

**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 (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 2011**

	Group					
	2Q			6 Months Ended		
	30-Jun-11 S\$'000	30-Jun-10 S\$'000	Change %	30-Jun-11 S\$'000	30-Jun-10 S\$'000	Change %
Revenue	32,664	35,274	-7%	67,621	60,008	13%
Net financial expense (Note (a))	(59)	(132)	-55%	(116)	(310)	-63%
Changes in inventories	3,642	3,608	1%	8,108	9,874	-18%
Raw material purchases and sub-contractors charges	(17,337)	(19,893)	-13%	(38,161)	(38,310)	0%
Employee benefits expense	(3,392)	(3,620)	-6%	(6,640)	(6,362)	4%
Depreciation expense	(2,698)	(2,766)	-2%	(5,424)	(5,618)	-3%
Other expenses (Note (b))	(3,245)	(2,837)	14%	(6,122)	(5,036)	22%
Other (charges)/ credits (Note (c))	(1,707)	(131)	1203%	(2,370)	826	N.M
<b>Profit before income tax</b>	<b>7,868</b>	<b>9,503</b>	<b>-17%</b>	<b>16,896</b>	<b>15,072</b>	<b>12%</b>
Income tax expense (Note (d))	(837)	(2,023)	-59%	(2,312)	(2,970)	-22%
<b>Profit for the period from continuing operations</b>	<b>7,031</b>	<b>7,480</b>	<b>-6%</b>	<b>14,584</b>	<b>12,102</b>	<b>21%</b>
<b>Attributable to:</b>						
Equity holders of the Company	7,031	7,480	-6%	14,584	12,102	21%
Minority interests	-	-	N.M	-	-	N.M
	<b>7,031</b>	<b>7,480</b>	<b>-6%</b>	<b>14,584</b>	<b>12,102</b>	<b>21%</b>
Earnings per ordinary share (in cents)						
- basic and diluted	2.05	2.12	-3%	4.24	3.42	24%

## **NOTES TO INCOME STATEMENT**

### **Note (a) Net financial expense**

	<b>Group</b>					
	<b>2Q</b>			<b>6 Months Ended</b>		
	<b>30-Jun-11</b>	<b>30-Jun-10</b>	<b>Change</b>	<b>30-Jun-11</b>	<b>30-Jun-10</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Interest income	12	9	33%	22	13	69%
Interest expense	(71)	(141)	-50%	(138)	(323)	-57%
Financial expense - net	(59)	(132)	-55%	(116)	(310)	-63%

### **Note (b) Other expenses**

	<b>Group</b>					
	<b>2Q</b>			<b>6 Months Ended</b>		
	<b>30-Jun-11</b>	<b>30-Jun-10</b>	<b>Change</b>	<b>30-Jun-11</b>	<b>30-Jun-10</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Legal and professional fees (Note (i))	(324)	(128)	153%	(712)	(192)	271%
Rental expense (includes leasing of land)	(374)	(323)	16%	(746)	(687)	9%
Utilities	(1,181)	(1,208)	-2%	(2,203)	(2,154)	2%
Freight charges	(368)	(369)	0%	(570)	(525)	9%
Upkeep of properties	(122)	(75)	63%	(167)	(150)	11%
Upkeep of machinery (Note (ii))	(384)	(265)	45%	(734)	(507)	45%
Others	(492)	(469)	5%	(990)	(821)	21%
	(3,245)	(2,837)	14%	(6,122)	(5,036)	22%

Note 1(a)(b) (i) - The increase in legal and professional fees were mainly due to fees incurred in connection with the Company's dual listing in Korea. No such fees were incurred in 2Q2010.

Note 1 (a)(b)(ii) – The increase in the upkeep of machinery was mainly due to the increased machinery maintenance carried out and as a result of transfer of machinery from Singapore to the Penang factory during the period.

