventories (Note (iv))	49,633	31,725	-	-
<b>Total Current Assets</b>	<b>132,635</b>	<b>95,289</b>	<b>10,902</b>	<b>3,947</b>
<b>Non-Current Assets</b>				
Investment in subsidiaries (Note (i))	-	-	193,405	192,415
Property, plant and equipment	38,782	31,704	-	-
Investment property	2,240	2,284	-	-
Investment in associate (Note (v))	-	-	-	-
Loan to associate (Note (v))	3,296	828	3,296	828
Goodwill (Note (vi))	82,201	80,083	-	-
<b>Total Non-Current Assets</b>	<b>126,519</b>	<b>114,899</b>	<b>196,701</b>	<b>193,243</b>
<b>Total Assets</b>	<b>259,154</b>	<b>210,188</b>	<b>207,603</b>	<b>197,190</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Bank borrowings (Note 1(b)(ii))	19,001	249	-	-
Trade and other payables (Note (iv))	18,077	16,563	5,575	6,067
Income tax payable	3,285	2,210	27	7
<b>Total Current Liabilities</b>	<b>40,363</b>	<b>19,022</b>	<b>5,602</b>	<b>6,074</b>
<b>Non Current Liabilities</b>				
Loan from related party (Note (vii))	3,158	-	-	-
Deferred tax liabilities	1,427	1,243	-	-
Long-term provision*	405	433	-	-
<b>Total Non-Current Liabilities</b>	<b>4,990</b>	<b>1,676</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>45,353</b>	<b>20,698</b>	<b>5,602</b>	<b>6,074</b>
<b>Capital and Reserves</b>				
Share Capital	136,623	136,623	136,623	136,623
Reserves	(10,560)	(10,963)	-	-
Retained earnings	89,045	63,830	65,378	54,493
	215,108	189,490	202,001	191,116
Non-controlling interests	(1,307)	-	-	-
<b>Total Equity</b>	<b>213,801</b>	<b>189,490</b>	<b>202,001</b>	<b>191,116</b>
<b>Total Liabilities and Equity</b>	<b>259,154</b>	<b>210,188</b>	<b>207,603</b>	<b>197,190</b>

\* Provision for reinstatement of leased premises.

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

The details of the subsidiaries as at 31 December 2017 are as follows:

Name	Effective percentage of equity held by the group		Company's cost of investment	
	31-Dec-2017	31-Dec-2016	31-Dec-2017	31-Dec-2016
	%	%	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
Kalf Engineering Pte Ltd (Singapore)	51	-	990	-
			<hr/>	
Unquoted equity shares, at cost			217,203	216,213
Less: Provision for impairment			(23,798)	(23,798)
			<hr/>	
			193,405	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 decrease in cash and cash equivalents by S\$1.8 million (after netting-off the increase in short-term borrowing of S\$19.0 million) was mainly due to net cash generated from operation activities, offset by capital expenditure, inventory purchases and dividend payments made during the period.

Note 1(b)(i)(iii) – Trade receivables and other current assets increased by S\$2.5 million, which were mainly due to higher sales made during the period.

Note 1(b)(i)(iv) – The increase in inventories and trade and other payables by S\$7.1 million and S\$1.5 million respectively were mainly due to higher purchases made during the period.

Note 1(b)(i)(v) – Investment in associate relates to the Group's 10% equity interest investment in Allstar Manufacturing Sdn Bhd (the "Associate"). The Group has fully impaired the cost of investment in associate as at 31 December 2017. Loan to associate relates to working capital and machine purchase loan extended by the Group.

Note 1(b)(i)(vi) – The increase in goodwill is due to the acquisition of Kalf Engineering Pte Ltd and this represents the excess of the cost of acquisition over the Group's interest in the fair value of their net tangible assets as at the date of acquisition.

Note 1(b)(i)(vii) – Related party loan relates to amounts owing by Kalf Engineering Pte Ltd to entities controlled by Mr. Luong Andy, CEO of the Group. The loan is interest-bearing and has no fixed repayment schedule.

**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 2017			As at 31 Dec 2016		
Secured S\$'000	Unsecured S\$'000	Total S\$'000	Secured S\$'000	Unsecured S\$'000	Total S\$'000
-	19,001	19,001	-	249	249

**Details of any collateral**

The Group's borrowing comprise mainly short-term SGD bank loans for its SGD currency requirements. The Group takes the view that USD would strengthen against the SGD in the future.

