

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 immediately preceding financial year.

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE SECOND QUARTER ENDED 30th June 2009

	Group					
	2Q			1H		
	2009 S\$'000	2008 S\$'000	Change %	2009 S\$'000	2008 S\$'000	Change %
Revenue	7,305	29,535	-75%	18,865	54,666	-65%
Net Financial (Expense)/Income (Note (a))	(140)	2,768	N.M	(238)	(4,376)	-95%
Changes in inventories	(238)	854	N.M	(4,056)	(844)	381%
Raw material purchases and sub-contractors charges	(2,073)	(11,726)	-82%	(4,024)	(19,697)	-80%
Staff costs	(1,481)	(5,551)	-73%	(3,684)	(11,385)	-68%
Depreciation expense	(2,993)	(3,327)	-10%	(6,072)	(6,533)	-7%
Other Expenses (Note (b))	(1,711)	(3,598)	-52%	(3,596)	(8,490)	-58%
Other Charges (Note (c))	(21,614)	(1,436)	1405%	(23,262)	(3,015)	672%
(Loss)/Profit before income tax	(22,945)	7,519	-405%	(26,067)	326	N.M
Income tax (Note (d))	28	(47)	N.M	477	(73)	N.M
(Loss)/Profit for the period from continuing operations	(22,917)	7,472	N.M	(25,590)	253	N.M
Attributable to:						
Equity holders of the Company	(22,917)	7,472	N.M	(25,590)	253	N.M
Minority interests	-	-	N.M	-	-	N.M
	(22,917)	7,472	N.M	(25,590)	253	N.M
Earnings per ordinary share (in cents)						
- basic and diluted	-6.47	2.05	N.M	-7.22	0.07	N.M

N.M - Not meaningful

NOTES TO INCOME STATEMENT

Note (a) Net Financial Expense

	Group					
	2009	2Q	Change	2009	1H	Change
	S\$'000	2008	%	S\$'000	2008	%
		S\$'000			S\$'000	
Interest Income	18	16	13%	22	37	-41%
Interest Expense	(158)	(159)	-1%	(260)	(176)	48%
Loss on forward contracts	-	2,911	N.M	-	(4,237)	N.M
Financial expense - net	(140)	2,768	N.M	(238)	(4,376)	-95%

Note (b) Other Expenses

	Group					
	2009	2Q	Change	2009	1H	Change
	S\$'000	2008	%	S\$'000	2008	%
		S\$'000			S\$'000	
Legal and professional fees (Note (i))	(79)	193	N.M	(170)	(969)	-82%
Rental of factory (Note (ii))	(156)	(362)	-57%	(382)	(724)	-47%
Utilities (Note (iii))	(621)	(1,287)	-52%	(1,183)	(2,461)	-52%
Freight charges	(62)	(219)	-72%	(143)	(447)	-68%
Upkeep of building/office	(89)	(279)	-68%	(133)	(419)	-68%
Upkeep of machinery (Note (iv))	(82)	(377)	-78%	(253)	(793)	-68%
Others	(622)	(1,267)	-51%	(1,332)	(2,677)	-50%
	(1,711)	(3,598)	-52%	(3,596)	(8,490)	-58%

Note 1(a)(b) (i) - The increase in legal and professional fees in 2Q 09 compared to 2Q 08 was mainly due to a 2Q 08 partial reversal of one-time due diligence fees that was incurred in 1Q 08 in relation to a potential new business and fund raising exercise that was subsequently aborted.

Note 1(a)(b)(ii) - The decrease in rental of property was mainly due to the cessation of a property lease in Changi North in June 2008.

Note 1(a)(b)(iii) - The decrease in utilities was mainly due to lower production volume during the current period.

Note 1 (a)(b)(iv) - The decrease in the upkeep of machinery was mainly due to the reduced machinery maintenance carried out and as a result of lower production volume during 2Q 09.

