

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 2013

	Group					
	2Q			6 Months Ended		
	30-Jun-13	30-Jun-12	Change	30-Jun-13	30-Jun-12	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	32,821	36,637	-10%	60,666	68,629	-12%
Net finance expense (Note (a))	(1)	(67)	-99%	(42)	(84)	-50%
Changes in inventories	322	(676)	N.M	601	(1,807)	N.M
Raw material purchases and sub-contractors charges	(16,765)	(17,922)	-6%	(31,381)	(32,250)	-3%
Employee benefits expense	(3,181)	(3,385)	-6%	(6,183)	(6,530)	-5%
Depreciation expense	(1,973)	(2,610)	-24%	(4,064)	(5,148)	-21%
Other expenses (Note (b))	(3,179)	(2,955)	8%	(5,957)	(5,698)	5%
Other credits / (charges) (Note (c))	653	(327)	N.M	822	(1,618)	N.M
Profit before income tax	8,697	8,695	0%	14,462	15,494	-7%
Income tax expense (Note (d))	(860)	(1,070)	-20%	(1,369)	(1,837)	-25%
Profit for the period from continuing operations	7,837	7,625	3%	13,093	13,657	-4%
Attributable to:						
Equity holders of the Company	7,837	7,625	3%	13,093	13,657	-4%
Minority interests	-	-	N.M	-	-	N.M
	7,837	7,625	3%	13,093	13,657	-4%
Earnings per ordinary share (in cents)						
- basic and diluted	2.28	2.22	3%	3.81	3.97	-4%

N.M - Not meaningful

NOTES TO INCOME STATEMENT

Note (a) Net finance expense

	Group					
	2Q			6 Months Ended		
	30-Jun-13	30-Jun-12	Change	30-Jun-13	30-Jun-12	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income	12	14	-14%	24	44	-45%
Interest expense (Note (i))	(13)	(81)	-84%	(66)	(128)	-48%
Finance expenses - net	(1)	(67)	-99%	(42)	(84)	-50%

Note 1 (a)(a)(i) . The decrease in interest expenses was mainly due to the settlement of bank borrowings and finance lease obligation.

Note (b) Other expenses

	Group					
	2Q			6 Months Ended		
	30-Jun-13	30-Jun-12	Change	30-Jun-13	30-Jun-12	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Legal and professional fees (Note (i))	(362)	(88)	311%	(511)	(215)	138%
Rental expense (includes leasing of land)	(396)	(464)	-15%	(806)	(908)	-11%
Utilities	(1,004)	(1,144)	-12%	(2,020)	(2,191)	-8%
Freight charges	(232)	(190)	22%	(407)	(354)	15%
Insurance	(106)	(17)	524%	(193)	(81)	138%
Upkeep of properties	(46)	(59)	-22%	(82)	(103)	-20%
Upkeep of machinery	(604)	(567)	7%	(933)	(932)	0%
Others	(429)	(426)	1%	(1,005)	(914)	10%
	(3,179)	(2,955)	8%	(5,957)	(5,698)	5%

Note 1 (b)(i) . Included in legal and professional fees is an amount payable to Sure Achieve Enterprises Pte Ltd. Refer to note 13.

Note (c) Other credits/ (charges)

	Group					
	2Q			6 Months Ended		
	30-Jun-13	30-Jun-12	Change	30-Jun-13	30-Jun-12	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Foreign exchange gain/ (losses) (Note (i))	745	737	1%	1,275	(556)	N.M
Write back of Bad Debts	3	-	N.M	12	-	N.M
Gain/ (loss) on disposal of property, plant and equipment	36	-	N.M	36	(1)	N.M
Property, plant & equipment written off	-	(3)	-100%	-	(3)	-100%
Allowance for inventories obsolescence	(137)	(1,077)	-87%	(537)	(1,077)	-50%
Others	6	16	-63%	36	19	89%
	653	(327)	N.M	822	(1,618)	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					
	2Q			6 Months Ended		
	30-Jun-13	30-Jun-12	Change	30-Jun-13	30-Jun-12	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Income tax:						
- Current	(860)	(1,070)	-20%	(1,369)	(1,837)	-25%
- Deferred tax	-	-	N.M	-	-	N.M
	(860)	(1,070)	-20%	(1,369)	(1,837)	-25%