**Note (c) Other (charges)/ credits**

	<b>Group</b>					
	<b>2Q</b>			<b>6 Months Ended</b>		
	<b>30-Jun-11</b>	<b>30-Jun-10</b>	<b>Change</b>	<b>30-Jun-11</b>	<b>30-Jun-10</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
(Loss) /Gain on exchange difference (Note (i))	(976)	153	N.M	(1,794)	961	N.M
Gain on disposal of assets classified as held for sale (Note (ii))	-	-	N.M	-	36	-100%
Loss on liquidation of a subsidiary (Note (iii))	-	(40)	-100%	-	(40)	-100%
Write back of inventories written off	27	-	N.M	27	-	N.M
Provision for impairment of inventories	(788)	(307)	157%	(788)	(307)	157%
Reversal of provision for impairment of inventories	-	-	N.M	31	-	N.M
Loss on disposal of a subsidiary (Note (iv))	(59)	-	N.M	(59)	-	N.M
Others	89	63	41%	213	176	21%
	<b>(1,707)</b>	<b>(131)</b>	<b>1203%</b>	<b>(2,370)</b>	<b>826</b>	<b>N.M</b>

Note 1(a)(c) (i) - The exchange losses in 2Q2011 and 1H2011 were due to the weakening US dollar during the year.

Note 1(a)(c) (ii) - This relates to the disposal of factory building in Penang, Malaysia in January 2010.

Note 1(a)(c) (iii) - Voluntary liquidation of Norelco Centreline (KL) Sdn Bhd, a wholly-owned subsidiary of the Company's wholly-owned subsidiary UMS International Pte Ltd, was completed on 27 May 2010.

Note 1(a)(c) (iv) - On 15 April 2011, the Company entered into an agreement to dispose of its subsidiary Ultimate Manufacturing Solutions (Suzhou) Co., Ltd for a total consideration of US\$480,000.

**Note (d) Income tax**

	<b>Group</b>					
	<b>2Q</b>			<b>6 Months Ended</b>		
	<b>30-Jun-11</b>	<b>30-Jun-10</b>	<b>Change</b>	<b>30-Jun-11</b>	<b>30-Jun-10</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Income tax:						
- Current	(646)	(2,023)	-68%	(2,121)	(2,970)	-29%
- Deferred tax	(191)	-	N.M	(191)	-	N.M
	<b>(837)</b>	<b>(2,023)</b>	<b>-59%</b>	<b>(2,312)</b>	<b>(2,970)</b>	<b>-22%</b>

Lower income tax expense is mainly due to lower provision from an overseas subsidiary who have submitted documentation to its tax authorities for the commencement of the pioneer tax incentive.

**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 2011 S\$'000	31 Dec 2010 S\$'000	30 Jun 2011 S\$'000	31 Dec 2010 S\$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents (Note (ii))	22,491	20,532	369	3,394
Trade receivables and other current assets (Note (ii))	10,108	19,505	5,551	1,920
Inventories (Note (iii))	41,445	34,505	-	-
	<u>74,044</u>	<u>74,542</u>	<u>5,920</u>	<u>5,314</u>
Asset classified as held for sale (iv)	6,774	4,416	-	-
	<u>80,818</u>	<u>78,958</u>	<u>5,920</u>	<u>5,314</u>
<b>Non-Current Assets</b>				
Investment in subsidiaries (Note (i))	-	-	181,339	162,904
Property, plant and equipment	63,913	65,501	-	-
Investment property	3,502	3,614	-	-
Financial assets, available-for-sale	308	-	308	-
Financial assets, held-to-maturity	4,299	4,490	-	-
Goodwill	60,702	60,702	-	-
	<u>132,724</u>	<u>134,307</u>	<u>181,647</u>	<u>162,904</u>
<b>Total Assets</b>	<b>213,542</b>	<b>213,265</b>	<b>187,567</b>	<b>168,218</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Trade and other payables	22,046	18,471	11,463	1,708
Income tax payable	3,779	4,498	-	-
Current portion of finance leases obligation (Note (v))	3,330	4,474	-	-
	<u>29,155</u>	<u>27,443</u>	<u>11,463</u>	<u>1,708</u>
<b>Non Current Liabilities</b>				
Deferred tax	3,197	3,026	-	-
Finance leases obligation (Note (v))	1,135	2,665	-	-
Long-term provision *	1,200	1,200	-	-
	<u>5,532</u>	<u>6,891</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<b>34,687</b>	<b>34,334</b>	<b>11,463</b>	<b>1,708</b>
<b>Capital and Reserves</b>				
Share Capital	136,623	136,623	136,623	136,623
Reserves	(1,938)	(1,028)	85	85
Retained earnings	44,170	43,336	39,396	29,802
<b>Total Equity</b>	<b>178,855</b>	<b>178,931</b>	<b>176,104</b>	<b>166,510</b>
<b>Total Liabilities and Equity</b>	<b>213,542</b>	<b>213,265</b>	<b>187,567</b>	<b>168,218</b>

\* Provision for reinstatement of leased premises.