Note (c) Other Credits / (Charges)

	Group					
	2009 S\$'000	2Q 2008 S\$'000	Change %	2009 S\$'000	H1 2008 S\$'000	Change %
(Loss)/Gain on exchange difference	(1,950)	53	N.M	(1,143)	(1,454)	-21%
Gain on disposal of assets classified as held for sale (Note (i))	-	-	N.M	-	1,816	N.M
Gain/(Loss) on disposal of property, plant & equipment	8	-	N.M	12	(2)	N.M
Property, plant & equipment written off	-	(425)	N.M	-	(425)	N.M
Reversal / (Provision) for obsolete stock	131	(283)	N.M	(2,351)	(2,180)	8%
Impairment of goodwill	(20,000)	(793)	2422%	(20,000)	(793)	2422%
Others	197	12	1542%	220	23	857%
	<u>(21,614)</u>	<u>(1,436)</u>	<u>1405%</u>	<u>(23,262)</u>	<u>(3,015)</u>	<u>672%</u>

Note 1(a)(c) (i) - This relates to the disposal of factory building in Changi South in January 2008.

Note (d) Income tax

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

	Group					
	2Q 2009 S\$'000	2008 S\$'000	Change %	1H 2009 S\$'000	2008 S\$'000	Change %
Income tax:						
- Current	(41)	(47)	-13%	(66)	(73)	-10%
- Deferred tax	69	-	N.M	543	-	N.M
	<u>28</u>	<u>(47)</u>	<u>N.M</u>	<u>477</u>	<u>(73)</u>	<u>N.M</u>

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 June 2009	31 Dec 2008	30 June 2009	31 Dec 2008
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current Assets				
Cash and cash equivalents	20,200	19,111	265	362
Trade and other receivables (Note (ii))	8,402	9,872	9,083	10,942
Inventories (Note (iii))	24,518	30,925	-	-
	<u>53,120</u>	<u>59,908</u>	<u>9,348</u>	<u>11,304</u>
Non-Current Assets				
Investment in subsidiaries (Note (i))	-	-	136,884	138,986
Property, plant and equipment	82,191	86,313	-	-
Financial assets, held-to-maturity	5,070	5,075	-	-
Investment properties	3,330	3,398	-	-
Goodwill	60,702	80,702	-	-
Other long-term receivables	-	-	7	1,265
	<u>151,293</u>	<u>175,488</u>	<u>136,891</u>	<u>140,251</u>
Total Assets	204,413	235,396	146,239	151,555
LIABILITIES AND EQUITY				
Current Liabilities				
Short term borrowings	5,000	7,323	-	-
Trade and other payables (Note (iv))	17,887	28,338	2,605	3,073
Income tax payable	670	644	81	63
Current portion of long-term borrowings (Note (v))	506	-	-	-
Current portion of finance leases obligation (Note (vi))	2,923	1,959	-	-
	<u>26,986</u>	<u>38,264</u>	<u>2,686</u>	<u>3,136</u>
Non Current Liabilities				
Deferred taxation	3,132	3,683	1	1
Long-term borrowings (Note (v))	7,752	-	-	-
Finance leases obligation (Note (vi))	3,697	2,968	-	-
Long-term provision *	1,200	1,200	-	-
	<u>15,781</u>	<u>7,851</u>	<u>1</u>	<u>1</u>
Total Liabilities	42,767	46,115	2,687	3,137
Equity attributable to owners of the parent				
Share Capital	152,822	152,822	152,822	152,822
Treasury shares	(13,496)	(13,496)	(13,496)	(13,496)
Other components of equity	(1,428)	(1,154)	68	68
Retained earnings	23,748	51,109	4,158	9,024
Total equity	<u>161,646</u>	<u>189,281</u>	<u>143,552</u>	<u>148,418</u>
Total liabilities and equity	<u>204,413</u>	<u>235,396</u>	<u>146,239</u>	<u>151,555</u>

* Provision for restoring leased premises to its original condition.

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

The details of the subsidiaries as at 30 June 2009 are as follows:

Name	Effective percentage of equity held by the group		Company's cost of investment	
	30-Jun-09 %	31-Dec-08 %	30-Jun-09 S\$'000	31-Dec-08 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
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	-	-
Ultimate Machining Solutions (M) Sdn. Bhd. (Malaysia)	100	100	-	-
Unquoted equity shares, at cost			139,882	139,882
Add: expenses recognized relating to equity settled share-based payments			42	42
Add: corporate guarantee given to subsidiaries			56	56
Less: Provision for impairment			(3,096)	(994)
			<u>136,884</u>	<u>138,986</u>
<u>Held through UMS 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		
<u>Held through UMS Semiconductor Pte Ltd</u>				
UMS Solutions Pte Ltd (Singapore)	100	100		

Note 1(b)(i)(ii) – The decrease in trade and other receivables by S\$1.5 million were mainly due to lower sales during 2Q 2009.

