

**PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3) HALF YEAR AND FULL YEAR ANNOUNCEMENTS**

- 1 (a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediate preceding financial year.

**UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE SECOND QUARTER ENDED 30<sup>th</sup> JUNE 2008**

	2Q			1H		
	2008 S\$'000	2007 S\$'000	Change %	2008 S\$'000	2007 S\$'000	Change %
<b>Revenue</b>	<b>29,535</b>	<b>34,305</b>	<b>-14%</b>	<b>54,666</b>	<b>70,703</b>	<b>-23%</b>
Net Financial Income / (Expense) (Note (a))	2,768	(229)	N.M	(4,376)	183	N.M
Changes in inventories	854	4,626	-82%	(844)	2,945	N.M
Raw material purchases and sub-contractors charges	(11,726)	(21,755)	-46%	(19,697)	(38,034)	-48%
Employee benefits expenses including director's remuneration	(5,551)	(6,568)	-15%	(11,385)	(13,949)	-18%
Depreciation expense	(3,327)	(2,552)	30%	(6,533)	(4,994)	31%
Other expenses (Note (b))	(3,598)	(3,788)	-5%	(8,490)	(7,008)	21%
Other charges (Note (c))	(1,436)	(1,053)	36%	(3,015)	(1,748)	72%
<b>Profit before tax</b>	<b>7,519</b>	<b>2,986</b>	<b>152%</b>	<b>326</b>	<b>8,098</b>	<b>-96%</b>
Income tax expense (Note (d))	(47)	(301)	-84%	(73)	241	N.M
<b>Profit after tax</b>	<b>7,472</b>	<b>2,685</b>	<b>178%</b>	<b>253</b>	<b>8,339</b>	<b>-97%</b>
Minority interest	-	-	N.M	-	-	N.M
<b>Profit for the period</b>	<b>7,472</b>	<b>2,685</b>	<b>178%</b>	<b>253</b>	<b>8,339</b>	<b>-97%</b>

N.M - Not meaningful

## **NOTES TO INCOME STATEMENT**

### **(a) Net Financial Income and (Expense)**

	2Q			1H		
	2008	2007	Change	2008	2007	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest Income	16	28	-43%	37	98	-62%
Interest Expense	(159)	(68)	134%	(176)	(187)	-6%
Gain/(Loss) on forward contracts (Note (i))	2,911	(189)	N.M	(4,237)	272	N.M
Financial income / (expense) net	2,768	(229)	N.M	(4,376)	183	N.M

Note 1 (a)(a) (i) – The gain on forward contracts in Q2 2008 of S\$2.9 million resulted from the reversal of provision for unrealised loss in Q1 2008 amounting to S\$10 million vs realised loss of S\$7.1 million incurred in Q2 2008. This was mainly caused by an improved currency market condition. All of the positions were closed by the end of July 2008.

### **(b) Other Expenses**

	2Q			1H		
	2008	2007	Change	2008	2007	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Legal and professional fees (Note (i))	193	(257)	N.M	(969)	(370)	162%
Rental of factory (Note (ii))	(362)	(113)	220%	(724)	(372)	95%
Utilities	(1,287)	(1,076)	20%	(2,461)	(2,157)	14%
Freight charges	(219)	(235)	-7%	(447)	(483)	-7%
Upkeep of building / office (Note (iii))	(279)	(108)	158%	(419)	(236)	78%
Upkeep of machinery (Note (iv))	(377)	(212)	78%	(793)	(398)	99%
Auditor's remuneration	(67)	(98)	-32%	(172)	(198)	-13%
Property tax	(42)	(62)	-32%	(86)	(124)	-31%
Others	(1,158)	(1,627)	-29%	(2,419)	(2,670)	-9%
	(3,598)	(3,788)	-5%	(8,490)	(7,008)	21%

Note 1 (a)(b) (i) – The positive figure in Q208 was owing by a refund of overcharged one-time due diligent fee of S\$0.3 million, which was originally incurred in Q1 2008 of about S\$0.8 million in relation to potential new business and fund raising exercise that were subsequently aborted.