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

The details of the subsidiaries as at 30 June 2011 are as follows:

Name	Effective percentage of equity held by the group		Company's cost of investment	
	30-Jun 2011 %	31-Dec-2010 %	30- Jun-2011 S\$'000	31-Dec-2010 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 Pte Ltd (Singapore)	100	100	126,983	126,983
Ultimate Manufacturing Solutions (Suzhou) Co., Ltd (The People's Republic of China) <sup>1</sup>	-	100	-	2,102
ASL International Trading, Inc (United States)	100	100	33	33
UMS Aerospace Pte Ltd (Singapore)	100	100	20,000	20,000
UMS Solar Pte Ltd (Singapore)	100	100	10	10
Ultimate Machining Solutions (M) Sdn. Bhd. <sup>2</sup> (Malaysia)	100	100	24,667	6,232
Unquoted equity shares, at cost			182,457	166,124
Add: expenses recognised relating to equity settled share-based payments			42	42
Add: corporate guarantee given to subsidiaries			56	56
Less: Provision for impairment			(1,216)	(3,318)
			181,339	162,904
<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		
<u>Held through Ultimate Machining Solutions (M) Sdn. Bhd.</u>				
A1 Metal Sdn. Bhd. (Malaysia)	100	100		

**Note:**

<sup>1</sup> A subsidiary was disposed during the period.

<sup>2</sup> During the period, the Company increased its investment in Ultimate Machining Solutions (M) Sdn. Bhd. by subscribing additional 45,000,000 ordinary shares of MYR1.00 each.

Note 1(b)(i)(ii) – The increase in cash and cash equivalents by S\$2.0 million was mainly due to better collections in trade and other receivables during the period,

Note 1(b)(i)(iii) – The increase in the inventories by S\$6.9 million was due to higher purchases to meet customer orders in the coming months.

Note 1(b)(i)(iv) – Two factory buildings are presented separately as ‘Assets classified as held for sale’ in the balance sheet following the decision of management to sell to third parties.

Note 1(b)(i)(v) – The total decrease in finance lease obligation by S\$2.7 million was due to repayments made during the period.

**1(b)(ii) Aggregate amount of group’s borrowings and debt securities**

Amount repayable in one year or less, or on demand

As at 30 Jun 2011			As at 31 Dec 2010		
Secured	Unsecured	Total	Secured	Unsecured	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
3,330	-	3,330	4,474	-	4,474

Amount repayable after one year

As at 30 Jun 2011			As at 31 Dec 2010		
Secured	Unsecured	Total	Secured	Unsecured	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1,135	-	1,135	2,665	-	2,665

