

UMS HOLDINGS LIMITED
COMPANY REGISTRATION NO: 200100340R
Second 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 June 2012

	Group					
	2Q			6 Months Ended		
	30-Jun-12	30-Jun-11	Change	30-Jun-12	30-Jun-11	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	36,637	32,664	12%	68,629	67,621	1%
Net finance expense (Note (a))	(67)	(59)	14%	(84)	(116)	-28%
Changes in inventories	(676)	3,642	N.M	(1,807)	8,108	N.M
Raw material purchases and sub-contractors charges	(17,922)	(17,337)	3%	(32,250)	(38,161)	-15%
Employee benefits expense	(3,385)	(3,392)	0%	(6,530)	(6,640)	-2%
Depreciation expense	(2,610)	(2,698)	-3%	(5,148)	(5,424)	-5%
Other expenses (Note (b))	(2,955)	(3,245)	-9%	(5,698)	(6,122)	-7%
Other charges (Note (c))	(327)	(1,707)	-81%	(1,618)	(2,370)	-32%
Profit before income tax	8,695	7,868	11%	15,494	16,896	-8%
Income tax expense (Note (d))	(1,070)	(837)	28%	(1,837)	(2,312)	-21%
Profit for the period from continuing operations	7,625	7,031	8%	13,657	14,584	-6%
Attributable to:						
Equity holders of the Company	7,625	7,031	8%	13,657	14,584	-6%
Minority interests	-	-	N.M	-	-	N.M
	7,625	7,031	8%	13,657	14,584	-6%
Earnings per ordinary share (in cents)						
- basic and diluted	2.22	2.05	8%	3.97	4.24	-6%

N.M - Not meaningful

NOTES TO INCOME STATEMENT**Note (a) Net finance income/ (expense)**

	Group					
	2Q			6 Months Ended		
	30-Jun-12 S\$'000	30-Jun-11 S\$'000	Change %	30-Jun-12 S\$'000	30-Jun-11 S\$'000	Change %
Interest income	14	12	17%	44	22	100%
Interest expense	(81)	(71)	14%	(128)	(138)	-7%
Finance expenses - net	(67)	(59)	14%	(84)	(116)	-28%

Note (b) Other expenses

	Group					
	2Q			6 Months Ended		
	30-Jun-12 S\$'000	30-Jun-11 S\$'000	Change %	30-Jun-12 S\$'000	30-Jun-11 S\$'000	Change %
Legal and professional fees (Note (i))	(88)	(324)	-73%	(215)	(712)	-70%
Rental expense (includes leasing of land) (Note (ii))	(464)	(374)	24%	(908)	(746)	22%
Utilities	(1,144)	(1,181)	-3%	(2,191)	(2,203)	-1%
Freight charges	(190)	(368)	-48%	(354)	(570)	-38%
Upkeep of machinery	(567)	(384)	48%	(932)	(734)	27%
Others	(502)	(614)	-18%	(1,098)	(1,157)	-5%
	(2,955)	(3,245)	-9%	(5,698)	(6,122)	-7%

Note 1(a)(b) (i) - The decrease in legal and professional fees were mainly due to fees incurred in connection with the Company's dual listing plans in Korea in year 2011 and which did not eventuate.

Note 1 (a)(b)(ii) . The increase in rental expense was mainly due to additional rental space as compared to last year.

Note (c) Other (charges) / credits

	Group					
	2Q			6 Months Ended		
	30-Jun-12	30-Jun-11	Change	30-Jun-12	30-Jun-11	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Foreign exchange gain/ (losses) (Note (i))	737	(976)	N.M	(556)	(1,794)	-69%
Loss on disposal of property, plant and equipment	-	-	N.M	(1)	-	N.M
Property, plant & equipment written off	(3)	-	N.M	(3)	-	N.M
Write back of Inventories written off	-	27	N.M	-	27	N.M
Provision for impairment of inventories	(1,077)	(788)	37%	(1,077)	(788)	37%
Reversal of provision for impairment of inventories	-	-	N.M	-	31	N.M
Loss on disposal of a subsidiary	-	(59)	N.M	-	(59)	N.M
Others	16	89	-82%	19	213	-91%
	(327)	(1,707)	-81%	(1,618)	(2,370)	-32%

Note 1(a)(c)(i) - The exchange gain in 2Q2012 was due to appreciation of the US dollar during the period.