Note 1 (a)(b) (ii) - The substantial jump in rental of factory by S\$249K or 220% in Q208 compared to Q207 and S\$352K or 95% in 1H08 compared to 1H07 was mainly for the additional payment of rental cost for UMS Aerospace's new building in year 2008.

Note 1 (a)(b) (iii) – The increase in upkeep of building / office by 158% and 78% for Q2 and 1H respectively compared to previous corresponding period was mainly contributed by the dismantling cost incurred for building 21 in order to return to JTC (3 years lease contract was expired) and the upkeep of Aerospace building.

Note 1 (a)(b) (iv) – The increase in the upkeep of machinery by 78% in Q208 and 99% in 1H08 compared to previous corresponding period was the result of the maintenance of capital intensive machinery carried out during the period.

**(c) Other Credits / (Charges)**

	2008	2Q	Change	2008	1H	Change
	S\$'000	2007	%	S\$'000	2007	%
		S\$'000			S\$'000	
Gain/(Loss) on exchange difference-realised	(930)	(76)	1124%	(1,013)	113	N.M
Gain/(Loss) on exchange difference-unrealised	983	328	200%	(441)	(146)	202%
Impairment of trade receivables	-	50	-100%	-	45	-100%
Gain / (Loss) on disposal of property, plant & equipment	-	(113)	-100%	1,814	(113)	N.M
Property, plant & equipment written off	(425)	-	N.M	(425)	-	N.M
Reversal / (Provision) for obsolete stock	(283)	(1,165)	-76%	(2,180)	(1,692)	29%
Goodwill written off *	(793)	-	N.M	(793)	-	N.M
Others	12	(77)	N.M	23	45	-49%
	<b>(1,436)</b>	<b>(1,053)</b>	<b>36%</b>	<b>(3,015)</b>	<b>(1,748)</b>	<b>72%</b>

\* The goodwill written off was for the closure Norelco Centreline (KL) Sdn Bhd.

**(d) Income tax expenses**

Amount of any adjustment for under or over provision of tax in respect of prior years

	2008	2Q	Change	2008	1H	Change
	S\$'000	2007	%	S\$'000	2007	%
		S\$'000			S\$'000	
Income tax:						
- Current	(47)	(301)	-84%	(73)	(361)	-80%
Deferred tax	-	-	N.M	-	602	N.M
	<b>(47)</b>	<b>(301)</b>	<b>-84%</b>	<b>(73)</b>	<b>241</b>	<b>N.M</b>

The low effective income tax rate is due to the tax incentives given to certain subsidiaries.

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

	Group		Company	
	30 June 2008 S\$'000	31 Dec 2007 S\$'000	30 June 2008 S\$'000	31 Dec 2007 S\$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	15,932	21,356	1,171	540
Trade and other receivables (Note (ii))	19,292	22,582	9,864	12,763
Inventories	29,143	29,988	-	-
	<u>64,367</u>	<u>73,926</u>	<u>11,035</u>	<u>13,303</u>
Assets classified as held for sale (Note (iii))	5,420	10,702	-	-
	<u>69,787</u>	<u>84,628</u>	<u>11,035</u>	<u>13,303</u>
<b>Non-Current Assets</b>				
Investment in subsidiaries (Note (i))	-	-	138,986	138,985
Property, plant and equipment (Note (iv))	83,145	72,434	-	-
Available-for-sale investment	4,759	5,041	-	-
Investment properties	3,466	3,535	-	-
Club membership	-	53	-	-
Goodwill (Note (v))	80,702	81,495	-	-
Other long-term receivables	-	-	-	1,865
	<u>172,072</u>	<u>162,558</u>	<u>138,986</u>	<u>140,850</u>
<b>Total Assets</b>	<b>241,859</b>	<b>247,186</b>	<b>150,021</b>	<b>154,153</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Short term borrowings (Note (vi))	13,386	-	3,000	-
Trade and other payables (Note (vii))	30,849	39,899	3,739	3,108
Income tax payable	438	60	73	10
Current portion of long-term borrowings	68	1,934	68	267
Current portion of finance leases (Note (viii))	1,255	8	-	-
	<u>45,996</u>	<u>41,901</u>	<u>6,880</u>	<u>3,385</u>
<b>Non Current Liabilities</b>				
Deferred taxation	2,989	2,995	-	-
Long -term borrowings	-	278	-	-
Finance leases (Note (viii))	2,555	4	-	-
Long-term provision	1,200	1,200	-	-
	<u>6,744</u>	<u>4,477</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<b>52,740</b>	<b>46,378</b>	<b>6,880</b>	<b>3,385</b>
<b>Share Capital and Reserves</b>				
Share Capital	153,858	155,981	153,858	155,981
Treasury shares	(13,759)	(7,883)	(13,759)	(7,883)
Other reserves	(532)	(203)	111	124
Retained earnings	49,552	52,913	2,931	2,546
	<u>189,119</u>	<u>200,808</u>	<u>143,141</u>	<u>150,768</u>
Minority interests	-	-	-	-
<b>Total equity</b>	<b>189,119</b>	<b>200,808</b>	<b>143,141</b>	<b>150,768</b>
<b>Total liabilities and equity</b>	<b>241,859</b>	<b>247,186</b>	<b>150,021</b>	<b>154,153</b>