**Details of any collateral**

The Group’s borrowings comprise only finance leases. 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		6 Months Ended	
	30-Jun-11 S\$'000	30-Jun-10 S\$'000	30-Jun-11 S\$'000	30-Jun-10 S\$'000
<b>Cash flows from operating activities</b>				
Net profit before income tax	7,868	9,503	16,896	15,072
Adjustments for:				
Depreciation expense	2,698	2,766	5,424	5,618
Provision for impairment of inventories (net)	788	307	757	307
Write back of inventories written off	(27)	-	(27)	-
Gain on disposal of assets classified as held for sale	-	-	-	(36)
Loss on liquidation of a subsidiary	-	40	-	40
Loss on disposal of a subsidiary	59	-	59	-
Interest income	(12)	(9)	(22)	(13)
Interest expense	71	141	138	323
Unrealised foreign exchange adjustment loss/ (gain)	1,422	(569)	1,476	(1,262)
<b>Operating cash flow before working capital changes</b>	<b>12,867</b>	<b>12,179</b>	<b>24,701</b>	<b>20,049</b>
Changes in operating assets and liabilities:				
Trade receivables and other current assets	1,630	(4,766)	8,570	(6,605)
Inventories	(3,243)	(3,915)	(7,669)	(10,181)
Trade and other payables	3,509	268	3,657	2,973
<b>Cash generated from operations</b>	<b>14,763</b>	<b>3,766</b>	<b>29,259</b>	<b>6,236</b>
Income tax paid	(2,450)	-	(2,674)	-
<b>Net cash generated from operating activities</b>	<b>12,313</b>	<b>3,766</b>	<b>26,585</b>	<b>6,236</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(2,107)	(1,876)	(7,095)	(2,896)
Proceeds from disposal of assets classified as held for sale	-	-	-	706
Purchase of financial assets, available-for-sale	(308)	-	(308)	-
Net cash outflow on disposal of a subsidiary	(60)	-	(60)	-
Interest received	12	9	22	13
<b>Net cash used in investing activities</b>	<b>(2,463)</b>	<b>(1,867)</b>	<b>(7,441)</b>	<b>(2,177)</b>
<b>Cash flows from financing activities</b>				
Repayment of borrowings	-	(6,951)	-	(9,959)
Dividends paid	(13,750)	(3,542)	(13,750)	(3,542)
Purchase of treasury shares	-	(2,500)	-	(2,500)
Finance leases obligation - net	(1,285)	(132)	(2,673)	(556)
Fixed deposit - restricted	(37)	(44)	(38)	(54)
Interest paid	(71)	(141)	(138)	(323)
<b>Net cash used in financing activities</b>	<b>(15,143)</b>	<b>(13,310)</b>	<b>(16,599)</b>	<b>(16,934)</b>
Net effect of exchange rate changes	(251)	345	(624)	(766)
Net (decrease)/ increase in cash and cash equivalents	(5,544)	(11,066)	1,921	(13,641)
Cash and cash equivalents at beginning of the period	27,763	21,922	20,298	24,497
<b>Cash and cash equivalents at end of the period</b>	<b>22,219</b>	<b>10,856</b>	<b>22,219</b>	<b>10,856</b>
Fixed deposit - restricted in use			272	235
<b>Cash and cash equivalents in the Balance Sheet</b>			<b>22,491</b>	<b>11,091</b>

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-11 S\$'000	30-Jun-10 S\$'000	Change %	30-Jun-11 S\$'000	30-Jun-10 S\$'000	Change %
<b>Profit for the period</b>	7,031	7,480	-6%	14,584	12,102	21%
Currency translation (loss)/ gain	(793)	120	N.M	(859)	452	N.M
<b>Total comprehensive income for the period</b>	<b>6,238</b>	<b>7,600</b>	<b>-18%</b>	<b>13,725</b>	<b>12,554</b>	<b>9%</b>
<b>Attributable to:</b>						
Equity holders of the Company	6,238	7,600	-18%	13,725	12,554	9%
Minority interests	-	-	N.M	-	-	N.M
	<b>6,238</b>	<b>7,600</b>	<b>-18%</b>	<b>13,725</b>	<b>12,554</b>	<b>9%</b>



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	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
<b>Group</b>						
<b>As at 1 January 2010</b>	152,822	(13,494)	51	(1,555)	25,008	162,832
<b>Changes in equity for first quarter</b>						
Profit for the period	-	-	-	-	4,622	4,622
Other comprehensive income for the period	-	-	-	332	-	332
<b>Total comprehensive income for the quarter</b>	-	-	-	332	4,622	4,954
Cancellation of shares	(13,494)	13,494	-	-	-	-
<b>As at 31 March 2010</b>	<b>139,328</b>	<b>-</b>	<b>51</b>	<b>(1,223)</b>	<b>29,630</b>	<b>167,786</b>
<b>Changes in equity for second quarter</b>						
Profit for the period	-	-	-	-	7,480	7,480
Other comprehensive income for the period	-	-	-	120	-	120
<b>Total comprehensive income for the quarter</b>	-	-	-	120	7,480	7,600
Purchase of treasury shares	-	(2,500)	-	-	-	(2,500)
Dividend paid	-	-	-	-	(3,542)	(3,542)
<b>As at 30 June 2010</b>	<b>139,328</b>	<b>(2,500)</b>	<b>51</b>	<b>(1,103)</b>	<b>33,568</b>	<b>169,344</b>