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 2013 S\$'000	31 Dec 2012 S\$'000	30 Jun 2013 S\$'000	31 Dec 2012 S\$'000
ASSETS				
Current Assets				
Cash and bank balances (Note (ii))	27,406	32,532	4,025	658
Trade receivables and other current assets (Note (iii))	18,105	13,274	457	2,026
Financial assets, available-for-sale (Note (iv))	-	4,276	-	-
Inventories	27,635	27,000	-	-
	73,146	77,082	4,482	2,684
Non-Current Assets				
Investment in subsidiaries (Note (i))	-	-	192,415	192,415
Property, plant and equipment	46,940	50,230	-	-
Investment property	2,957	3,068	-	-
Goodwill	81,683	81,683	-	-
	131,580	134,981	192,415	192,415
Total Assets	204,726	212,063	196,897	195,099
LIABILITIES AND EQUITY				
Current Liabilities				
Bank borrowings (Note (ii))	-	17,100	-	-
Trade and other payables (Note (v))	13,241	10,341	8,783	4,763
Current portion of finance leases obligation (Note (vi))	-	138	-	-
Income tax payable	1,571	1,221	-	22
	14,812	28,800	8,783	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	17,562	31,550	8,793	4,795
Capital and Reserves				
Share Capital	136,623	136,623	136,623	136,623
Reserves	(2,400)	(2,833)	85	85
Retained earnings	52,941	46,723	51,396	53,596
Total Equity	187,164	180,513	188,104	190,304
Total Liabilities and Equity	204,726	212,063	196,897	195,099

* Provision for reinstatement of leased premises.

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

The details of the subsidiaries as at 30 June 2013 are as follows:

Name	Effective percentage of equity held by the group		Company's cost of investment	
	30-Jun-2013	31-Dec-2012	30-Jun-2013	31-Dec-2012
	%	%	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
			<hr/>	
Unquoted equity shares, at cost			216,213	216,213
Less: Provision for impairment			(23,798)	(23,798)
			<hr/>	
			192,415	192,415
<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\$5.1 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\$4.8 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\$2.9 million was mainly due to higher purchases to meet customer orders.

Note 1(b)(i)(vi) . All finance lease obligation were settled 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 2013			As at 31 Dec 2012		
Secured	Unsecured	Total	Secured	Unsecured	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	17,238	-	17,238

Details of any collateral

The Group's borrowings comprise mainly finance leases and short-term bank borrowings. The finance leases were secured by mortgages over the plant and machinery of a subsidiary and the short-term bank borrowings were secured by corporate guarantee. During the period, the Group fully settled all the finance leases and bank borrowings.