## **NOTES TO BALANCE SHEET**

### **Note (1) Investment in Subsidiaries**

The details of the subsidiaries as at 30th June 2008 are as follows:

<b>Name</b>	<b>Effective percentage of equity held by the group</b>		<b>Company's cost of investment</b>	
	<b>30-Jun-08</b> %	<b>31-Dec-07</b> %	<b>30-Jun-08</b> S\$'000	<b>31-Dec-07</b> S\$'000
<u>Held by the Company</u>				
UMS Systems Pte Ltd (Singapore)	100	100	9,561	9,561
Norelco Centreline International Pte Ltd (Singapore)	100	100	800	800
NCS Engineering Pte Ltd (Singapore)	100	100	403	403
UMS Semiconductor Pte Ltd (Singapore)	100	100	126,983	126,983
Ultimate Manufacturing Solutions (Suzhou) Co., Ltd (The People's Republic of China)	100	100	2,102	2,102
ASL International Trading, Inc (United States)	100	100	33	33
UMS Aerospace Pte Ltd (Singapore)	100	100	-	-
UMS Solar Pte Ltd (Singapore)	100	100	-	-
Unquoted equity shares, at cost			139,882	139,882
Add: expenses recognized relating to equity settled share-based payments			42	41
Add: corporate guarantee given to subsidiaries			56	56
Less: Provision for impairment			(994)	(994)
			<hr/> 138,986	<hr/> 138,985
<u>Held through Norelco Centreline International Pte Ltd</u>				
Norelco Centreline (KL) Sdn. Bhd (Malaysia)	100	100		
Ultimate Manufacturing Solutions (M) Sdn. Bhd (Malaysia)	100	100		

Norelco Centreline (Hong Kong) Pte Limited (Hong Kong)	100	100
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Held through UMS Semiconductor Pte Ltd

UMS Solutions Pte Ltd (Singapore)	100	100
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UMS Technology Pte Ltd (Singapore)	100	100
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Held through UMS Technology Pte Ltd

UMS-TQ Technology (Suzhou) Co., Ltd (The People's Republic of China)	100	100
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Note 1(b)(i)(ii) – The reduction in trade and other receivables by S\$3.3 million or 14.6% were mainly contributed by the decrease in revenue and the reclassification from deposits to fixed asset as the machinery were delivered by the suppliers.

Note 1(b)(i)(iii) – The assets classified as held for sale was reduced by S\$5.3 million due to the disposal of the property in Changi South.

Note 1(b)(i)(iv) – The property, plant and equipment have increased by S\$10.7 million as a result of the increase in capital expenditure in UMS Aerospace.

Note 1 (b)(i)(v) – The goodwill was reduced to S\$80.7 million compared to last year as a result of goodwill written off for Norelco Centreline (KL) Sdn Bhd.

Note 1 (b)(i)(vi) - The short term loan increased by S\$13.4 million mainly due to funding used for share buy-back, dividend and new building cost in Malaysia.