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-17 S\$'000	31-Dec-16 S\$'000	31-Dec-17 S\$'000	31-Dec-16 S\$'000
<b>Cash flows from operating activities</b>				
Profit before income tax	15,397	6,229	55,238	24,737
Adjustments for:				
Impairment of goodwill	-	1,600	-	1,600
Depreciation expense	1,012	1,153	4,321	5,434
Reversal of allowance for inventories obsolescence	(1,059)	-	(910)	-
Inventories written off	1	780	225	780
Allowance for inventories obsolescence	-	2,277	-	3,662
Property, plant and equipment written off	-	-	-	20
Unwinding discount on long-term provision	(28)	(10)	(28)	(10)
Gain on disposal of property, plant and equipment	(1,843)	-	(1,900)	(7)
Interest income	(91)	(53)	(361)	(138)
Interest expense	152	1	390	3
Impairment loss on investment in associate	9	-	42	48
Unrealised foreign exchange loss	689	(1,366)	2,605	(117)
<b>Operating cash flows before working capital changes</b>	<b>14,239</b>	<b>10,611</b>	<b>59,622</b>	<b>36,012</b>
Changes in working capital:				
Trade receivables and other current assets	5,407	(4,199)	(2,228)	(8,593)
Inventories	655	160	(16,745)	1,257
Trade and other payables	(8,551)	5,742	581	7,870
<b>Cash generated from operations</b>	<b>11,750</b>	<b>12,314</b>	<b>41,230</b>	<b>36,546</b>
Income tax paid	(307)	84	(2,060)	(2,677)
<b>Net cash generated from operating activities</b>	<b>11,443</b>	<b>12,398</b>	<b>39,170</b>	<b>33,869</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	-	-	1,901	7
Purchase of property, plant and equipment	(4,665)	(302)	(10,564)	(2,625)
Improvement to investment property	(42)	(65)	(103)	(65)
Net cash outflow on acquisition of subsidiaries	115	-	(63)	-
Loan to associate	(65)	(283)	(2,468)	(828)
Investment in associate	(9)	-	(42)	(48)
Interest received	91	53	361	138
<b>Net cash used in investing activities</b>	<b>(4,575)</b>	<b>(597)</b>	<b>(10,978)</b>	<b>(3,421)</b>
<b>Cash flows from financing activities</b>				
Proceeds from bank borrowings	5,573	-	25,766	1,249
Repayment of bank borrowings	(7,014)	-	(7,014)	(1,000)
Dividends paid	(9,656)	(8,583)	(26,822)	(25,749)
Interest paid	(152)	(1)	(390)	(3)
<b>Net cash used in financing activities</b>	<b>(11,249)</b>	<b>(8,584)</b>	<b>(8,460)</b>	<b>(25,503)</b>
Net effect of exchange rate changes	(373)	186	(2,781)	(1,258)
Net increase in cash and cash equivalents	(4,754)	3,403	16,951	3,687
Cash and cash equivalents at beginning of the period	64,325	39,217	42,620	38,933
<b>Cash and cash equivalents at end of the period</b>	<b>59,571</b>	<b>42,620</b>	<b>59,571</b>	<b>42,620</b>

- 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-17 S\$'000	31-Dec-16 S\$'000	Change %	31-Dec-17 S\$'000	31-Dec-16 S\$'000	Change %
<b>Net Profit for the period</b>	15,854	5,957	166%	51,715	22,591	129%
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	1,032	(1,531)	N.M	502	(1,817)	N.M
<b>Total comprehensive income for the period</b>	16,886	4,426	282%	52,217	20,774	151%
<b>Attributable to:</b>						
Owners of the Company	16,770	4,426	279%	52,440	20,774	152%
Non-controlling interests	116	-	N.M	(223)	-	N.M
	16,886	4,426	282%	52,217	20,774	151%