	Share Capital S\$'000	Treasury Shares 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
<b>Group</b>						
<b>As at 1 January 2011</b>	136,623	-	51	(1,079)	43,336	178,931
<b>Changes in equity for first quarter</b>						
Profit for the period	-	-	-	-	7,553	7,553
Other comprehensive income for the period	-	-	-	(66)	-	(66)
<b>Total comprehensive income for the quarter</b>	-	-	-	(66)	7,553	7,487
<b>As at 31 March 2011</b>	<b>136,623</b>	<b>-</b>	<b>51</b>	<b>(1,145)</b>	<b>50,889</b>	<b>186,418</b>
<b>Changes in equity for second quarter</b>						
Profit for the period	-	-	-	-	7,031	7,031
Other comprehensive income for the period	-	-	-	(793)	-	(793)
<b>Total comprehensive income for the quarter</b>	-	-	-	(793)	7,031	6,238
Disposal of a subsidiary	-	-	(51)	-	-	(51)
Dividend paid	-	-	-	-	(13,750)	(13,750)
<b>As at 30 June 2011</b>	<b>136,623</b>	<b>-</b>	<b>-</b>	<b>(1,938)</b>	<b>44,170</b>	<b>178,855</b>

	Share Capital S\$'000	Treasury Shares S\$'000	Capital Reserve S\$'000	Retained Earnings S\$'000	Total equity attributable to equity of holders of the Company S\$'000
<b>Company</b>					
<b>As at 1 January 2010</b>	152,822	(13,494)	85	5,177	144,590
<b>Changes in equity for first quarter</b>					
Loss for the period	-	-	-	(291)	(291)
<b>Total comprehensive expenses for the quarter</b>	-	-	-	(291)	(291)
Cancellation of shares	(13,494)	13,494	-	-	-
<b>As at 31 March 2010</b>	139,328	-	85	4,886	144,299
<b>Changes in equity for second quarter</b>					
Profits for the period	-	-	-	4,646	4,646
<b>Total comprehensive expenses for the quarter</b>	-	-	-	4,646	4,646
Purchase of treasury shares	-	(2,500)	-	-	(2,500)
Dividend paid	-	-	-	(3,542)	(3,542)
<b>As at 30 June 2010</b>	139,328	(2,500)	85	5,990	142,903

	Share Capital S\$'000	Treasury Shares S\$'000	Capital Reserve S\$'000	Retained Earnings S\$'000	Total equity attributable to equity of holders of the Company S\$'000
<b>Company</b>					
<b>As at 1 January 2011</b>	136,623	-	85	29,802	166,510
<b>Changes in equity for first quarter</b>					
Loss for the period	-	-	-	(693)	(693)
<b>Total comprehensive expenses for the quarter</b>	-	-	-	(693)	(693)
<b>As at 31 March 2011</b>	136,623	-	85	29,109	165,817
<b>Changes in equity for second quarter</b>					
Profits for the period	-	-	-	24,037	24,037
<b>Total comprehensive expenses for the quarter</b>	-	-	-	24,037	24,037
Dividend paid	-	-	-	(13,750)	(13,750)
<b>As at 30 June 2011</b>	136,623	-	85	39,396	176,104

- 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 2010 to 30 June 2011.

- 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 2011 was 343,754,327 (31 December 2010: 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 2010 and 30 June 2011.

- 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 2010.

- 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 adopted the new/revised FRS and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 July 2010 and 1 January 2011. 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 and amended FRS that are relevant to the Group:

- (i) Revised FRS 24- Related Party Disclosures
- (ii) Amendments to FRS 107- Financial Instruments: Disclosures
- (iii) Amendments to FRS 1- Presentation of Financial Statements
- (iv) Amendments to FRS 103- Business Combinations under the improvement to FRS 2010
- (v) Amendments to FRS 27- Consolidated and Separate Financial Statements and the improvement to FRS 2010.