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-13	30-Jun-12	30-Jun-13	30-Jun-12
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Net profit before income tax	8,697	8,695	14,462	15,494
Adjustments for:				
Depreciation expense	1,973	2,610	4,064	5,148
Write back of bad debts	(3)	-	(12)	-
Allowance for inventories obsolescence	137	1,077	537	1,077
Property, plant and equipment written off	-	3	-	3
(Gain)/ loss on disposal of property, plant and equipment	(36)	-	(36)	1
Interest income	(12)	(14)	(24)	(44)
Interest expense	13	81	66	128
Unrealised foreign exchange (gain)/ loss	(589)	(556)	(1,010)	565
Operating cash flows before working capital changes	10,180	11,896	18,047	22,372
Changes in working capital:				
Trade receivables and other current assets	(579)	(87)	(4,485)	(1,921)
Inventories	(484)	(926)	(1,173)	(1,762)
Trade and other payables	(594)	1,865	2,835	(1,704)
Cash generated from operations	8,523	12,748	15,224	16,985
Income tax paid	(1,052)	(2,269)	(1,100)	(2,388)
Net cash generated from operating activities	7,471	10,479	14,124	14,597
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	36	-	36	1
Purchase of property, plant and equipment	(151)	(55)	(447)	(145)
Proceeds on sale of financial assets, available-for-sale	-	-	4,276	-
Net cash outflow on acquisition of subsidiaries	-	-	-	(27,061)
Interest received	12	14	24	44
Net cash (used in) /generated from investing activities	(103)	(41)	3,889	(27,161)
Cash flows from financing activities				
Proceeds from bank borrowings	8,000	-	8,000	18,100
Repayment of bank borrowings	(10,000)	(5,000)	(25,100)	(8,000)
Dividends paid	(6,875)	(10,313)	(6,875)	(10,313)
Repayment of finance leases obligation	(35)	(687)	(138)	(1,530)
(Decrease)/ increase in fixed deposit - restricted	(2)	4	(4)	1
Interest paid	(13)	(81)	(66)	(128)
Net cash used in financing activities	(8,925)	(16,077)	(24,183)	(1,870)
Net effect of exchange rate changes	511	(117)	1,038	(420)
Net decrease in cash and cash equivalents	(1,046)	(5,756)	(5,132)	(14,854)
Cash and cash equivalents at beginning of the period	28,190	28,571	32,276	37,669
Cash and cash equivalents at end of the period	27,144	22,815	27,144	22,815
Fixed deposit - restricted in use			262	277
Cash and cash equivalents in the Balance Sheet			27,406	23,092

- 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-13 S\$'000	30-Jun-12 S\$'000	Change %	30-Jun-13 S\$'000	30-Jun-12 S\$'000	Change %
Profit for the period	7,837	7,625	3%	13,093	13,657	-4%
Other comprehensive income:						
Exchange differences on translation of foreign operations	185	(1,094)	N.M	433	(914)	N.M
Total comprehensive income for the period	8,022	6,531	23%	13,526	12,743	6%
Attributable to:						
Equity holders of the Company	8,022	6,531	23%	13,526	12,743	6%
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	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	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
Changes in equity for second quarter				
Profit for the period	-	-	7,837	7,837
Other comprehensive income for the period	-	185	-	185
Total comprehensive income for the quarter	-	185	7,837	8,022
Dividend paid	-	-	(6,875)	(6,875)
As at 30 June 2013	136,623	(2,400)	52,941	187,164

	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
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

	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 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
Changes in equity for second quarter				
Profit for the period	-	-	5,012	5,012
Total comprehensive income for the quarter	-	-	5,012	5,012
Dividend paid	-	-	(6,875)	(6,875)
As at 30 June 2013	136,623	85	51,396	188,104

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 30 June 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 30 June 2013 was 343,754,327 (30 June 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 30 June 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.**

	Group			
	2Q		6 Months Ended	
	30-Jun-13	30-Jun-12	30-Jun-13	30-Jun-12
Earnings per share (EPS)				
(a) Based on weighted average number of outstanding ordinary shares in issue; and	2.28 cents	2.22 cents	3.81 cents	3.97 cents
(b) On a fully diluted basis	2.28 cents	2.22 cents	3.81 cents	3.97 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-13	31-Dec-12	30-Jun-13	31-Dec-12
Net asset per ordinary share based on existing issued share capital as at end of period reported on	54.45 cents	52.51 cents	54.72 cents	55.36 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
6 months 2013 Vs 6 months 2012

	Group		
	Six Months Ended		
	30-Jun-13	30-Jun-12	Change
	S\$'000	S\$'000	%
Business Segments			
Contract Equipment Manufacturing (CEM)	994	4,222	-76%
Semiconductor (Semicon)	59,672	64,407	-7%
	60,666	68,629	-12%
Geographical Regions			
Singapore	37,757	46,987	-20%
United States of America ('US')	11,383	11,955	-5%
Others	11,526	9,687	19%
	60,666	68,629	-12%