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	Total Equity S\$'000
<b>Group</b>					
<b>Balance at 1 January 2016</b>	136,623	(9,146)	66,988	194,465	194,465
<b>Changes in equity for first quarter</b>					
Net profit for the period	-	-	3,380	3,380	3,380
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	1,308	-	1,308	1,308
<b>Total comprehensive income for the quarter</b>	-	1,308	3,380	4,688	4,688
<b>Balance at 31 March 2016</b>	136,623	(7,838)	70,368	199,153	199,153
<b>Changes in equity for second quarter</b>					
Net profit for the period	-	-	6,469	6,469	6,469
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	(1,056)	-	(1,056)	(1,056)
<b>Total comprehensive income for the quarter</b>	-	(1,056)	6,469	5,413	5,413
Dividend paid	-	-	(12,874)	(12,874)	(12,874)
<b>As at 30 June 2016</b>	136,623	(8,894)	63,963	191,692	191,692
<b>Changes in equity for third quarter</b>					
Net profit for the period	-	-	6,785	6,785	6,785
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	(538)	-	(538)	(538)
<b>Total comprehensive income for the quarter</b>	-	(538)	6,785	6,247	6,247
Dividend paid	-	-	(4,292)	(4,292)	(4,292)
<b>As at 30 September 2016</b>	136,623	(9,432)	66,456	193,647	193,647
<b>Changes in equity for fourth quarter</b>					
Net profit for the period	-	-	5,957	5,957	5,957
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	(1,531)	-	(1,531)	(1,531)
<b>Total comprehensive income for the quarter</b>	-	(1,531)	5,957	4,426	4,426
Dividend paid	-	-	(8,583)	(8,583)	(8,583)
<b>As at 31 December 2016</b>	136,623	(10,963)	63,830	189,490	189,490

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	Non- controlling Interests S\$'000	Total Equity S\$'000
<b>Balance at 1 January 2017</b>	136,623	(10,963)	63,830	189,490	-	189,490
<b>Changes in equity for first quarter</b>						
Net profit for the period	-	-	11,168	11,168	-	11,168
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	(1,045)	-	(1,045)	-	(1,045)
<b>Total comprehensive income for the quarter</b>	-	(1,045)	11,168	10,123	-	10,123
<b>Balance at 31 March 2017</b>	136,623	(12,008)	74,998	199,613	-	199,613
<b>Changes in equity for second quarter</b>						
Net profit for the period	-	-	11,482	11,482	(189)	11,293
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	460	-	460	21	481
<b>Total comprehensive income for the quarter</b>	-	460	11,482	11,942	(168)	11,774
Dividend paid	-	-	(12,874)	(12,874)	-	(12,874)
Acquisition of subsidiary with non-controlling interests	-	-	-	-	(1,050)	(1,050)
<b>As at 30 June 2017</b>	136,623	(11,548)	73,606	198,681	(1,218)	197,463
<b>Changes in equity for third quarter</b>						
Net profit for the period	-	-	13,561	13,561	(161)	13,400
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	44	-	44	(10)	34
<b>Total comprehensive income for the quarter</b>	-	44	13,561	13,605	(171)	13,434
Dividend paid	-	-	(4,292)	(4,292)	-	(4,292)
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-
<b>As at 30 September 2017</b>	136,623	(11,504)	82,875	207,994	(1,389)	206,605
<b>Changes in equity for third quarter</b>						
Net profit for the period	-	-	15,826	15,826	28	15,854
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	944	-	944	88	1,032
<b>Total comprehensive income for the quarter</b>	-	944	15,826	16,770	116	16,886
Dividend paid	-	-	(9,656)	(9,656)	-	(9,656)
Acquisition of subsidiary with non-controlling interests	-	-	-	-	(34)	(34)
<b>As at 31 December 2017</b>	136,623	(10,560)	89,045	215,108	(1,307)	213,801

<b>Company</b>	<b>Share Capital S\$'000</b>	<b>Capital Reserve S\$'000</b>	<b>Retained Earnings S\$'000</b>	<b>Total equity attributable to equity of holders of the Company S\$'000</b>
<b>Balance at 1 January 2016</b>	136,623	-	52,239	188,862
<b>Changes in equity for first quarter</b>				
Net loss for the period	-	-	(566)	(566)
<b>Total comprehensive expenses for the quarter</b>	-	-	(566)	(566)
<b>Balance at 31 March 2016</b>	136,623	-	51,673	188,296
<b>Changes in equity for second quarter</b>				
Net profit for the period	-	-	3,403	3,403
<b>Total comprehensive income for the quarter</b>	-	-	3,403	3,403
Dividend paid	-	-	(12,874)	(12,874)
<b>As at 30 June 2016</b>	136,623	-	42,202	178,825
<b>Changes in equity for third quarter</b>				
Net profit for the period	-	-	16,447	16,447
<b>Total comprehensive income for the quarter</b>	-	-	16,447	16,447
Dividend paid	-	-	(4,292)	(4,292)
<b>As at 30 September 2016</b>	136,623	-	54,357	190,980
<b>Changes in equity for forth quarter</b>				
Net profit for the period	-	-	8,719	8,719
<b>Total comprehensive income for the quarter</b>	-	-	8,719	8,719
Dividend paid	-	-	(8,583)	(8,583)
<b>As at 31 December 2016</b>	136,623	-	54,493	191,116