Note 1 (b)(i)(vii) – The decline in trade and other payables by S\$9 million or 22.7% was primarily due to the realization of foreign exchange forward contracts.

Note 1 (b)(i)(viii) – The increase in finance lease by S\$3.8 million was for the drawdown of hire purchase loans of new machineries in UMS Aerospace.

**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 2008			As at 31 Dec 2007		
Secured S\$'000	Unsecured S\$'000	Total S\$'000	Secured S\$'000	Unsecured S\$'000	Total S\$'000
14,709	-	14,709	1,942	-	1,942

Amount repayable after one year

As at 30 Jun 2008			As at 31 Dec 2007		
Secured S\$'000	Unsecured S\$'000	Total S\$'000	Secured S\$'000	Unsecured S\$'000	Total S\$'000
2,555	-	2,555	282	-	282

**Details of any collateral**

The borrowings are secured by a legal charge on the subsidiaries' machinery and corporate guarantee.

1(c) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediate preceding financial year.**

<b>UMS GROUP</b>	<b>2Q</b>		<b>1H</b>	
	<b>2008</b> <b>S\$'000</b>	<b>2007</b> <b>S\$'000</b>	<b>2008</b> <b>S\$'000</b>	<b>2007</b> <b>S\$'000</b>
<b>Cash flows from operating activities</b>				
Profit for the period	7,472	2,685	253	8,339
Adjustments for:				
Income tax expense / (credits)	47	301	73	(241)
Goodwill written off	793	0	793	0
Depreciation expense	3,327	2,552	6,533	4,994
(Gain) / Loss on Disposal of property, plant and equipment	0	113	(1,814)	113
Property, plant and equipment written off	425	0	425	0
Interest income	(16)	(28)	(37)	(98)
Interest Expense	159	69	176	188
Unrealized foreign exchange adjustment gain	(11,072)	(373)	(4,753)	(545)
<b>Operating profit before working capital changes</b>	<b>1,135</b>	<b>5,319</b>	<b>1,649</b>	<b>12,750</b>
Restricted cash	(151)	(129)	(189)	(38)
Trade and other receivables	(4,894)	1,130	2,724	(3,190)
Inventories	(854)	(4,626)	844	(2,945)
Trade and other payables	1,914	5,524	(7,519)	5,889
Cash generated from operations	(2,850)	7,218	(2,491)	12,466
Income tax paid	244	(218)	306	(363)
<b>Net cash (used in) / from operating activities</b>	<b>(2,606)</b>	<b>7,000</b>	<b>(2,185)</b>	<b>12,103</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of plant and equipment	6	36	7,004	39
Purchase of property, plant and equipment	(5,146)	(7,003)	(11,919)	(8,417)
Interest received	15	28	36	98
Foreign currency alignment	(33)	(272)	(33)	(272)
<b>Net cash used in investing activities</b>	<b>(5,158)</b>	<b>(7,211)</b>	<b>(4,912)</b>	<b>(8,552)</b>
<b>Cash flows from financing activities</b>				
Increase / (decrease) in borrowings	13,190	4,890	15,145	(329)
Dividends paid	(3,615)	(8,718)	(3,615)	(8,718)
Shares buy-back and cancelled	(2,123)	0	(2,123)	0
Purchase of treasury shares	(5,877)	(1,825)	(5,877)	(3,907)
Finance leases payments	(103)	(2)	(105)	(4)
Interest paid	(159)	(69)	(176)	(188)
<b>Net cash from / (used in) financing activities</b>	<b>1,313</b>	<b>(5,724)</b>	<b>3,249</b>	<b>(13,146)</b>
Effect of foreign exchange rate adjustment	(17)	55	(1,752)	(861)
Net decrease in cash and cash equivalents	(6,468)	(5,880)	(5,600)	(10,456)
Cash at beginning of period	22,095	32,508	21,227	37,084
<b>Cash and cash equivalents at end of period</b>	<b>15,627</b>	<b>26,628</b>	<b>15,627</b>	<b>26,628</b>