Note 1(b)(i)(iii) – The decrease in the inventories by S\$6.4 million was due to shipment of inventories to customers, which was delayed in 2008 and inventory provision made during 1H 2009 amounting to S\$2.4 million. Additional stock provision was made in view of higher impairment risk resulting from the economic recession.

Note 1(b)(i)(iv) – The decline in trade and other payables by S\$10.5 million was mainly due to settlement of payables relating to capital expenditure in Penang and machineries acquired by UMS Aerospace last year (see note 1(b)(i)(vi)).

Note 1(b)(i)(v) – The drawdown of long-term borrowings was to fund the capital expenditure relating to new facility in Malaysia.

Note 1(b)(i)(vi) – The increase in finance lease obligation by S\$1.7 million was due to the drawdown of hire purchase loans for new machineries in UMS Aerospace partially offset by 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 30 June 2009			As at 31 Dec 2008		
Secured S\$'000	Unsecured S\$'000	Total S\$'000	Secured S\$'000	Unsecured S\$'000	Total S\$'000
3,429	5,000	8,429	3,783	5,499	9,282

Amount repayable after one year

As at 30 Jun 2009			As at 31 Dec 2008		
Secured S\$'000	Unsecured S\$'000	Total S\$'000	Secured S\$'000	Unsecured S\$'000	Total S\$'000
11,449	-	11,449	2,968	-	2,968

Details of any collateral

The Group's borrowings comprise mainly term loans and finance leases. The long-term borrowings are secured by a fixed charged over the freehold land and building of a subsidiary. The finance leases are secured by mortgages over the plant and machinery of a subsidiary.

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

	Group			
	2Q		1H ended	
	2009	2008	2009	2008
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Net Loss before income tax	(22,945)	7,519	(26,067)	326
Adjustments for:				
Impairment of goodwill	20,000	793	20,000	793
Depreciation expense	2,993	3,327	6,072	6,533
Gain on disposal of property, plant and equipment	(8)	0	(12)	(1,814)
Provision for obsolete stock	(131)	283	2,351	2,180
Property, plant and equipment written off	0	425	0	425
Interest income	(18)	(16)	(22)	(37)
Interest expense	158	159	260	176
Unrealised foreign exchange adjustment loss/(gain)	2,296	(11,072)	1,080	(4,753)
Operating cash flow before working capital changes	2,345	1,418	3,662	3,829
Trade and other receivables	1,690	(4,894)	1,146	2,724
Inventories	239	(1,137)	4,056	(1,336)
Trade and other payables	(1,836)	1,914	(6,301)	(7,519)
Cash generated from operations	2,438	(2,699)	2,563	(2,302)
Income tax (paid) / refunded	(40)	244	(40)	306
Net cash generated from/(used in) operating activities	2,398	(2,455)	2,523	(1,996)
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	9	6	13	7,004
Purchase of property, plant and equipment	(4,454)	(5,146)	(7,282)	(11,919)
Interest received	18	15	22	36
Foreign currency alignment	0	(33)	0	(33)
Net cash used in investing activities	(4,427)	(5,158)	(7,247)	(4,912)
Cash flows from financing activities				
Proceeds from borrowings	5,558	13,189	5,935	15,145
Dividends Paid	(1,771)	(3,615)	(1,771)	(3,615)
Share buy-back and cancelled	0	(2,123)	0	(2,123)
Purchase of treasury shares	0	(5,877)	0	(5,877)
Finance leases obligation - net	1,088	(103)	1,693	(105)
Fixed deposit - restricted	1	(151)	19	(189)
Interest paid	(158)	(159)	(260)	(176)
Net cash generated from financing activities	4,718	1,161	5,616	3,060
Net effect of exchange rate changes in consolidating subsidiaries	(322)	(16)	216	(1,752)
Net increase/(decrease) in cash and cash equivalents	2,368	(6,468)	1,108	(5,600)
Cash and cash equivalents at beginning of the period	17,546	22,095	18,806	21,227
Cash and cash equivalents at end of the period	19,914	15,627	19,914	15,627