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
<b>Balance at 1 January 2017</b>	136,623	-	54,493	191,116
<b>Changes in equity for first quarter</b>				
Net loss for the period	-	-	(571)	(571)
<b>Total comprehensive expenses for the quarter</b>	-	-	(571)	(571)
<b>Balance at 31 March 2017</b>	136,623	-	53,922	190,545
<b>Changes in equity for second quarter</b>				
Net profit for the period	-	-	8,324	8,324
<b>Total comprehensive income for the quarter</b>	-	-	8,324	8,324
Dividend paid	-	-	(12,874)	(12,874)
<b>As at 30 June 2017</b>	136,623	-	49,372	185,995
<b>Changes in equity for third quarter</b>				
Net profit for the period	-	-	13,805	13,805
<b>Total comprehensive income for the quarter</b>	-	-	13,805	13,805
Dividend paid	-	-	(4,292)	(4,292)
<b>As at 30 September 2017</b>	136,623	-	58,885	195,508
<b>Changes in equity for fourth quarter</b>				
Net profit for the period	-	-	16,149	16,149
<b>Total comprehensive income for the quarter</b>	-	-	16,149	16,149
Dividend paid	-	-	(9,656)	(9,656)
<b>As at 31 December 2017</b>	136,623	-	65,378	202,001

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 the number of shares that may be issued on conversion of all outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 2017 is as follows:

<u>Issued and fully paid share capital</u>	Group and Company 2017		Group and Company 2016	
	Number of Ordinary Shares	S\$'000	Number of Ordinary Shares	S\$'000
Balance at 1 Jan	429,143,947	136,623	429,143,947	136,623
Issue of bonus shares	107,285,632	-	-	-
Balance at 31 Dec	<u>536,429,579</u>	<u>136,623</u>	<u>429,143,947</u>	<u>136,623</u>

On 6 November 2017, 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 107,285,632.

As at 31 December 2017, 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 2017 was 536,429,579 (31 December 2016: 429,143,947).

**1(e)(iv) A statement showing all sales, transfers, 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 2016 and 31 December 2017.

**1(e)(v) A statement showing all sales, transfers, cancellation and/ or use of subsidiary holdings as at the end of the current financial period reported on.**

There were no sales, transfers, cancellation and/or use of subsidiary holdings as at 31 December 2017.

**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 2016.

**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 2017.

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-17	31-Dec-16 (Restated)	31-Dec-17	31-Dec-16 (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	2.95 cents	1.26 cents	9.70 cents	3.10 cents
- Weighted average number of shares	536,429,579	536,429,579	536,429,579	536,429,579
(b) On a fully diluted basis	2.95 cents	1.26 cents	9.70 cents	3.10 cents
- Weighted average number of shares	536,429,579	536,429,579	536,429,579	536,429,579

The basic and fully diluted earnings per share are the same since there were no potentially dilutive ordinary securities in issue as at 31 December 2017 and 31 December 2016.

For comparative purposes, the earnings per ordinary share for the financial year ended 31 December 2016 was computed based on the number of ordinary shares issued after the issuance of bonus shares of 107,285,632 which was completed on 6 November 2017.

**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-17	31-Dec-16	31-Dec-17	31-Dec-16
Net asset per ordinary share based on existing issued share capital as at end of period reported on	40.10 cents	44.16 cents	37.66 cents	44.53 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 536,429,579 and 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) seasonal 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 2017 Vs 2016**

	<b>Group</b>		
	<b>Full Year Ended</b>		
	<b>31-Dec-17</b>	<b>31-Dec-16</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Business Segments</b>			
Semiconductor (Semicon)	160,416	101,409	58%
Others*	2,082	2,795	-26%
	<b>162,498</b>	<b>104,204</b>	<b>56%</b>
<b>Geographical Regions</b>			
Singapore	111,871	67,188	67%
United States of America ('US')	17,352	10,783	61%
Malaysia	6,010	1,959	207%
Others*	27,265	24,274	12%
	<b>162,498</b>	<b>104,204</b>	<b>56%</b>

