

UMS HOLDINGS LIMITED
COMPANY REGISTRATION NO: 200100340R
First 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 31 March 2013

	Group		
	3 Months Ended		
	31-Mar-13	31-Mar-12	Change
	S\$'000	S\$'000	%
Revenue	27,845	31,992	-13%
Net finance expense (Note (a))	(41)	(17)	141%
Changes in inventories	279	(1,131)	N.M
Raw material purchases and sub-contractors charges	(14,616)	(14,328)	2%
Employee benefits expense	(3,002)	(3,145)	-5%
Depreciation expense	(2,091)	(2,538)	-18%
Other expenses (Note (b))	(2,778)	(2,743)	1%
Other credits / (charges) (Note (c))	169	(1,291)	N.M
Profit before income tax	5,765	6,799	-15%
Income tax expense (Note (d))	(509)	(767)	-34%
Profit for the period from continuing operations	5,256	6,032	-13%
Attributable to:			
Equity holders of the Company	5,256	6,032	-13%
Minority interests	-	-	N.M
	5,256	6,032	-13%
Earnings per ordinary share (in cents)			
- basic and diluted	1.53	1.75	-13%

N.M - Not meaningful

NOTES TO INCOME STATEMENT

Note (a) Net finance expense

	Group		
	3 Months Ended		
	31-Mar-13	31-Mar-12	Change
	S\$'000	S\$'000	%
Interest income	12	30	-60%
Interest expense	(53)	(47)	13%
Finance expenses - net	(41)	(17)	141%

Note (b) Other expenses

	Group		
	3 Months Ended		
	31-Mar-13	31-Mar-12	Change
	S\$'000	S\$'000	%
Legal and professional fees	(149)	(127)	17%
Rental expense (includes leasing of land)	(410)	(444)	-8%
Utilities	(1,016)	(1,047)	-3%
Freight charges	(175)	(164)	7%
Insurance	(87)	(64)	36%
Upkeep of properties	(36)	(44)	-18%
Upkeep of machinery	(329)	(365)	-10%
Others	(576)	(488)	18%
	(2,778)	(2,743)	1%

Note (c) Other credits/ (charges)

	Group		
	3 Months Ended		
	31-Mar-13	31-Mar-12	Change
	S\$'000	S\$'000	%
Foreign exchange gain/ (losses) (Note (i))	530	(1,293)	N.M
Loss on disposal of property, plant and equipment	-	(1)	-100%
Allowance for inventories obsolescence	(400)	-	N.M
Others	39	3	1200%
	169	(1,291)	N.M

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

Note (d) Income tax

	Group		
	3 Months Ended		
	31-Mar-13	31-Mar-12	Change
	S\$'000	S\$'000	%
Income tax:			
- Current	(509)	(767)	-34%
- Deferred tax	-	-	N.M
	(509)	(767)	-34%

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 Mar 2013 S\$'000	31 Dec 2012 S\$'000	31 Mar 2013 S\$'000	31 Dec 2012 S\$'000
ASSETS				
Current Assets				
Cash and bank balances (Note (ii))	28,448	32,532	695	658
Trade receivables and other current assets (Note (iii))	17,122	13,274	398	2,026
Financial assets, available-for-sale (Note (iv))	-	4,276	-	-
Inventories	27,289	27,000	-	-
	72,859	77,082	1,093	2,684
Non-Current Assets				
Investment in subsidiaries (Note (i))	-	-	192,415	192,415
Property, plant and equipment	48,638	50,230	-	-
Investment property	3,013	3,068	-	-
Goodwill	81,683	81,683	-	-
	133,334	134,981	192,415	192,415
Total Assets	206,193	212,063	193,508	195,099
LIABILITIES AND EQUITY				
Current Liabilities				
Bank borrowings (Note (ii))	2,000	17,100	-	-
Trade and other payables (Note (v))	13,839	10,341	3,531	4,763
Current portion of finance leases obligation (Note (vi))	35	138	-	-
Income tax payable	1,552	1,221	-	22
	17,426	28,800	3,531	4,785
Non Current Liabilities				
Deferred tax liabilities	2,186	2,186	10	10
Long-term provision *	564	564	-	-
	2,750	2,750	10	10
Total Liabilities	20,176	31,550	3,541	4,795
Capital and Reserves				
Share Capital	136,623	136,623	136,623	136,623
Reserves	(2,585)	(2,833)	85	85
Retained earnings	51,979	46,723	53,259	53,596
Total Equity	186,017	180,513	189,967	190,304
Total Liabilities and Equity	206,193	212,063	193,508	195,099