Revenue
2Q 2013 Vs 2Q 2012

	Group		
	2Q		
	30-Jun-13	30-Jun-12	Change
	S\$'000	S\$'000	%
Business Segments			
Contract Equipment Manufacturing (CEM)	499	2,041	-76%
Semiconductor (Semicon)	32,322	34,596	-7%
	32,821	36,637	-10%
Geographical Regions			
Singapore	20,173	24,663	-18%
United States of America ('US')	5,948	6,516	-9%
Others	6,700	5,458	23%
	32,821	36,637	-10%

Revenue

For the three months ended 30 June 2013 (2Q2013+), UMS revenue stood at S\$32.8 million, which translates to a decline of 10% as compared to S\$36.6 million a year ago (2Q2012+). The global semiconductor sector experienced a much robust environment during 2Q2012, which explained the higher volume of business experienced then. Thereafter, the global economy began to weaken and affected the semiconductor industry. Signs of recovery were only experienced in the last quarter of FY2012. Similarly, UMS first experienced a recovery in business volume in the three months ended 31 March 2013 (1Q2013+) as the foundries resumed their capital expenditure spending, which were previously delayed. This recovery trend continued for UMS in 2Q2013 as evidenced by its 2Q2013 revenue growing sequentially by 18% compared to the preceding quarter of 1Q2013.

For the quarter under review, revenue in Semicon in 2Q2013 segment decreased 7% from S\$34.6 million in 2Q2012 to S\$32.3 million. For the CEM segment, its 2Q2013 revenue decreased 76% to S\$0.5 million from S\$2.0 million in 2Q2012, mainly attributed to lower orders received as inventory level of the customers remained relatively high. Compared to the preceding quarter of 1Q2013, Semicon revenue in 2Q2013 increased 18% in line with the recovery trend while CEM revenue in 2Q2013 remained flat.

Singapore remained as UMS biggest market and contributed S\$20.2 million in 2Q2013, representing a decline of 18% from S\$24.7 million in the previous corresponding period. For the same period, revenue from US declined 9% to S\$5.9 million in 2Q2013 from S\$6.5 million a year ago, while revenue from Others increased 23% to S\$6.7 million in 2Q2013 from S\$5.5 million in 2Q2012.

For the six months ended 30 June 2013 (1H2013+), UMS revenue decreased to S\$60.7 million from S\$68.6 million for the previous corresponding 6 months (1H2012+). For the same reasons, the above-mentioned factor of a much buoyant global environment explained the better performance in 1H2012.

Revenue from Semicon segment decreased 7% to S\$59.7 million in 1H2013 (1H2012: S\$64.4 million). Revenue from CEM segment declined 76% from S\$4.2 million in 1H2012 to S\$1.0 million in 1H2013.

For the same six months period, UMS revenue from Singapore in 1H2013 decreased 20% from S\$47.0 million in 1H2012 to S\$37.8 million. Revenue from US decreased 5% from S\$12.0 million in 1H2012 to S\$11.4 million in 1H2013 while revenue from Others improved 19% from S\$9.7 million in 1H2012 to S\$11.5 million in 1H2013.

Profitability

In 2Q2013, UMS gross material margin remained healthy at 50% as compared to 49% in 2Q2012. Raw material and sub-contractor costs decreased 6% to S\$16.8 million in 2Q2013 from S\$17.9 million in 2Q2012. Depreciation expenses decreased 24% from S\$2.6 million in 2Q2012 to S\$2.0 million in 2Q2013 as some of the assets are fully depreciated. Other charges reversed from a loss of S\$0.3 million a year ago to a gain of S\$0.7 million in 2Q2013 mainly due to lower inventory provision made in 2Q2013 as compared to the previous corresponding period.