**Revenue**  
**4Q2017 Vs 4Q2016**

	<b>Group</b>		
	<b>3 Months Ended</b>		
	<b>31-Dec-17</b>	<b>31-Dec-16</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Business Segments</b>			
Semiconductor (Semicon)	37,497	32,367	16%
Others*	1,168	1,786	-35%
	<b>38,665</b>	<b>34,153</b>	<b>13%</b>
<b>Geographical Regions</b>			
Singapore	23,413	25,093	-7%
United States of America ('US')	4,599	2,824	63%
Malaysia	2,238	669	235%
Others*	8,415	5,567	51%
	<b>38,665</b>	<b>34,153</b>	<b>13%</b>

**Revenue**

UMS revenue for the three months ended 31 December 2017 ("4Q2017") rose 13% to S\$38.7 million, as compared to S\$34.2 million in the previous corresponding period ("4Q2016"). This was mainly due to higher sales from the semiconductor segment. While Semiconductor Integrated System sales eased 1% from S\$18.5 million in 4Q2016 to S\$18.2 million in 4Q2017, revenue from component sales increased by 39% from S\$13.9 million in 4Q2016 to S\$19.3 million in 4Q2017.

On a sequential basis, revenue in the Semiconductor segment softened by 5% from the preceding quarter ("3Q2017"). Revenue in the Group's "Others" segment was higher by S\$1 million due to improved sales arising from more shipment of systems from its subsidiary Kalf Engineering.

Despite a sales dip of 7% compared to 4Q2016, Singapore remains the major contributor - accounting for more than 60% of the Group's total sales in 4Q2017. The lower revenue was mainly due to lower shipment of Semiconductor Integrated System sales. Revenue in the US shot up by 63% compared to 4Q2016 whereas revenue in Malaysia and Others increased by 235% and 51% respectively mainly due to higher component sales.

For the full year ended Dec 31, 2017 ("FY2017"), UMS revenue surged by 56% when compared to FY2016. Revenue in the Semiconductor segment jumped 58% while sales in Others decreased by S\$0.7 million. Both segments of the Group's semiconductor division showed improved results. Semiconductor Integrated System sales soared 73% from S\$50.5 million to S\$87.4 million in FY2017. Revenue from component sales also went up - by 43% from S\$50.9 million in FY2016 to S\$73.0 million FY2017.

Geographically, sales in Singapore surged 67% as compared to FY2016 mainly due to stronger Semiconductor Integrated System sales. Revenue in the Group's other served markets also improved considerably - with US sales increasing 61% vs FY2016 while revenue in Malaysia more than tripled to S\$6.0 million vs S\$2.0 million in the previous year and Others increased 12% in the period under review. The better performance was mainly due to higher component sales.

## **Profitability**

Net profit attributable to shareholders in 4Q2017 shot up by 166% to S\$15.8 million from S\$5.9 million in 4Q2016.

The surge in net profit came on the back of the Group's improved sales in 4Q2017 and the higher proportion of component sales compared to 4Q2016. Gross material margin at 58% in 4Q2017 is comparable to 3Q2017.

During the period under review, the Group's expenses increased due to consolidation of Kalf Engineering results as well as higher personnel costs, legal and professional fees and other expenses resulting from more production activities undertaken. The Group also saw increased exchange loss due to the weaker US dollar. However, the higher expenses were offset by lower depreciation costs, a one-off S\$1.8 million gain on disposal of some old equipment and the S\$1.1m write back of inventory provision. The Group also wrote back S\$0.5 million overprovision in tax during the quarter.

For the full year, net profit attributable to shareholders more than doubled to S\$52.0 million in FY2017 compared to S\$22.6 million in FY2016. The profit surge was achieved on the back of higher sales during the period under review.

Gross material margin in FY2017 remained stable at 54.7% (vs 54.1% in FY2016). Expenses were generally higher due to the higher cost from more production activities, the consolidation of Kalf Engineering results, increased personnel costs, legal and professional fees as well as higher exchange loss arising from the depreciation of the US dollar. Income tax expense also rose 64% in line with the higher profits.

However, the Group benefitted from a 20% decline in depreciation costs, a S\$1.9 million gain on disposal of some old equipment and the S\$0.9 million write back of past inventory provision.

## **Cashflow**

The Group's financial position continued to strengthen. As at Dec 31, 2017, UMS chalked up healthy net cash and cash equivalents of S\$40.6 million.

