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UMS RECORDS NET PROFIT OF S\$7.6 MILLION FOR 2Q2012 AND PROPOSES DIVIDEND OF 1.00 SINGAPORE CENT

Summary:

- “ **UMS’ 2Q2012 revenue grew by 12% to S\$36.6 million as pick-up in business activities continued into 2Q2012 from 4Q2011**
- “ **UMS’ net profit grew by 8% to S\$7.6 million while generating free cash flow of S\$10.4 million for 2Q2012**
- “ **Proposed interim dividend of 1.00 Singapore cent**
- “ **Short-term outlook revised downwards on the back of continuing European financial crisis**

Financial Highlights:

S\$ (million)	3 months 2Q2012	3 months 2Q2011	Change
Revenue	36.6	32.7	↑ 12%
Profit before tax	8.7	7.9	↑ 11%
Net profit	7.6	7.0	↑ 8%

SINGAPORE, 08 August 2012. SGX Mainboard-listed UMS Holdings Limited (UMS or the Group), a strategic integration partner in manufacturing and engineering for front-end semiconductor equipment manufacturers, today announced its financial results for the three months ended 30 June 2012 ("2Q2012")

UMS revenue for 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.

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 results 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.

Good Free Cash Flow And High Dividend Payout

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, UMSqcash 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. UMSqcash 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.

The Directors have proposed an interim dividend of 1.00 Singapore cent per ordinary share (tax exempt one tier) constituting to a payout ratio of 45%.

Outlook Uncertain in Short Term

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 has 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 momentarily 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.

Commenting on its outlook, UMS's Founder and Chief Executive Officer, Mr. Andy Luong, remarked, **“Although UMS’ performance is within our expectation for the first 6 months of 2012, we are expecting reduced demand in the short term due to the looming European financial crisis. This short-term decline also reflects the cyclical nature of the global semiconductor industry, which is highly correlated to the global economy. However, we are confident that demand for semiconductor equipment will strengthen in the long run due to continuing technological upgrades and the race among foundries to boost capacity for new chip sets.”**

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.

#End of Release#

Note: This press release is to be read in conjunction with the related mandatory announcement filed by UMS on SGX net.

ISSUED ON BEHALF OF **UMS HOLDINGS LIMITED**
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About UMS Holdings Limited

Incorporated in Singapore on January 17, 2001, UMS Holdings Limited is a one-stop strategic integration partner providing equipment manufacturing and engineering services to Original Equipment Manufacturers of semiconductors and related products. The Group is in the business of front-end semi-conductor equipment contract manufacturing and is also involved in complex electromechanical assembly and final testing devices. The products we offer include modular and integration system for original semiconductor equipment manufacturing. Other industries that we also support include the electronic, machine tools and oil and gas.

Headquartered in Singapore, the Group has production facilities in Singapore, Malaysia as well as office in California, USA.