Note (d) Income tax

	Group					
	2Q			6 Months Ended		
	30-Jun-12	30-Jun-11	Change	30-Jun-12	30-Jun-11	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Income tax:						
- Current	(1,070)	(646)	66%	(1,837)	(2,121)	-13%
- Deferred tax	-	(191)	-100%	-	(191)	-100%
	(1,070)	(837)	28%	(1,837)	(2,312)	-21%

The increase in effective tax rate in 2Q2012 was mainly due to the acquisition of Integrated Manufacturing Technologies Pte Ltd (%MT-S+) and Integrated Manufacturing Technologies Inc (%MT-USA+) during the period.

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

	Group		Company	
	30-Jun-12 S\$'000	31-Dec-11 S\$'000	30-Jun-12 S\$'000	31-Dec-11 S\$'000
ASSETS				
Current Assets				
Cash and cash equivalents (Note (ii))	23,092	37,947	756	3,242
Trade receivables and other current assets (Note (iii))	16,094	11,081	17,136	4,729
Inventories (Note (iv))	38,126	33,076	-	-
	77,312	82,104	17,892	7,971
Non-Current Assets				
Investment in subsidiaries (Note (i))	-	-	200,247	180,444
Property, plant and equipment	54,321	59,495	-	-
Investment property	3,277	3,390	-	-
Financial assets, held-to-maturity	4,435	4,545	-	-
Goodwill (Note (v))	80,784	60,702	-	-
	142,817	128,132	200,247	180,444
Total Assets	220,129	210,236	218,139	188,415
LIABILITIES AND EQUITY				
Current Liabilities				
Short term borrowing (Note (ii))	10,100	-	-	-
Trade and other payables	15,247	15,336	42,723	3,751
Income tax payable	2,874	3,923	14	29
Current portion of finance leases obligation (Note (vi))	1,135	2,527	-	-
	29,356	21,786	42,737	3,780
Non Current Liabilities				
Deferred tax	2,113	2,082	-	-
Finance leases obligation (Note (vi))	-	138	-	-
Long-term provision *	800	800	-	-
	2,913	3,020	-	-
Total Liabilities	32,269	24,806	42,737	3,780
Capital and Reserves				
Share Capital	136,623	136,623	136,623	136,623
Reserves	(2,457)	(1,543)	85	85
Retained earnings	53,694	50,350	38,694	47,927
Total Equity	187,860	185,430	175,402	184,635
Total Liabilities and Equity	220,129	210,236	218,139	188,415

* Provision for reinstatement of leased premises.

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

The details of the subsidiaries as at 30 June 2012 are as follows:

Name	Effective percentage of equity held by the group		Company's cost of investment	
	30-Jun-2012 %	31-Dec-2011 %	30-Jun-2012 S\$000	31-Dec-2011 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
NCS Engineering Pte Ltd ¹ (Singapore)	100	100	403	403
UMS Pte Ltd (Singapore)	100	100	127,039	127,039
ASL International Trading, Inc (United States)	100	100	33	33
UMS Aerospace Pte Ltd (Singapore)	100	100	20,000	20,000
UMS Solar Pte Ltd ¹ (Singapore)	100	100	10	10
Integrated Manufacturing Technologies Pte Ltd ² (Singapore)	100	-	19,803	-
Ultimate Machining Solutions (M) Sdn. Bhd. (Malaysia)	100	100	30,772	30,772
Unquoted equity shares, at cost			208,421	188,618
Add: Expenses recognised relating to equity settled share-based payments			42	42
Less: Provision for impairment			(8,216)	(8,216)
			200,247	180,444
<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		
<u>Held through Ultimate Machining Solutions (M) Sdn. Bhd.</u>				
A1 Metal Sdn. Bhd. ¹ (Malaysia)	100	100		
<u>Held through ASL International Trading, Inc</u>				
Integrated Manufacturing Technologies Inc. ² (United States)	100	-		

Note:

¹ The subsidiary was placed under voluntary deregistration.

² The subsidiaries were acquired during the period.

Note 1(b)(i)(ii) . The decrease in cash and cash equivalents by S\$14.9 million and increase in short-term borrowing of S\$10.1 million were mainly due to the acquisition of Integrated Manufacturing Technologies Pte Ltd (%MT-S+) and Integrated Manufacturing Technologies Inc (%MT-USA+) during the period.