## Cash and Cash Equivalents in the Consolidated Cash Flow Statement

	Full Year Ended	
	30-Jun-08	30-Jun-07
	S\$'000	S\$'000
Cash and cash equivalents	15,932	26,755
Restricted Cash	(305)	(127)
Bank Overdraft	-	-
As above	<u>15,627</u>	<u>26,628</u>



(d)(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	Treasury Shares S\$'000	Capital Reserves S\$'000	Statutory Reserve S\$'000	Foreign Exchange Translation Reserve S\$'000	Retained Earnings S\$'000	Total S\$'000
<b>Group</b>							
<b>As at 1 January 2007</b>	136,989	(3,105)	18,992	145	(299)	49,509	202,231
<b>Changes in equity for first quarter</b>							
Currency translation differences	-	-	-	-	(116)	-	(116)
Total expenses recognised directly in equity	-	-	-	-	(116)	-	(116)
Net profit for the period	-	-	-	-	-	5,654	5,654
Total (expenses) and income recognised for the period	-	-	-	-	(116)	5,654	5,538
Purchase as treasury shares	-	(2,082)	-	-	-	-	(2,082)
<b>As at 31 March 2007</b>	136,989	(5,187)	18,992	145	(415)	55,163	205,687
<b>Changes in equity for second quarter</b>							
Currency translation differences	-	-	-	-	(7)	-	(7)
Total expenses recognised directly in equity	-	-	-	-	(7)	-	(7)
Net profit for the period	-	-	-	-	-	2,685	2,685
Total (expenses) and income recognised for the period	-	-	-	-	(7)	2,685	2,678
Purchase as treasury shares	(1,825)	-	-	-	-	-	(1,825)
Dividends paid	-	-	-	-	-	(8,718)	(8,718)
<b>As at 30 June 2007</b>	135,164	(5,187)	18,992	145	(422)	49,130	197,822

	Share Capital S\$'000	Treasury Shares S\$'000	Capital Reserves S\$'000	Statutory Reserve S\$'000	Foreign Exchange Translation Reserve S\$'000	Retained Earnings S\$'000	Total S\$'000
<b>Group</b>							
<b>As at 1 January 2008</b>	155,981	(7,883)	56	145	(404)	52,913	200,808
<b>Changes in equity for first quarter</b>							
Currency translation differences	-	-	-	-	(325)	-	(325)
Total expenses recognised directly in equity	-	-	-	-	(325)	-	(325)
Net loss for the period	-	-	-	-	-	(7,219)	(7,219)
Total expenses recognised for the period	-	-	-	-	(325)	(7,219)	(7,544)
<b>As at 31 March 2008</b>	155,981	(7,883)	56	145	(729)	45,694	193,264
<b>Changes in equity for second quarter</b>							
Currency translation differences	-	-	-	-	10	-	10
Total expenses recognised directly in equity	-	-	-	-	10	-	10
Net profit for the period	-	-	-	-	-	7,472	7,472
Total income recognised for the period	-	-	-	-	10	7,472	7,482
Cancellation of shares	(2,123)	-	-	-	-	-	(2,123)
Transfer shares to employee for shares grant	-	14	(14)	-	-	-	-
Purchase as treasury shares	-	(5,890)	-	-	-	-	(5,890)
Dividends paid	-	-	-	-	-	(3,615)	(3,615)
<b>As at 30 June 2008</b>	153,858	(13,759)	42	145	(719)	49,552	189,119

	Share Capital S\$'000	Treasury Shares S\$'000	Capital Reserves S\$'000	Statutory Reserve S\$'000	Retained Earnings S\$'000	Total S\$'000
<b>Company</b>						
<b>As at 1 January 2007</b>	136,989	(3,105)	18,992	-	10,437	163,313
<b>Changes in equity for first quarter</b>						
Purchase as treasury shares	-	(2,082)	-	-	-	(2,082)
<b>As at 31 March 2007</b>	136,989	(5,187)	18,992	-	10,437	161,231
<b>Changes in equity for second quarter</b>						
Net profit for the period	-	-	-	-	120	120
Total income and (expenses) recognised for the period	-	-	-	-	120	120
Purchase as treasury shares	-	(1,825)	-	-	-	(1,825)
FRS impact on corporate guarantee	-	-	-	67	-	67
Dividends paid	-	-	-	-	(8,718)	(8,718)
<b>As at 30 June 2007</b>	136,989	(7,012)	18,992	67	1,838	150,874