* Provision for reinstatement of leased premises.

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

The details of the subsidiaries as at 31 March 2013 are as follows:

Name	Effective percentage of equity held by the group		Company's cost of investment	
	31-Mar-2013 %	31-Dec-2012 %	31-Mar-2013 S\$'000	31-Dec-2012 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 decrease in cash and cash equivalents by S\$4.1 million was mainly due to the repayment of bank borrowings during the period.

Note 1(b)(i)(iii) – Trade receivables and other current assets increased by S\$3.8 million mainly due to the increase in sales.

Note 1(b)(i)(iv) – Financial asset, available for sale was disposed off during the period.

Note 1(b)(i)(v) – The increase in trade and other payables by S\$3.5 million was mainly due to higher purchases to meet customer orders.

Note 1(b)(i)(vi) – The total decrease in finance lease obligations by S\$0.1 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 31 Mar 2013			As at 31 Dec 2012		
Secured	Unsecured	Total	Secured	Unsecured	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2,035	-	2,035	17,238	-	17,238

Amount repayable after one year

As at 31 Mar 2013			As at 31 Dec 2012		
Secured	Unsecured	Total	Secured	Unsecured	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-	-	-

Details of any collateral

The Group's borrowings comprise mainly of finance leases and short-term bank borrowings. 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	
	3 Months Ended	
	31-Mar-13	31-Mar-12
	S\$'000	S\$'000
Cash flows from operating activities		
Net profit before income tax	5,765	6,799
Adjustments for:		
Depreciation expense	2,091	2,538
Allowance for inventories obsolescence	400	-
Loss on disposal of property, plant and equipment	-	1
Interest income	(12)	(30)
Interest expense	53	47
Unrealised foreign exchange (gain)/ loss	(421)	1,121
Operating cash flows before working capital changes	7,876	10,476
Changes in working capital:		
Trade receivables and other current assets	(3,915)	(1,834)
Inventories	(689)	(836)
Trade and other payables	3,429	(3,569)
Cash generated from operations	6,701	4,237
Income tax paid	(48)	(119)
Net cash generated from operating activities	6,653	4,118
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	1
Purchase of property, plant and equipment	(296)	(90)
Proceeds on sale of financial assets, available-for-sale	4,276	-
Net cash outflow on acquisition of subsidiaries	-	(27,061)
Interest received	12	30
Net cash generated from/ (used in) investing activities	3,992	(27,120)
Cash flows from financing activities		
Proceeds from bank borrowings	-	15,100
Repayment of bank borrowings	(15,100)	-
Repayment of finance leases obligation	(103)	(843)
Increase in fixed deposit - restricted	(2)	(3)
Interest paid	(53)	(47)
Net cash (used in)/ generated from financing activities	(15,258)	14,207
Net effect of exchange rate changes	527	(303)
Net decrease in cash and cash equivalents	(4,086)	(9,098)
Cash and cash equivalents at beginning of the period	32,276	37,669
Cash and cash equivalents at end of the period	28,190	28,571
Fixed deposit - restricted in use	258	281
Cash and cash equivalents in the Balance Sheet	28,448	28,852

- 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		
	3 Months Ended		
	31-Mar-13	31-Mar-12	Change
	S\$'000	S\$'000	%
Profit for the period	5,256	6,032	-13%
Other comprehensive income:			
Exchange differences on translation of foreign operations	248	180	38%
Total comprehensive income for the period	5,504	6,212	-11%
Attributable to:			
Equity holders of the Company	5,504	6,212	-11%
Minority interests	-	-	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				
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