Note 1(b)(i)(iii) . Trade receivables and other current assets increased by S\$5.0 million mainly due to the acquisition of IMT-S and IMT-USA, and advance payment to a vendor to secure better material price and also to ensure availability.

Note 1(b)(i)(iv) . Inventories increased by 15.3% or S\$5.1 million mainly due to the acquisition of IMT-S and IMT-USA.

Note 1(b)(i)(v) . The increase in goodwill was due to the acquisition of IMT-S and IMT-USA 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)(vi) . The total decrease in finance lease obligations by S\$1.5 million was due to repayments made during the period.

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30 Jun 2012			As at 31 Dec 2011		
Secured	Unsecured	Total	Secured	Unsecured	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
11,235	-	11,235	2,527	-	2,527

Amount repayable after one year

As at 30 Jun 2012			As at 31 Dec 2011		
Secured	Unsecured	Total	Secured	Unsecured	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	138	-	138

Details of any collateral

The Group's borrowings comprise mainly of finance leases and short term bank borrowing. The finance leases are secured by mortgages over the plant and machinery of a subsidiary and the short term bank borrowings are secured by corporate guarantee.

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			
	2Q		6 Months Ended	
	30-Jun-12 S\$'000	30-Jun-11 S\$'000	30-Jun-12 S\$'000	30-Jun-11 S\$'000
Cash flows from operating activities				
Net profit before income tax	8,695	7,868	15,494	16,896
Depreciation expense	2,610	2,698	5,148	5,424
Provision for impairment of inventories (net)	1,077	788	1,077	757
Write back of inventories written off	-	(27)	-	(27)
Property, plant and equipment written off	3	-	3	-
Loss on disposal of property, plant and equipment	-	-	1	-
Loss on disposal of a subsidiary	-	59	-	59
Interest income	(14)	(12)	(44)	(22)
Interest expense	81	71	128	138
Unrealised foreign exchange losses	(556)	1,422	565	1,476
Operating cash flow before working capital changes	11,896	12,867	22,372	24,701
Changes in operating assets and liabilities:				
Trade receivables and other current assets	(87)	1,322	(1,921)	8,262
Inventories	(926)	(3,243)	(1,762)	(7,669)
Trade and other payables	1,865	3,509	(1,704)	3,657
Cash generated from operations	12,748	14,455	16,985	28,951
Income tax paid	(2,269)	(2,450)	(2,388)	(2,674)
Net cash generated from operating activities	10,479	12,005	14,597	26,277
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	-	-	1	-
Purchase of property, plant and equipment	(55)	(2,107)	(145)	(7,095)
Net cash outflow on acquisition of subsidiaries	-	(60)	(27,061)	(60)
Interest received	14	12	44	22
Net cash used in investing activities	(41)	(2,155)	(27,161)	(7,133)
Cash flows from financing activities				
(Repayment of)/ proceeds from short-term borrowing	(5,000)	-	10,100	-
Dividends paid	(10,313)	(13,750)	(10,313)	(13,750)
Repayment of finance leases obligation	(687)	(1,285)	(1,530)	(2,673)
Increase in fixed deposit - restricted	4	(37)	1	(38)
Interest paid	(81)	(71)	(128)	(138)
Net cash used in financing activities	(16,077)	(15,143)	(1,870)	(16,599)
Net effect of exchange rate changes	(117)	(251)	(420)	(624)
Net (decrease)/ increase in cash and cash equivalents	(5,756)	(5,544)	(14,854)	1,921
Cash and cash equivalents at beginning of the period	28,571	27,763	37,669	20,298
Cash and cash equivalents at end of the period	22,815	22,219	22,815	22,219
Fixed deposit - restricted in use			277	272
Cash and cash equivalents in the Balance Sheet			23,092	22,491