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.

**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.**

	<b>Group</b>			
	<b>2Q</b>		<b>6 Months Ended</b>	
	<b>30-Jun-11</b>	<b>30-Jun-10</b>	<b>30-Jun-11</b>	<b>30-Jun-10</b>
<b>Earnings per share (EPS)</b>				
(a) Based on weighted average number of outstanding ordinary shares in issue; and	2.05 cents	2.12 cents	4.24 cents	3.42 cents
(b) On a fully diluted basis	2.05 cents	2.12 cents	4.24 cents	3.42 cents

For Note 6 above, 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 and 353,446,117 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 and 352,667,558 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.**

	<b>Group</b>		<b>Company</b>	
	<b>30-Jun-11</b>	<b>31-Dec-10</b>	<b>30-Jun-11</b>	<b>31-Dec-10</b>
Net asset per ordinary share based on existing issued share capital as at end of period reported on	52.03 cents	52.05 cents	51.23 cents	48.44 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 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.**

## 6 months 2011 Vs 6 months 2010

	Group		
	6 Months Ended		
	30-Jun-11	30-Jun-10	Change
	S\$'000	S\$'000	%
<b>Business Segments</b>			
Contract Equipment Manufacturing (CEM)	3,428	5,086	-33%
Semiconductor (Semicon)	64,193	54,922	17%
	<b>67,621</b>	<b>60,008</b>	<b>13%</b>
<b>Geographical Regions</b>			
Singapore	40,735	32,043	27%
United States of America ('US')	17,190	18,841	-9%
Others	9,696	9,124	6%
	<b>67,621</b>	<b>60,008</b>	<b>13%</b>

## 2Q 2011 Vs 2Q 2010

	Group		
	2Q		
	30-Jun-11	30-Jun-10	Change
	S\$'000	S\$'000	%
<b>Business Segments</b>			
Contract Equipment Manufacturing (CEM)	1,339	4,509	-70%
Semiconductor (Semicon)	31,325	30,765	2%
	<b>32,664</b>	<b>35,274</b>	<b>-7%</b>
<b>Geographical Regions</b>			
Singapore	20,718	19,086	9%
United States of America ('US')	7,357	11,034	-33%
Others	4,589	5,154	-11%
	<b>32,664</b>	<b>35,274</b>	<b>-7%</b>

## Revenue

For the three months ended 30 June 2011 ("2Q2011"), UMS' revenue dipped by 7% to S\$32.7 million from S\$35.3 million in 2Q2010 and was also lower by 7% from S\$35.0 million in 1Q2011.

The reduced 2Q2011 revenue was mainly due to a significantly smaller contribution from the Group's Contract Equipment Manufacturing ("CEM") segment which fell to S\$1.3 million in 2Q2011 from S\$4.5 million in 2Q2010 due to changes in product mix. At the same time, UMS' second and main business segment, Semiconductor Components and Integrated Systems ("Semicon") continued to grow to S\$31.3 million in 2Q2011 from S\$30.8 million in 2Q2010.

Geographically, as UMS' major customer increased outsourcing of production to lower-cost Asian countries such as Singapore and to be nearer to customers, revenue contribution from Singapore continued to rise to S\$20.7 million in 2Q2011 from S\$19.1 million in 2Q2010. Over the same comparative periods, revenue from both the US and Others markets declined to S\$7.4 million from S\$11.0 million and to S\$4.6 million from S\$5.2 million, respectively.

However, on a half year basis (ie for the six months ended 30 June 2011) or 1H2011, Group revenue continued to increase, up 13%, to S\$67.6 million from S\$60.0 million in 1H2010. This increase in revenue, over the comparative periods, was led by the Semicon segment which grew to contribute S\$64.2 million from S\$55.0 million even as the CEM segment contracted its contribution to S\$3.4 million from S\$5.1 million due to changes in product mix in 2Q2011.

Similarly, in 1H2011, Singapore emerged as UMS' largest market contributing S\$40.7 million from S\$32.0 million in 1H2010. 1H2011 revenue from US declined to S\$17.2 million from S\$18.8 million while those from Others rose to S\$9.7 million from S\$9.1 million, a year ago.