	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				
As at 1 January 2013	136,623	(2,833)	46,723	180,513
Changes in equity for first quarter				
Profit for the period	-	-	5,256	5,256
Other comprehensive income for the period	-	248	-	248
Total comprehensive income for the quarter	-	248	5,256	5,504
As at 31 March 2013	136,623	(2,585)	51,979	186,017

	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				
Profit 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

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
As at 1 January 2013	136,623	85	53,596	190,304
Changes in equity for first quarter				
Loss for the period	-	-	(337)	(337)
Total comprehensive expenses for the quarter	-	-	(337)	(337)
As at 31 March 2013	136,623	85	53,259	189,967

- 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 2012 to 31 March 2013.

- 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 March 2013 was 343,754,327 (31 March 2012: 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 2012 and 31 March 2013.

- 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 2012.

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 2013.

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.

Earnings per share (EPS)	Group	
	3 Months Ended	
	31-Mar-13	31-Mar-12
(a) Based on weighted average number of outstanding ordinary shares in issue; and	1.53 cents	1.75 cents
(b) On a fully diluted basis	1.53 cents	1.75 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	
	31-Mar-13	31-Dec-12	31-Mar-13	31-Dec-12
Net asset per ordinary share based on existing issued share capital as at end of period reported on	54.11 cents	52.51 cents	55.26 cents	53.36 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.

Revenue
1Q 2013 Vs 1Q 2012

	Group		
	1Q		
	31-Mar-13 S\$'000	31-Mar-12 S\$'000	Change %
Business Segments			
Contract Equipment Manufacturing (CEM)	495	2,181	-77%
Semiconductor (Semicon)	27,350	29,811	-8%
	27,845	31,992	-13%
Geographical Regions			
Singapore	17,568	22,276	-21%
United States of America ('US')	5,433	5,487	-1%
Others	4,844	4,229	15%
	27,845	31,992	-13%

Revenue

UMS' revenue for the three months ending 31 March 2013 ("1Q2013") decreased 13% to S\$27.8 million from S\$32.0 million in the previous corresponding period ("1Q2012"). The higher revenue in the previous period was mainly due to a better business environment in 1Q2012. While the global economy began to weaken in the third quarter of FY2012, there had been signs of recovery in the three months ending 31 December 2012 ("4Q2012"). This is due to a turnaround in the semiconductor industry with some end users (foundries) resuming their capital expenditure spending, which were previously delayed. Consequently, the Group experienced a sequential revenue growth of 28.7% in 1Q2013 compared to that of S\$21.6 million in 4Q2012.

In 1Q2013, revenue from semiconductor ("Semicon") segment decreased 8% to S\$27.4 million from S\$29.8 million in 1Q2012. On a sequential basis, revenue in Semicon segment in 1Q2013 increased 35% compared to 4Q2012 and was the main driver behind the Group's overall sequential growth mentioned in the paragraph above. Revenue from contract equipment manufacturing ("CEM") dropped 77% from S\$2.2 million in 1Q2012 to S\$0.5 million in 1Q2013, mainly attributed to lower orders received as inventory level of the customers remained relatively high.

Geographically, as UMS' major customer's strategy of outsourcing to Asia continued, Singapore remained its key revenue contributor for the Group, contributing S\$17.6 million in revenue in 1Q2013. For the same period, revenue from United States for 1Q2013 stood relatively flat at S\$5.4 million compared to that of S\$5.5 million a year ago while revenue contribution from Others grew 15% to S\$4.8 million from S\$4.2 million in 1Q2012.

Profitability

Overall, UMS' gross material margin decrease from 52% in 1Q2012 to 48% in 1Q2013, mainly due to product mix. Integrated system segment experienced a lower margin due to price discounts extended to the Group's major customer. Furthermore, more subcontracting works resulting from labor shortage in Singapore had also affected the margin.