	Share Capital S\$'000	Treasury Shares S\$'000	Capital Reserves S\$'000	Statutory Reserve S\$'000	Retained Earnings S\$'000	Total S\$'000
<b>Company</b>						
<b>As at 1 January 2008</b>	155,981	(7,883)	56	67	2,546	150,768
<b>Changes in equity for first quarter</b>						
Net profit for the period	-	-	-	-	4,000	4,000
Total income recognised for the period	-	-	-	-	4,000	4,000
<b>As at 31 March 2008</b>	155,981	(7,883)	56	67	6,546	154,768
<b>Changes in equity for second quarter</b>						
Cancellation of shares	(2,123)	-	-	-	-	(2,123)
Transfer shares to employee for shares grant	-	14	(14)	-	-	-
Purchase as treasury shares	-	(5,890)	-	-	-	(5,890)
Dividends paid	-	-	-	-	(3,615)	(3,615)
<b>As at 30 June 2008</b>	153,858	(13,759)	43	67	2,931	143,141

- 1(d) (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 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.

Share Capital	Group and Company No of ordinary shares	Share capital S\$'000
Balance at beginning of year 1st January 2008	410,139,000	155,981
Cancellation of shares during the year	(8,489,000)	(2,123)
Balance as at 30 June 2008	401,650,000	153,858
<u>Treasury shares:</u>		
Balance at beginning of year 1st January 2008	16,654,000	7,883
Acquired	23,511,000	5,890
Sold	-	-
Used for shares under the share option scheme for staff	(39,661)	(14)
Balance as at 30 June 2008	40,125,339	13,759
<b>Net Balance</b>	<b>361,524,661</b>	<b>140,099</b>

There was no issue of shares for the financial period from 1<sup>st</sup> Jan 2008 to 30<sup>th</sup> June 2008.

On 10 April 2008, the Company has bought back 32,000,000 ordinary shares from the market, of which 23,511,000 are retained as treasury shares and cancelled the remaining 8,489,000 shares. The number of issued shares after the purchase and cancellation is 401,650,000. The Company is authorized by shareholders to buy up to 10% (37,097,960 shares of the ordinary share capital of the Company).

On 28 April 2008, the Company transferred 39,661 treasury shares for the purposes of the UMS Restricted Share Plan. Accordingly, such treasury shares were issued and allotted to its employees pursuant to the awards granted to them under the UMS Restricted Share Plan.

- 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 auditors.

- 3 **Where the figures have been audited or reviewed, the auditors' report (including and qualifications or emphasis of matter).**

N.A

**4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in financial statements for the current financial year with those adopted in the audited financial statements as at 31st December 2007.

**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.**

N.A

**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.**

	2Q		1H	
	2008	2007	2008	2007
<b>Earnings per share (EPS)</b>				
Based on weighted average number of outstanding ordinary				
(a) shares in issue; and	2.05 cents	0.72 cents	0.07 cents	2.23 cents
(b) On a fully diluted basis	2.05 cents	0.68 cents	0.07 cents	2.09 cents

For Note 6 above, the basic earnings per share for half year ended 2007 and previous corresponding period have been calculated based on the weighted average number of 379,081,146 and 374,558,357 of outstanding ordinary shares. Basic earnings per share for 2Q and the previous corresponding period have been calculated based on the weighted average number of 364,677,293 and 371,549,567 of outstanding ordinary shares respectively. The diluted earnings per share for half year ended 2007 and the previous corresponding period have been calculated based on 379,446,899 and 398,897,628 of outstanding ordinary shares respectively. The diluted earnings per share for 2Q and the previous corresponding period have been calculated based on the 365,029,534 and 396,039,483 of outstanding ordinary shares respectively.