## Profitability

Over the comparative quarterly and half year periods, UMS continued to exercise control over operating costs. Consequently 2Q2011 raw material and sub-contractor costs declined to S\$17.3 million from S\$19.9 million in 2Q2010 while those in 1H2011 remained mostly unchanged at S\$38.2 million from S\$38.3 million in 1H2010. Likewise, personnel related costs (ie employee benefits) declined in 2Q2011 and only increased marginally in 1H2011 from a year ago.

However, Other expenses increased to S\$3.2 million in 2Q2011 from S\$ 2.8 million in 2Q2010 and to S\$6.1 million in 1H2011 from S\$5.0 million in 1H2010 mainly due to higher professional fees paid out by UMS in relation to its ongoing Korean dual listing efforts.

Other Charges also rose substantially in 2Q2011 from 2Q2010 due to higher provision on inventories and forex losses on a weakening US dollar, See note 1(a)(c) (i).

At the same time, UMS' income tax expenses declined significantly in 2Q2011 as well as in 1H2011 as the Group provided for lower taxes after its Penang subsidiary submitted its application for the commencement of pioneer tax incentives to the Malaysian tax authorities.

As a result of all of the above, UMS reported a 2Q2011 net profit attributable to equity holders of S\$7.0 million, slightly down by 6%, from S\$7.5 million in 2Q2010 while 1H2011 net profit attributable to equity holders was up 21% to S\$14.6 million from S\$12.1 million in 1H2010.

### **Cash flow**

As at 30 June 2011, the Group continued to generate positive operating cash flow of S\$12.3 million from S\$3.8 million at 30 June 2010. Likewise free cash flow of S\$10.2 million led to a cash conversion ratio (as a percentage of net profit) of almost 145%, up from 123% three months ago. Cash conversion ratio is calculated as free cash flow divided by net profit. Free cash flow is calculated by subtracting capital expenditures from net cash from operating activities.

Accordingly the Group continued to remain in a strong cash position with cash and cash equivalents of S\$22.5 million at 30 June 2011, more than double of S\$11.1 million at 30 June 2010.

### **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.**

Over the last 30 days, many global chip equipment manufacturers have updated that their customers are holding back on new orders as sales of computers and mobile phones slow on weak consumer demand caused by overall sluggish economic conditions in developed markets of US and Europe.

Due to this, even UMS' major customer has started scaling back on order forecasts although it continues to be upbeat about demand especially for electronics in emerging Asian markets that is helping to offset declines in mature markets.

Inventories have been built up based on earlier forecast and will be carefully monitored and managed in 3Q and 4Q in line with actual orders.

While July has seen UMS' facilities quite busy with orders that have also been shipped out (already forecasted in May), the Group is working closely with its major customer to monitor the forecast and demand situation for the next few months.

Internally, UMS believes that its efforts to improve costs and operational efficiencies have helped the Group to consistently raise cash flows which in turn has significantly strengthened its balance sheet; this continues to position UMS well for inorganic growth opportunities including M&As, if and when these arise.

As announced on 8 July 2011, while UMS has on the advice of its Korean listing book runner ("KB Investment & Securities"), requested for a delay in its KOSDAQ listing eligibility review application to the Korean Exchange ("KRX") in view of the current weak market sentiment toward foreign listings on the KRX, UMS intends to proceed with its proposed dual listing in Korea.

**11 Dividend**

**(a) Current Financial Period Reported**

Any dividend declared for the current financial period reported on?

In relation to the second quarter ended 30 June 2011, the Board of Directors has declared a second interim dividend of 1.00 cents per ordinary share (tax exempt one tier).

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

**(c) Date payable**

6 September 2011

**(d) Books closure date**

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of the Company will be closed on 24 August 2011, 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 2011.

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 23 August 2011 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 23 August 2011 will be entitled to the Second Interim Dividend.

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

Not applicable.

**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.**

Not applicable.

**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.**

Not applicable.

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

Not applicable.

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

Not applicable.

**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 2Q2011 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  
4 August 2011