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					
	2Q			6 Months Ended		
	30-Jun-12	30-Jun-11	Change	30-Jun-12	30-Jun-11	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit for the period	7,625	7,031	8%	13,657	14,584	-6%
Other comprehensive income:						
Currency translation differences arising on consolidation	(1,094)	(793)	38%	(914)	(859)	6%
period	6,531	6,238	5%	12,743	13,725	-7%
Attributable to:						
Equity holders of the Company	6,531	6,238	5%	12,743	13,725	-7%
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	Statutory Reserve 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					
As at 1 January 2011	136,623	51	(1,079)	43,336	178,931
Changes in equity for first quarter					
Profit for the period	-	-	-	7,553	7,553
Other comprehensive income for the period	-	-	(66)	-	(66)
Total comprehensive income for the quarter	-	-	(66)	7,553	7,487
As at 31 March 2011	136,623	51	(1,145)	50,889	186,418
Changes in equity for second quarter					
Profit for the period	-	-	-	7,031	7,031
Other comprehensive income for the period	-	-	(793)	-	(793)
Total comprehensive income for the quarter	-	-	(793)	7,031	6,238
Disposal of a subsidiary	-	(51)	-	-	(51)
Dividend paid	-	-	-	(13,750)	(13,750)
As at 30 June 2011	136,623	-	(1,938)	44,170	178,855
	Share Capital S\$'000	Statutory Reserve 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					
As at 1 January 2012	136,623	-	(1,543)	50,350	185,430
Changes in equity for first quarter					
Profit for the period	-	-	-	6,032	6,032
Other comprehensive income for the period	-	-	180	-	180
Total comprehensive income for the quarter	-	-	180	6,032	6,212
As at 31 March 2012	136,623	-	(1,363)	56,382	191,642
Changes in equity for second quarter					
Profit for the period	-	-	-	7,625	7,625
Other comprehensive income for the period	-	-	(1,094)	-	(1,094)
Total comprehensive income for the quarter	-	-	(1,094)	7,625	6,531
Dividend paid	-	-	-	(10,313)	(10,313)
As at 30 June 2012	136,623	-	(2,457)	53,694	187,860

	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				
As at 1 January 2011	136,623	85	29,802	166,510
Changes in equity for first quarter				
Loss for the period	-	-	(693)	(693)
Total comprehensive expenses for the quarter	-	-	(693)	(693)
As at 31 March 2011	136,623	85	29,109	165,817
Changes in equity for second quarter				
Profit for the period	-	-	24,037	24,037
Total comprehensive income for the quarter	-	-	24,037	24,037
Purchase of treasury shares	-	-	-	-
Dividend paid	-	-	(13,750)	(13,750)
As at 30 June 2011	136,623	85	39,396	176,104

	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				
As at 1 January 2012	136,623	85	47,927	184,635
Changes in equity for first quarter				
Loss for the period	-	-	1,296	1,296
Total comprehensive expenses for the quarter	-	-	1,296	1,296
As at 31 March 2012	136,623	85	49,223	185,931
Changes in equity for second quarter				
Profit for the period	-	-	(216)	(216)
Total comprehensive income for the quarter	-	-	(216)	(216)
Dividend paid	-	-	(10,313)	(10,313)
As at 30 June 2012	136,623	85	38,694	175,402

1(e) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purposes since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all outstanding convertibles, as well as the number of shares held as treasury shares of the issuer, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the Company's issued share capital since last financial year ended 31 December 2011 to 30 June 2012.

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 June 2012 was 343,754,327 (30 June 2011: 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 2011 and 30 June 2012.

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 2011.

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 on or after 1 January 2012.

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			
	2Q		6 Months Ended	
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
Earnings per share (EPS)				
(a) Based on weighted average number of outstanding ordinary shares in issue; and	2.22 cents	2.05 cents	3.97 cents	4.24 cents
(b) On a fully diluted basis	2.22 cents	2.05 cents	3.97 cents	4.24 cents

The basic earning per share for the latest and the previous corresponding period have been calculated based on the weighted average number of 343,754,327 of outstanding ordinary shares. The diluted earnings per share for the latest and the previous corresponding period have been calculated based on 343,754,327 of outstanding ordinary shares.

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-Jun-12	31-Dec-11	30-Jun-12	31-Dec-11
Net asset per ordinary share based on existing issued share capital as at end of period reported on	54.65 cents	53.94 cents	51.03 cents	53.71 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 343,754,327 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.

6 months 2012 Vs 6 months 2011

	Group		
	6 months		
	30-Jun-12	30-Jun-11	Change
	S \$'000	S \$'000	%
Business Segments			
Contract Equipment Manufacturing (CEM)	4,222	3,428	23%
Semiconductor (Semicon)	64,407	64,193	0%
	68,629	67,621	1%
Geographical Regions			
Singapore	46,987	40,735	15%
United States of America (US)	11,955	17,190	-30%
Others	9,687	9,696	0%
	68,629	67,621	1%