It registered positive net cash of S\$11.4 million from operating activities and S\$6.7 million of free cash flow in 4Q17. UMS continued to invest to grow its production activities which resulted in an increase in capital expenditure - as part of the RM80 million capex plan previously announced to expand its Penang production facility. Inventories also rose to S\$49.6m, mainly due to the commencement of a new parts consignment program with its key customer.

For FY2017, the Group continued to reward shareholders. Dividend payout went up to S\$26.8 million from S\$25.7 million in FY2016.

For the full year, the Group registered positive net cash from operating activities of S\$39.2 million and free cash flow of S\$30.4 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 previous announcement made on 10 November 2017. The Group maintains its positive outlook for the industry.

### **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 the electronics manufacturing supply chain, has projected that worldwide sales of new semiconductor manufacturing equipment will hit 7.5 percent growth in 2018 and it is expected to result in sales of US\$60.1 billion for the global semiconductor equipment market – another record-breaking year. \*

Global semiconductor demand will continue to be driven by a diversity of applications including Augmented Reality (AR), Virtual Reality (VR), Artificial Intelligence (AI), cloud storage, Smart Automotive (driver assistance and autonomous), Smart Manufacturing, and Smart MedTech. These proliferating demand drivers and ensuing increasing silicon (semiconductor) content in electronics is fuelling a semiconductor "super cycle." The industry is seeing the evolution of China transitioning away from being a consumer of chips towards developing a self-sufficient semiconductor supply chain. Advancements have been made in chip production with over 24 new fab construction projections underway or planned, prompting the wafer fab equipment market in China alone to exceed US\$11 billion in 2018 and to potentially surpass US\$18 billion by 2020.\*\*



These bullish global trends herald good news for UMS as it expects to gain from this uptrend. Order flow remains strong with its key customer forecasting double-digit revenue and profit growth in 2018 as it remains a direct beneficiary of the boom in Artificial Intelligence (AI) and Big Data. Sensor technology, memory power and data retention as well as the smart device "explosion" will drive revenue growth through 2018 and beyond.\*\*\*

UMS has also enlarged its production capacity in Penang (Malaysia) to cater to the buoyant demand. The new cleanroom and the new system integration team in Penang are already in place. This will allow UMS to reap twin benefits of lower costs and ready capacity to take advantage of increased orders going forward. With the successful transition of our system integration operation from Singapore to Penang, our key customer will be able to enjoy cost savings offered by the Group. The Group's Malaysian subsidiary Ultimate Manufacturing Solutions Sdn Bhd, which will manage the system integration operations, has also received in principle approval for 10 Year Pioneer Tax Incentive from *Malaysian* Investment Development Authority (MIDA).

Going forward, the Group will continue to seek opportunities to diversify its business portfolio to reduce the dependency on its semiconductor segment. In January 2018, UMS acquired 29.5% or 429,864,300 ordinary shares of Catalyst-listed JEP Holdings Ltd ("JEP"). JEP's core business has good long term growth potential and can leverage on UMS's financial and operational strength.

Barring unforeseen circumstances, prospects remain bright for FY2018.

*Sources:*

- \* SEMI- December 12, 2017
- \*\* SEMI- Semiconductor Super Cycle Nov 9, 2017
- \*\*\* CNBC - "The Future of Competition" - Nov 17, 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
<b>Dividend Type</b>	Cash	Cash
<b>Dividend Amount (SGD)</b>	2.0 cents per ordinary share, (tax exempt one-tier)	1.0 cents per ordinary share, (tax exempt one-tier)
<b>Tax rate</b>	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
<b>Dividend Type</b>	Cash	Cash
<b>Dividend Amount (SGD)</b>	2.0 cents per ordinary share, (tax exempt one-tier)	1.0 cents per ordinary share, (tax exempt one-tier)
<b>Tax rate</b>	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 25 May 2018.

**(d) Books closure date**

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of the Company will be closed on 7 May 2018, 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 2017.

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 4 May 2018 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 4 May 2018 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.**

	<b>Full Year Ended 31 December 2017</b>
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) <b>S\$'000</b>
<b>Kalf Engineering Pte Ltd</b>	
Fabrication of water disinfection system <b>(Note 1)</b>	273
Interest expenses from Shareholders loan <b>(Note 3)</b>	180
<b>Sure Achieve Consultant Pte Ltd</b>	
Consultancy Services charges and commission <b>(Note 2)</b>	1,122

**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. The above aggregate value of Interested person transactions is from 1 January 2017 to 30 March 2017.