Cash and Cash Equivalents in the Consolidated Cash Flow Statement

	Group	
	6 months ended	
	30-Jun-09	30-Jun-08
	S\$'000	S\$'000
Cash and cash equivalents	20,200	15,932
Less : Fixed deposit - restricted in use	(286)	(305)
As above	<u>19,914</u>	<u>15,627</u>

- 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			1H		
	2009 S\$'000	2008 S\$'000	Change %	2009 S\$'000	2008 S\$'000	Change %
(Loss)/profit for the period	(22,917)	7,472	N.M	(25,590)	253	N.M
Currency translation (loss)/gain	(416)	10	N.M	(274)	(315)	-13%
Total comprehensive expenses for the period	(23,333)	7,482	N.M	(25,864)	(62)	41616%
Attributable to:						
Equity holders of the Company	(23,333)	7,482	N.M	(25,864)	(62)	41616%
Minority interests	-	-	N.M	-	-	N.M
	(23,333)	7,482	N.M	(25,864)	(62)	41616%

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	Treasury Shares S\$'000	Capital Reserves S\$'000	Statutory Reserve 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 2008	155,981	(7,883)	56	145	(404)	52,913	200,808
Changes in equity for first quarter							
Total comprehensive expenses for the quarter	-	-	-	-	(325)	(7,219)	(7,544)
As at 31 March 2008	155,981	(7,883)	56	145	(729)	45,694	193,264
Changes in equity for second quarter							
Total comprehensive expenses for the quarter	-	-	-	-	10	7,472	7,482
Cancellation of shares	(2,123)	-	-	-	-	-	(2,123)
Transfer shares to employee for shares grant	-	14	(14)	-	-	-	-
Purchase of treasury shares	-	(5,890)	-	-	-	-	(5,890)
Dividend paid	-	-	-	-	-	(3,615)	(3,615)
As at 30 June 2008	153,858	(13,759)	42	145	(719)	49,552	189,119
As at 1 January 2009	152,822	(13,496)	-	51	(1,205)	51,109	189,281
Changes in equity for first quarter							
Total comprehensive expenses for the quarter	-	-	-	-	142	(2,673)	(2,531)
As at 31 March 2009	152,822	(13,496)	-	51	(1,063)	48,436	186,750
Changes in equity for second quarter							
Total comprehensive expenses for the quarter	-	-	-	-	(416)	(22,917)	(23,333)
Dividend paid	-	-	-	-	-	(1,771)	(1,771)
As at 30 June 2009	152,822	(13,496)	-	51	(1,479)	23,748	161,646

	Share Capital S\$'000	Treasury Shares S\$'000	Capital Reserves S\$'000	Statutory Reserve S\$'000	Retained Earnings S\$'000	Total equity attributable to equity of holders of the Company S\$'000
Company						
As at 1 January 2008	155,981	(7,883)	56	68	2,546	150,768
Changes in equity for first quarter						
Total comprehensive income for the quarter	-	-	-	-	4,000	4,000
As at 31 March 2008	155,981	(7,883)	56	68	6,546	154,768
Changes in equity for second quarter						
Cancellation of shares	(2,123)	-	-	-	-	(2,123)
Transfer shares to employee for shares grant	-	14	(14)	-	-	-
Purchase of treasury shares	-	(5,890)	-	-	-	(5,890)
Dividends paid	-	-	-	-	(3,615)	(3,615)
As at 30 June 2008	153,858	(13,759)	42	68	2,931	143,141

	Share Capital S\$'000	Treasury Shares S\$'000	Statutory Reserve S\$'000	Retained Earnings S\$'000	Total equity attributable to equity of holders of the Company S\$'000
Company					
As at 1 January 2009	152,822	(13,496)	68	9,024	148,418
Changes in equity for first quarter					
Total comprehensive expenses for the quarter	-	-	-	(2,107)	(2,107)
As at 31 March 2009	152,822	(13,496)	68	6,917	146,311
Changes in equity for second quarter					
Total comprehensive expenses for the quarter	-	-	-	(988)	(988)
Dividends paid	-	-	-	(1,771)	(1,771)
As at 30 June 2009	152,822	(13,496)	68	4,158	143,552

- 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 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 as at 1st January and 30 June 2009	393,604,284	152,822
<u>Treasury shares:</u>		
Balance as at 1st January and 30 June 2009	39,375,623	13,496
Net Balance	354,228,661	139,326

There was no issue of shares for the financial period from 1 Jan 2009 to 30 June 2009.