In 2Q2013, UMS recorded a higher net profit of S\$7.8 million, representing a 3% improvement over S\$7.6 million in 2Q2012.

For the half year of 1H2013, UMS gross material margin of 49% was comparable to that recorded in 1H2012. Personnel related costs (i.e. employee benefits expense) for 1H2013 decreased 5% from S\$6.5 million a year ago to S\$6.2 million. Depreciation expenses for 1H2013 decreased 21% to S\$4.1 million from S\$5.1 million in 1H2012.

Other expenses increased 5% from S\$5.7 million in 1H2012 to S\$6.0 million in 1H2013. Other credits/charges in 1H2013 reversed from a loss of S\$1.6 million in 1H2012 to a gain of S\$0.8 million. Tax expenses dropped 25% from S\$1.8 million in 1H2012 to S\$1.4 million in 1H2013.

As a result of the above, UMS net profit dipped 4% to S\$13.1 million in 1H2013, from S\$13.7 million in 1H2012.

Cashflow

In line with UMS good cash flow generation ability, the Group registered positive operating cash flow of S\$7.5 million and free cash flow of S\$7.3 million in 2Q2013, compared to S\$10.5 million and S\$10.4 million respectively in 2Q2012.

For the half year comparison, UMS generated positive operating cash flow of S\$14.1 million and free cash flow of S\$13.7 million in 1H2013, as compared to S\$14.6 million and S\$14.5 million respectively in 1H2012.

As of 30 June 2013, despite settling all the Group's bank borrowings, UMS net cash and cash equivalents remain healthy at S\$27.4 million as compared to that of S\$15.4 million as at 31 December 2012.

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 1Q2013 results announcement made on 9 May 2013. Amongst others, the Group had commented that it expected business to continue to improve in the near term.

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.

Entering into the second half of 2013, the Group expects that the recovery of the global semiconductor equipment industry will most likely take a breather in the short term, following two consecutive quarters of robust demand driven by the foundries' investment programs. This breather is expected to be short with foundries resuming their capital expenditure programs later in the year or early next year. As such, this temporary window of lower spending by the foundries will likely affect the Group's sequential growth (quarter on quarter) in the next three months, although the Group is cautiously confident that the recovery will resume its pace in the last quarter of 2013 as the end users planned their next phase of investments, setting the foundation for a better 2014.

A leading research institute, Gartner also shares the management's view. According to its latest report published on 20 June 2013, Gartner predicted that 2014 semiconductor capital spending will increase 14.2% from 2013, followed by 10.1% increase in 2015, driven by increasing demand for sophisticated consumer electronics.

While the Group is cautiously optimistic about the prospects of the last quarter of 2013, 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 accelerate 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.

Given the above and barring unforeseen circumstances, UMS' Directors believe that the Group will remain profitable in FY2013.

Footnote:

Refer to <http://www.gartner.com/newsroom/id/2522615> for Gartner 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

29 October 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 11 October 2013, 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 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 10 October 2013 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 10 October 2013 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.

	Six Months ended 30 June 2013
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) S\$'000
Sure Achieve Enterprises Pte Ltd (Note 1) Consultancy Services charges	268
Kalf Engineering Pte Ltd (Note 2) Factory rental	36

Note 1: Transaction above is with Sure Achieve Enterprises Pte Ltd in which Mrs. Sylvia SY Lee Luong is a director. She was formerly the executive director/COO of the UMS Group and is the wife of the CEO, Mr. Andy Luong. She left the Company's employ on 6 March 2013 and continued as a consultant thereafter.

The aggregate value of IPT entered into between the Group and Sure Achieve Enterprises Pte Ltd during 1H2013 amounted to S\$268,000 which represented approximately 0.3% of the Group's latest audited net tangible assets as at 31 December 2012.

Note 2: Kalf Engineering Pte Ltd is a company in which both executive directors have an interest.

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 2Q2013 and period ended 30 June 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
6 August 2013