2Q 2012 Vs 2Q 2011

	Group		
	2Q		
	30-Jun-12	30-Jun-11	Change
	S \$'000	S \$'000	%
Business Segments			
Contract Equipment Manufacturing (CEM)	2,041	1,339	52%
Semiconductor (Semicon)	34,596	31,325	10%
	36,637	32,664	12%
Geographical Regions			
Singapore	24,663	20,718	19%
United States of America (US)	6,516	7,357	-11%
Others	5,458	4,589	19%
	36,637	32,664	12%

Revenue

UMS revenue for the three months ended 30 June 2012 (2Q2012) grew by 12% to S\$36.6 million from S\$32.7 million in the previous corresponding period (2Q2011). The decline of global semiconductor capex spending bottomed out in 3Q2011 and since then, semiconductor end users have been picking up and accelerating their capital expenditure which continued into 2Q2012.

In terms of business segments, UMS revenue in the semicon segment increased by 10% in 2Q2012 to S\$34.6 million as compared to that of S\$31.3 million in 2Q2011 while its revenue in CEM segment increased 52% to S\$2.0 million in 2Q2012 from S\$1.3 million in 2Q2011. Sequentially, compared to the preceding quarter of 1Q2012, UMS semicon revenue in 2Q2012 increased by 16% while its CEM revenue in 2Q2012 decreased by 6%.

As UMS major customers continued to outsource more to Asia, Singapore remained UMS largest revenue contributor by geography. Revenue from Singapore in 2Q2012 stood at S\$24.7 million, growing by 19% from S\$20.7 million in 2Q2011. Over similar comparative periods, revenue from US declined by 11% to S\$6.5 million while its revenue from Others increased by 19% to S\$5.5 million.

On a half yearly basis, UMS revenue for the 6 months ended 30 June 2012 (1H2012) was relatively flat at S\$68.6 million as compared to that of S\$67.6 million in the same period last year (1H2011). The semicon segment contributed S\$64.4 million in 1H2012 as compared to S\$64.2 million in 1H2011 while CEM revenue grew by 23% to S\$4.2 million in 1H2012 from S\$3.4 million in 1H2011.

In 1H2012, Singapore was UMS largest market, contributing S\$47.0 million, a 15% increase from that of S\$40.7 million in 1H2011. 1H2012 revenue from US declined by 30% to S\$12.0 million from S\$17.2 million in the previous corresponding period while its revenue from Others stood flat at S\$9.7 million in 1H2012 (1H2011: S\$9.7 Million).

Profitability

During the period, UMS did very well in the integrated systems business, driven by the demand for chips for mobile devices while the higher margin component business was affected by lower spending by the DRAM producers. Therefore, as the share of integrated systems business increased in 2Q2012 from 1Q2012, the gross material margin was relatively lower.

Raw material and sub-contractor costs increased by 3% to S\$17.9 million in 2Q2012 as compared to S\$17.3 million in 2Q2011. Personnel related costs (i.e. employee benefits expense) for 2Q2012 stood flat at S\$3.4 million (2Q2011: S\$3.4 million) while depreciation expense declined 3% to S\$2.6 million in 2Q2012 from S\$2.7 million in 2Q2011 due to some assets being fully appreciated.

Over the same period, Other expenses in 2Q2012 decreased 9% to S\$3.0 million from that of S\$3.2 million in 2Q2011. Other charges/credits recorded a loss of S\$0.3 million in 2Q2012, an 81% decline from that of S\$1.7 million a year ago. This was the result of an exchange gain of S\$0.7 million due to appreciation of USD and an inventory provision for excess and slow-moving inventory of S\$1.1 million in 2Q2012.

As a result of the above, UMS reported a higher net profit attributable to equity holders of S\$7.6 million in 2Q2012, representing a 8% increase from S\$7.0 million in 2Q2011.

For the period of 1H2012, raw materials and sub-contractor costs declined 15% to S\$32.3 million from S\$38.2 million in 1H2011. Personnel related costs (i.e. employee benefits expense) for 1H2012 was S\$6.5 million, a decline of 2% as compared to S\$6.6 million a year ago. Similarly, as some assets are fully depreciated, 1H2012 depreciation expenses decreased by 5% to S\$5.1 million from S\$5.4 million in 1H2011.

Other expenses decreased 7% from S\$6.1 million in 1H2011 to S\$5.7 million in 1H2012. Other credits/charges in 1H2012 recorded a loss of S\$1.6 million as compared to a loss of S\$2.4 million in 1H2011.