- 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).

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 adopted the new/revised FRS and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2009. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or revised FRS that are relevant to the Group:

FRS 1 (Revised)	Presentation of Financial Statements
Amendments to FRS 23	Borrowings Costs
FRS 108	Operating Segments

The adoption of the above FRS did not result in any substantial change to the Group's accounting policies nor any significant impact on the financial statements.

- 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.

See 4 above.

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.

	2 Q		1 H	
	2009	2008	2009	2008
Earnings per share (EPS)				
(a) Based on weighted average number of outstanding ordinary shares in issue; and	-6.47 cents	2.05 cents	-7.22 cents	0.07 cents
(b) On a fully diluted basis	-6.47 cents	2.05 cents	-7.22 cents	0.07 cents

For Note 6 above, the basic earnings per share for the half year ended 2009 and previous corresponding period have been calculated based on the weighted average number of 354,228,661 and 379,081,146 of outstanding ordinary shares. Basic earning per share for Q2 and the previous corresponding period have been calculated based on the weighted average number of 354,228,661 and 364,677,293 of outstanding ordinary shares respectively. The diluted earnings per share for half year ended 2009 and the previous corresponding period have been calculated based on 354,228,661 and 379,446,899 of outstanding ordinary shares respectively. The diluted earnings per share for 2Q and the previous corresponding period have been calculated based on 354,228,661 and 365,029,534 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-09	31-Dec-08	30-Jun-09	31-Dec-08
Net asset per ordinary share based on existing issued share capital as at end of period reported on	45.63 cents	53.44 cents	40.53 cents	41.90 cents

For note 7 above, 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 354,228,661 and 354,228,661 outstanding ordinary shares.

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.

FY2009 Vs FY2008

	1H		
	2009	2008	Change
	S\$'000	S\$'000	%
Business Segments			
Contract Equipment Manufacturing (CEM)	6,754	12,561	-46%
Semiconductor (Semicon)	12,111	42,105	-71%
	<u>18,865</u>	<u>54,666</u>	<u>-65%</u>
Geographical Regions			
Singapore	1,490	7,725	-81%
Malaysia	836	4,158	-80%
United States of America ('US')	12,792	41,220	-69%
Others	3,747	1,563	140%
	<u>18,865</u>	<u>54,666</u>	<u>-65%</u>

Q2 2009 Vs Q2 2008

	2Q		
	2009	2008	Change
	S\$'000	S\$'000	%
Business Segments			
Contract Equipment Manufacturing (CEM)	1,590	6,532	-76%
Semiconductor (Semicon)	5,715	23,003	-75%
	<u>7,305</u>	<u>29,535</u>	<u>-75%</u>
Geographical Regions			
Singapore	925	3,520	-74%
Malaysia	350	2,626	-87%
United States of America ('US')	4,401	22,548	-80%
Others	1,629	841	94%
	<u>7,305</u>	<u>29,535</u>	<u>-75%</u>

Revenue

The Group's performance reflected the continued uncertainty in the global semiconductor market.

The Group's overall revenue eased by 65% to S\$18.9 million for the 6 months ended 30 June 2009 compared with the same period in FY08.

For 2QFY09, Group sales softened by 75% to S\$7.3 million compared to 2QFY08.

Group revenue in 2QFY09 was lower by 37% compared to S\$11.6 million recorded in 1QFY09.

The lower revenue in 2QFY09 was due to the softer sales in both the Group's core businesses.

In 2QFY09, revenue contribution from the Group's semiconductor business segment was lower by 75% to S\$5.7 million compared to S\$23.0 million in the previous corresponding period. For the six months ended 30 June 2009, the sales in semicon segment eased 71% to S\$12.1 million.

The Group's CEM revenue fell by 76% in 2QFY09 compared to 2QFY08 and 46% for the first half of FY09 compared to the same period last year.

The weaker sales were attributed to the overall softer global demand in the HDD and oil and gas sectors.

In terms of geographical performances, all markets other than Europe and Taiwan reported lower sales due to reduced demand from the semiconductor & CEM businesses.