**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-08	31-Dec-07	30-Jun-08	31-Dec-07
Net assets backing per ordinary shares based on existing issued share capital as at end of period reported on	52.31 cents	51.03 cents	39.59 cents	38.32 cents

For note 7 above, the net assets backing per outstanding ordinary share as at the latest period and as at the end of the previous financial year have been calculated based on 361,524,661 and 393,485,000 of 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**

**FY2008 vs FY2007**

	1H		Difference %
	2008 S\$'000	2007 S\$'000	
<b>Business Segments</b>			
Contract Equipment Manufacturing (CEM)	12,561	14,869	-15.5%
Semiconductor (Semicon)	42,105	55,834	-24.6%
	<u>54,666</u>	<u>70,703</u>	<u>-22.7%</u>

**Geographical Regions**

Singapore	7,725	9,295	-16.9%
Malaysia	4,158	2,813	47.8%
United States of America ('US')	41,220	53,263	-22.6%
Others (China and other regions)	1,563	5,332	-70.7%
	<u>54,666</u>	<u>70,703</u>	<u>-22.7%</u>

**Q2 2008 vs Q2 2007**

	2Q		Difference %
	2008 S\$'000	2007 S\$'000	
<b>Business Segments</b>			
Contract Equipment Manufacturing (CEM)	6,532	7,350	-11.1%
Semiconductor (Semicon)	23,003	26,955	-14.7%
	<u>29,535</u>	<u>34,305</u>	<u>-13.9%</u>

**Geographical Regions**

Singapore	3,520	4,821	-27.0%
Malaysia	2,626	885	196.7%
United States of America	22,548	25,267	-10.8%
Others (China and other regions)	841	3,332	-74.8%
	<u>29,535</u>	<u>34,305</u>	<u>-13.9%</u>

**Revenue**

Due to continued volatility in the global semiconductor industry, The Group's overall revenue softened by 14% to S\$29.5 million in Q2 FY08 compared to Q2FY07.

While there is continued weakness in the global semiconductor industry, the improvement in 2QFY08 can be seen from the relatively smaller drop in contributions from the company's two core business segments - the Semiconductor (Semicon) and Contract Equipment Manufacturing (CEM).

In Q2FY08, the Group's Semicon segment revenue decreased by 14.7% to S\$23 million compared to Q2FY07. But this decline is also less, down from the 24.6% fall in sales to S\$42.1 million in 1HFY08.

Our main customer, Applied Materials Inc, remained committed to a strong relationship and has continued to award system integration projects to UMS.

Compared to Q2FY07, the CEM division's sales contracted by 11.1% in Q2FY08 to S\$6.5 million. On a half yearly basis, the Group registered a better performance than the 15.5% drop to S\$12.6 million in H1FY08.

In terms of performance by geographical markets, all markets except Malaysia reported lower sales in Q2FY08 compared to the corresponding period last year.

For 1HFY08, Malaysia experienced a revenue jump of 47.8% - to S\$4.2 million, up from S\$2.8 million in 1HFY07. For Q2FY08, Malaysia enjoyed a 196.7% surge in revenue to S\$2.6 million – up from S\$0.9 million in the same period last year. The higher sales were mainly due to an increase in orders from a key customer.

The higher sales from the US were due to the continued commitment from the Group's key customers.

### **Profitability**

The Group remained profitable for both Q2FY08 and 1HFY08.

On the quarterly basis, UMS delivered a much improved performance for Q2FY08 as revenue grew from S\$25.5 million to S\$29.5 million. Group Net profit was S\$7.5 million, up 178% from S\$2.7 million in 2QFY07. Compared to 1QFY08, the Group also showed healthy return to profitability – reversing a loss of S\$7.2 million which was mainly contributed by foreign exchange loss in Q108.

In addition, the Group also enjoyed higher gross margin in 2QFY08 versus 2QFY07. The improved margin was due to changing product mix mainly in the Semiconductor segment.

In terms of half-year performance, the Group registered a net profit of S\$0.25 million in 1HFY08.

### **Cashflow**

The Group's cash and cash equivalents were lower at S\$15.6 million in 1HFY08 compared to S\$26.6 million in the corresponding period in 1HFY07.