On 24 February 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.

Kalf has become a subsidiary of the Group on 1 April 2017 and the financial results consolidated thereon.

**Note 2:** Transaction above is with Sure Achieve Consultant Pte Ltd in which Mrs. Sylvia SY Lee Luong is a director and shareholder. She is the wife of the CEO of the Group, Mr. Luong Andy.

The aggregate value of IPT entered into between the Group and Sure Achieve Consultant Pte Ltd for the year ended 31 December 2017 amounted to S\$1,122,000 which represented approximately 0.86% of the Group's latest audited net tangible assets as at 31 December 2016.

**Note 3:** Transaction above is with Full City Investments Ltd in which Mr. Luong Andy is a director and shareholder.

**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>	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
<b>Group</b>						
Sales to external parties	160,416	101,409	2,082	2,795	162,498	104,204
<b>Segment results</b>	55,950	24,027	(712)	710	55,238	24,737
Material non-cash items include:						
Depreciation expense	4,303	5,324	18	110	4,321	5,434
Property, plant and equipment written off	-	20	-	-	-	20
Gain on disposal of Property, plant and equipment	(1,900)	-	-	-	(1,900)	-
Inventory written off	225	780	-	-	225	780
(Reversal) / Allowance of inventories obsolescence, net	(910)	3,662	-	-	(910)	3,662
Impairment of goodwill	-	1,600	-	-	-	1,600
<b>Total assets</b>	411,572	354,419	13,499	79	425,071	354,498
Total assets includes:						
Additions to property, plant and equipment	10,471	2,625	93	-	10,564	2,625
Improvement to investment property	103	65	-	-	103	65
<b>Total liabilities</b>	76,204	38,190	5,308	-	81,512	38,190

	<b>Group</b>	
	2017 S\$'000	2016 S\$'000
Adjusted EBITDA for reportable segments	59,560	28,427
Goodwill impairment	-	1,600
Depreciation	(4,321)	(5,435)
Finance expense	(390)	(3)
Finance income	389	148
Profit before income tax	55,238	24,737

## Geographical Segments

Group	Singapore		USA		Malaysia		Others		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Total sales to external parties	111,871	67,188	17,352	10,783	6,010	1,959	27,265	24,274	162,498	104,204
Other geographical information:										
Non-current assets:										
Property, plant and equipment	9,377	8,732	105	102	29,300	22,870	-	-	38,782	31,704
Investment property	2,240	2,284	-	-	-	-	-	-	2,240	2,284
Goodwill	81,277	79,159	-	-	924	924	-	-	82,201	80,083
	<u>92,894</u>	<u>90,175</u>	<u>105</u>	<u>102</u>	<u>30,224</u>	<u>23,794</u>	<u>-</u>	<u>-</u>	<u>123,223</u>	<u>114,071</u>

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

	Group	
	2017	2016
	S\$'000	S\$'000
Total asset for reportable segments from continued operations	425,071	354,498
Elimination of inter-segment receivables	(165,917)	(144,310)
Total assets	<u>259,154</u>	<u>210,188</u>

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

	Group	
	2017	2016
	S\$'000	S\$'000
Total liabilities for reportable segments from continued operations	81,512	38,190
Elimination of inter-segment payables	(36,159)	(17,492)
Total liabilities	<u>45,353</u>	<u>20,698</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		Change
		2017	2016	
		S\$'000	S\$'000	%
(a)	Sales reported for first half	84,494	43,696	93%
(b)	Operating profit after tax before deducting minority interests reported for first half year	24,982	9,849	154%
(c)	Sales reported for second half	78,004	60,508	29%
(d)	Operating profit after tax before deducting minority interests reported for second half year	30,256	12,742	137%

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

<b>Ordinary</b>	<b>2017</b>	<b>2016</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Interim Dividend	13,948	12,875
Final Dividend	10,728	8,583
Special Dividend	5,364	4,291
<b>Total</b>	<b>30,040</b>	<b>25,749</b>

The Final Dividend and Special Dividend for FY2016 were approved at the Annual General Meeting of the Company on 28 April 2017 and paid on 30 May 2017. The proposed Final Dividend and Special Dividend for FY2017, if approved at the forthcoming Annual General Meeting of the Company, will be paid on 25 May 2018.

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**  
27 February 2018