Revenue from the US declined 80% from S\$22.5 million in 2QFY08 to \$4.4 million in 2QFY09 due to the continued weakness in the US economy and the soft semiconductor market. However, it still remains as the Group's largest revenue contributor, contributing 60% of the Group's total revenue. Revenue in Malaysia declined 87% from S\$2.6 million in 2QFY08 to S\$0.3 million in 2QFY09 as a result of lower demand from both the semiconductor and HDD customers.

On the bright side, other market such as Europe and Taiwan has contributed strongly to the Group's performance in 1HFY09.

Profitability

The Group reported a net loss of S\$25.6 million in the first six months of FY09. The Group's net loss in 2QFY09 was S\$22.9 million.

The net loss was mainly attributable to impairment of goodwill which amounted to S\$20 million as well as lower sales and forex differences resulting from a weaker US currency recorded in the period under review.

Had it not been the impairment of goodwill, the net loss would have narrowed to S\$5.6 million in the first half of FY09 and S\$2.9 million in 2QFY09.

Compared to 1QFY09, the net loss of the Group in 2QFY09 remained relatively stable despite the lower revenue in the second quarter.

This was due to the better gross margins derived from higher margin products in the Group's product mix in 2QFY09.

The Group also benefited from better cost management initiatives, including lower financial expenses and staff costs, which were reduced by 52% and 73% respectively in 2QFY09 compared to 2QFY08.

Cashflow

Compared to the previous corresponding quarter, the Group generated positive net cash from operating activities of S\$2.4 million. Cash and cash equivalents were increased to S\$19.9 million.

The Group's capex was also reduced to S\$4.5 million in 2QFY09 compared to S\$5.1 million in 2QFY08.

- 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.**

SEMI (Semiconductor Equipment and Materials International) projects 2009 semiconductor equipment sales to reach US\$14.14 billion according to the mid-year edition of the SEMI Capital Equipment Forecast. The forecast was released on July 14, 2009 at the annual SEMICON West exposition.

The forecast indicates that, following a 31 percent market decline in 2008, the equipment market will fall by another 52 percent in 2009. But it will stage a rebound with annual growth of about 47 percent in 2010.

Wafer processing equipment, the largest product segment by dollar value, is expected to decline 53 percent in 2009 to US\$10.42 billion. The forecast predicts that the market for assembly and packaging equipment will drop by 53 percent to US\$958 million in 2009. The market for semiconductor test equipment is forecasted to decline by about 48 percent to US\$1.78 billion this year.

Negative growth is expected in all geographical regions in 2009, led by the North American market.

However, North America-based manufacturers have recently seen some signs of bottoming out.

The semiconductor equipment sector posted orders of US\$288.5 million orders in May 2009 (three-month average basis) and a book-to-bill ratio of 0.74 according to the May 2009 Book-to-Bill Report published by SEMI.

The three-month average of worldwide bookings for semiconductor equipment in May 2009 was 16 percent higher than the final April 2009 level of US\$249 million, and about 72 percent lower than US\$1.03 billion in orders posted in May 2008.

Bookings for the North American semiconductor equipment market are still near historically low levels, but the sharp declines have been arrested.

While recent industry data reflect increased semiconductor device unit sales, the industry is waiting for stronger signals to increase capital investments.

With continued uncertainty in the global semiconductor industry and prevailing market dynamics, the Group will continue to exercise prudence in capital expenditure and controlling costs.

We do not anticipate any major expansion programmes, as our Penang manufacturing campus is already completed and fully operational.

The main stimulus in our revenue growth will come from working more closely with our existing customers.

The group's main focus in FY09 is to enhance operational efficiency. We aim to achieve two objectives with a set of new measures. Firstly, we will achieve better-cost management by streamlining operating systems and procedures. Secondly, we will strengthen customers' loyalty and satisfaction by enhancing our service level through targeted services for specific customer requirements.

The Group will also continue to stay vigilant, to control cost and to preserve cash while scouting for strategic opportunities as the regional economies are optimistic of a rebound in 2010.

The Group will meanwhile continue to monitor all risks in its operations, taking necessary steps to eliminate or mitigate them.

Given the challenging market conditions, the Group is unlikely to be profitable for FY09.

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? No

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? No

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.**

No dividend has been declared/recommended for this period

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.

N.A.

- 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:

	2009 S\$'000	Group 2008 S\$'000	Change %	2009 S\$'000	Company 2008 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	-	-
Total	-	-

- 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 2Q 2009 financial results to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Luong Andy
Chief Executive Officer
4 August 2009