The decrease was due mainly to capex used for purchase of machinery for UMS Aerospace and building costs for the Group's new facilities in Penang as well as acquisition of UMS shares under the Group's share buy back scheme. The Group acquired a total of 32 million shares in the first half of FY08. The Group also paid a dividend to shareholders of S\$3.6 million.

## **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.**

The global semiconductor equipment industry is expected to remain soft for the rest of 2008.

SEMI projects 2008 global semiconductor equipment sales to reach US\$34.12 billion according to the mid-year edition of the SEMI Capital Equipment Forecast, released in June 2008. The forecast indicates that the equipment market will decline 20 percent in 2008, but will experience a rebound with annual growth of 13 percent and six percent in 2009 and 2010, respectively.

The expected slowdown in the semiconductor market worldwide in 2008 will be driven by lower spending in the memory sector and a less than favorable pricing environment.

Despite this, UMS is well-positioned to benefit from the continued growth and success of its key customers. Recently, its key customer, Applied Materials Inc (AMAT) had set up its new Singapore operations facility/centre that will serve as a hub for AMAT's business activities throughout Asia. The 32,000 square meter facility in the Changi North Industrial Park is expected to be complete in late 2009.

The Operations Center will be a base for global purchasing, sales, manufacturing, engineering and financial groups to support the Asian chip industry and the rapidly growing solar markets in India and China. New operations will help achieve reductions in material cost and cycle time while expanding AMAT's merge-in-transit (MIT) and global supply chain capabilities.

AMAT has also reaffirmed its commitment to support Singapore's strong chip manufacturing industry.

The Group will therefore explore the wealth of opportunities brought about by these developments to secure more projects in the semiconductor and CEM sectors such as MIT and even solar projects from US customers.

Going forward, the Group will continue its efforts in developing its new business areas in Oil and Gas and Aerospace.

The oil and gas industry continues to experience robust growth while the Aerospace industry here is well-poised to grow further with the Singapore Government's push towards making Singapore into a global aviation hub.

In the meantime, construction of the Group's Penang facility is progressing well and will be able to provide greater cost efficiencies for our core business segments when it is completed by FY2009.

Barring any unforeseen circumstances and having reviewed management's internal forecast, the Company is cautiously optimistic that the Group will remain profitable in the second half of FY08.

## 11 Dividend

### i. Whether an interim (final) ordinary dividend has been declared (recommended);

#### **Current Financial Period Reported On:**

Any dividend declared for the present financial period? N.A

Name of Dividend: N.A

Dividend Type: N.A

Dividend Amount per Share: N.A

Par Value of Shares: N.A

#### **Corresponding Period of Immediately Preceding Financial Year:**

Any dividend declared for the previous corresponding period of the immediately preceding financial year? N.A.

Name of Dividend: N.A

Dividend Type: N.A

Dividend Amount per Share: N.A

Par Value of Shares: N.A

### ii. The date the dividend is payable

N.A

### iii. The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

N.A

## 12 If no dividend has been declared/recommended, a statement to that effect.

N.A



**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**13 Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

**14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

N.A

**15 A breakdown of sales as follows:**

	2008 S\$'000	Group 2007 S\$'000	Change %	2008 S\$'000	Company 2007 S\$'000	Change %
(a) Sales reported for first half	N.A	N.A	N.A	N.A	N.A	N.A
(b) Operating profit/loss after tax before deducting minority interests reported for first half year	N.A	N.A	N.A	N.A	N.A	N.A
(c) Sales reported for second year	N.A	N.A	N.A	N.A	N.A	N.A
(d) Operating profit/loss after tax before deducting minority interests reported for second half year	N.A	N.A	N.A	N.A	N.A	N.A

**16 A breakdown of total annual dividend (in dollar value) of the issuer's latest full year and its previous full year.**

	Latest Full year S\$'000	Previous Full Year S\$'000
Ordinary	-	-
Preference	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**17 Negative assurance on interim financial statements**

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the Q2 2008 financial results to be false or misleading in any material respect.

**BY ORDER OF THE BOARD**

**Luong Andy /Goh Kah Ling**  
**Chief Executive Officer / Executive Director**  
**14 August 2008**