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UMS POSTS NET PROFIT OF S\$5.2 MILLION; PROPOSED DIVIDEND OF 1.00 SINGAPORE CENT

Highlights

- UMS' 1Q2013 revenue increased 29% sequentially from 4Q2012
- Free cash flow generation increased 58% to S\$6.4 million from 1Q2012
- Proposed interim dividend of 1.00 Singapore cent for this quarter

Financial Highlights:

S\$ (million)	3 months 1Q2013 A	3 months 4Q2012 B	Change (A-B)/B	3 months 1Q2012 C	Change (A-C)/C
Revenue	27.8	21.6	↑29%	32.0	↓13%
Profit before tax	5.8	0.8	↑625%	6.8	↓15%
Net profit	5.2	1.2	↑333%	6.0	↓13%
Free Cash Flow generated	6.4	6.8	↓6%	4.0	↑58%

SINGAPORE, 9 May 2013– 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 31 March 2013 (“1Q2013”).

Revenue

Group 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. Nonetheless, the Group experienced an uplift in demand in December 2012 (“4Q2012”) and achieved a sequential revenue growth of 28.7% in 1Q2013 as 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

In terms of profitability, 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 its assets have been 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 inventory obsolescence of S\$0.4 million in 1Q2013.

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

Strong Cash Generation Continues

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.

As a result, the Directors are pleased to propose a dividend of ONE (1) Singapore cent per share for this quarter.

Outlook

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 benefits the Group.

Commenting on the outlook for the coming 12 months, Mr Andy Luong, Chief Executive Officer, UMS Holdings Limited remarked “***Notwithstanding the cyclical nature of the semiconductor industry, there are positive signs that momentum has picked up since the end of 2012. We remain cautiously optimistic for the current year as the Group continues to take on cost management initiatives such as hastening the relocation of Singapore manufacturing processes to Penang where we enjoy more advantageous cost structure.***”

#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 California and Texas, USA.