Raw material and sub-contractor costs stood at S\$14.6 million in 1Q2013 compared to S\$14.3 million in 1Q2012. Personnel related costs (i.e. employee benefits expense) stood at S\$3.0 million in 1Q2013, a decrease of 5% as compared to S\$3.1 million over the same period a year ago.

For the similar period, depreciation expenses decreased 18% to S\$2.1 million in 1Q2013, from S\$2.5 million a year ago as some of the assets are fully depreciated.

Other charges reversed from a loss of S\$1.3 million in 1Q2012 to a gain of S\$0.2 million in 1Q2013. This reversal consisted of an exchange gain of S\$0.5 million in 1Q2013 resulting from the appreciation of US dollar, compared to an exchange loss of S\$1.3 million in 1Q2012. Additionally, the Group had also made allowance for inventories obsolescence of S\$0.4 million in 1Q2013.

In line with the lower revenue and profitability, there is lower tax provision of S\$0.5 million in 1Q2013 compared to S\$0.8 million in 1Q2012.

UMS recorded a lower net profit of S\$5.2 million in 1Q2013, representing a 13% decrease from S\$6.0 million in 1Q2012.

Cashflow

UMS continued to demonstrate good cash generation as evidenced by the Group registering positive operating cash flow of S\$6.7 million and free cash flow of S\$6.4 million in 1Q2013, compared to S\$4.1 million and S\$4.0 million respectively in 1Q2012. For the same period, the Group achieved a cash conversion ratio (free cash flow as percentage of net profit) of 121%.

For the same period under review, UMS repaid most of its borrowings, which amounted to S\$15.2 million. As of 31 March 2013, UMS remained in a strong net cash position with cash and cash equivalents at S\$26.5 million as compared to that of S\$13.8 million as at 31 March 2012.

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.

Following the positive signals of improvements during the month of December 2012, the Group expects business to continue to improve in the near term. Similarly, UMS' major customer had also indicated that 2013 will be a better year as major investment programs by foundries will likely be announced and performed on the back of increasing demand for personal mobile products such as tablets and smart phones.

The recent recovery was also experienced by numerous global semiconductor equipment makers. Notably, ASML, one of the world's largest suppliers of chip making equipment had predicted a recovery in the second quarter of 2013. It was also suggested that the likes of Intel and Samsung are seeing increased demand for their chips. This was further supported by a recent study by IHS, predicting a new growth cycle in the semiconductor industry that will be sustained through 2013. IHS also predicts global semiconductor revenue will rise by 5.6 percent in 2013, bringing an end to the slump of 2012. Higher revenue and profitability for semiconductor players (including foundries) will typically translate into more capital expenditure programmes which in turn benefit the Group.

While the Group is cautiously optimistic about the prospects of the new year, it is picking up pace to mitigate the short term fluctuations and cyclical nature of the semiconductor industry with cost management initiatives and improving operating efficiencies. For example, UMS will continue to hasten its process of relocating its Singapore manufacturing processes to Penang in order to reduce operating costs to increase its competitiveness and profitability as well as to alleviate the labour shortage in Singapore. Additionally, UMS is also working with existing and new customers in the oil & gas industry to seek additional revenue streams.

Given the above and barring unforeseen circumstances, the Group will remain profitable in FY2013.

Footnote:

Refer to <http://www.techzone360.com/news/2013/04/18/7070890.htm> for ASML citation

Refer to <http://www.electroiq.com/articles/sst/2013/04/fourth-quarter-reprieve-brings-little-relief-to-semiconductor-ma.html> for IHS citation

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

26 July 2013.

(d) Books closure date

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of the Company will be closed on 12 July 2013 , for the purpose of determining members' entitlements to the First Interim Dividend of 1.0 cent per ordinary share (tax-exempt one-tier) for the financial year ending 31 December 2013.

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 11 July 2013 will be registered before entitlements to the First Interim Dividend are determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 11 July 2013 will be entitled to the First 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.

Not applicable.

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 1Q2013 and period ended 31 March 2013 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
9 May 2013