Over the same period, UMS net profit attributable to equity holders decreased slightly by 6% to S\$13.7 million in 1H2012 from S\$14.6 million in 1H2011.

Cashflow

UMS continued to exhibit its ability and efforts to generate good cash flow as it generate positive operating cash flow of S\$10.5 million and free cash flow of S\$10.4 million in 2Q2012, compared to S\$12.0 million and S\$9.9 million respectively in 2Q2011. Correspondingly, UMS cash conversion ratio (free cash flow as a percentage of net profit) stood at 137% for 2Q2012.

In 2Q2012, UMS also repaid S\$5.0 million of its short term loan of S\$15.1 million, previously drawn down in 1Q2012 for the partial financing of the acquisition of IMT Group. In addition, dividends of \$10.3 million was paid during 2Q2012.

For the half yearly comparison, UMS generated positive operating cash flow of S\$14.6 million and free cash flow of S\$14.5 million in 1H2012, compared to S\$26.3 million and S\$19.2 million respectively in FY2012. UMS's cash conversion ratio for 1H2012 was at 106%.

As of 30 June 2012, UMS remained in a net cash position with cash and cash equivalents at S\$23.1 million as compared to that of S\$37.9 million as at 31 December 2011.

9 Where a forecast, or prospect statement has been previously disclosed to the shareholders, any variance between it and the actual results.

We are in line with our previous announcement.

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.

While the pick-up in business activity has continued into 1H2012 from 4Q2011, the Group is now expected to experience some headwinds in the industry in the coming months due to the continued European financial crisis which have resulted in weaker consumer demand.

In line with this outlook, UMS's key customer had announced recently that they will be revising their forecast downwards for the coming quarter (August-October 2012) due to weaker-than-expected demand from the foundry customers as they hold back on their investment plans on the back of weaker sentiments and consumer demands.

This will have an impact on UMS's third quarter revenue. During the SEMICON West Convention in July 2012, analysts and experts predicted a momentary pause prior to a multi-year market expansion in the Wafer Fab Equipment (WFE) industry. There remains some optimism that recovery will happen as soon as in 4Q2012.

UMS will be working closely with its major customer to monitor the forecast and demand situation closely for the next few months. Meanwhile, UMS will take advantage of this period to speed up the transfer of its equipment to Penang, which will help to reduce operating costs and alleviate the shortage of labour in Singapore.

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

31 October 2012.

(d) Books closure date

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of the Company will be closed on 16 October 2012, for the purpose of determining members' entitlements to the Second Interim Dividend of 1.0 cent per ordinary share (tax-exempt one-tier) for the financial year ending 31 December 2012.

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 15 October 2012 will be registered before entitlements to the Second Interim Dividend are determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 15 October 2012 will be entitled to the Second 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.

	From 1 Jan 2012 to 17 Feb 2012
Name of interested person	Aggregate value of all interested person transactions conducted during the financial period under review shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	S\$'000
Integrated Manufacturing Technologies Pte Ltd ("IMT-S")	
Sales of semi-conductor equipment components	-
Provision of human resource services, and rent and utilities	146
Subcontractor works involving welding and tube bending	1,356
Integrated Manufacturing Technologies Inc. ("IMT-USA")	
Sales of semi-conductor equipment components	-
Purchases of components, assemblies, consumables and spares	43
Subcontractor works involving welding and tube bending	18

Note: Transactions above are with companies in which Luong Andy and Lee Luong Sylvia S Y have a direct and deemed equity interest prior to the Group's acquisition of these companies.

The aggregate value of IPT entered into between the Group and IMT-S and IMT-USA for the period ended on acquisition date amounted to S\$1,563,000 which represented approximately 1.3% of the Group's latest audited net tangible assets as at 31 December 2011.

The shareholders have approved the IPT mandate via a shareholder meeting on 16 August 2011.

The nature of the interested person transactions between the Group and each of IMT-S and IMT-USA are set out in more detail in the Company's circular to Shareholders dated 25 July 2011 in respect of the IPT General Mandate.

However, IMT-S and IMT-USA have since been acquired via a shareholders' EGM dated 1 February 2012 as set out in the Company's circular to Shareholders dated 12 January 2012. The IMT-S acquisition was completed on 17 February 2012. The IMT-USA acquisition, which was a condition precedent to completion of the IMT-S acquisition, was completed on 14 February 2012.

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 2Q2012 and period ended 30 June 2012 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
8 August 2012