

UMS HOLDINGS LIMITED
COMPANY REGISTRATION NO: 200100340R
Half Year 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 2010

	Group					
	2Q			6 Months Ended		
	30-Jun-10	30-Jun-09	Change	30-Jun-10	30-Jun-09	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	35,274	7,305	383%	60,008	18,865	218%
Net financial expense (Note (a))	(132)	(140)	-6%	(310)	(238)	30%
Changes in inventories	3,608	(238)	N.M	9,874	(4,056)	N.M
Raw material purchases and sub-contractors	(19,893)	(2,073)	860%	(38,310)	(4,024)	852%
Employee benefits expense	(3,620)	(1,481)	144%	(6,362)	(3,684)	73%
Depreciation expense	(2,766)	(2,993)	-8%	(5,618)	(6,072)	-7%
Other expenses (Note (b))	(2,837)	(1,711)	66%	(5,036)	(3,596)	40%
Other (charges)/ credits (Note (c))	(131)	(21,614)	-99%	826	(23,262)	N.M
Profit/(Loss) before income tax	9,503	(22,945)	N.M	15,072	(26,067)	N.M
Income tax (expense)/ credit (Note (d))	(2,023)	28	N.M	(2,970)	477	N.M
Profit/(Loss) for the period from continuing operations	7,480	(22,917)	N.M	12,102	(25,590)	N.M
Attributable to:						
Equity holders of the Company	7,480	(22,917)	N.M	12,102	(25,590)	N.M
Minority interests	-	-	N.M	-	-	N.M
	7,480	(22,917)	N.M	12,102	(25,590)	N.M
Earnings/ (losses) per ordinary share (in cents)						
- basic and diluted	2.12	-6.47	N.M	3.42	-7.22	N.M

N.M - Not meaningful

NOTES TO INCOME STATEMENT**Note (a) Net financial expense**

	Group					
	2Q			6 Months Ended		
	30-Jun-10	30-Jun-09	Change	30-Jun-10	30-Jun-09	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income	9	18	-50%	13	22	-41%
Interest expense	(141)	(158)	-11%	(323)	(260)	24%
Financial expense - net	(132)	(140)	-6%	(310)	(238)	30%

Note (b) Other expenses

	Group					
	2Q			6 Months Ended		
	30-Jun-10	30-Jun-09	Change	30-Jun-10	30-Jun-09	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Legal and professional fees	(128)	(79)	62%	(192)	(170)	13%
Rental expense (includes leasing of land)	(323)	(299)	8%	(687)	(661)	4%
Utilities (Note (i))	(1,208)	(621)	95%	(2,154)	(1,183)	82%
Freight charges (Note (i))	(369)	(62)	495%	(525)	(143)	267%
Upkeep of properties	(75)	(89)	-16%	(150)	(133)	13%
Upkeep of machinery (Note (ii))	(265)	(168)	58%	(507)	(339)	50%
Others	(469)	(393)	19%	(821)	(967)	-15%
	(2,837)	(1,711)	66%	(5,036)	(3,596)	40%

Note 1(a)(b) (i) - The increase in utilities and freight charges were mainly due to higher production volume during the period.

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 higher production volume during 2QFY10.

Note (c) Other (charges)/ credits

	Group					
	2Q			6 Months Ended		
	30-Jun-10	30-Jun-09	Change	30-Jun-10	30-Jun-09	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gain/ (loss) on exchange difference	153	(1,950)	N.M	961	(1,143)	N.M
Gain on disposal of assets classified as held for sale (Note (i))	-	-	N.M	36	-	N.M
Gain on disposal of property, plant & equipment	-	8	-100%	-	12	-100%
Loss on liquidation of subsidiary (Note (ii))	(40)	-	N.M	(40)	-	N.M
(Provision)/ write back for obsolete stock	(307)	131	N.M	(307)	(2,351)	-87%
Impairment of goodwill	-	(20,000)	-100%	-	(20,000)	-100%
Others	63	197	-68%	176	220	-20%
	(131)	(21,614)	-99%	826	(23,262)	N.M

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

Note 1(a)(c)(ii) - 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 (d) Income tax

	Group					
	2Q			6 Months Ended		
	30-Jun-10	30-Jun-09	Change	30-Jun-10	30-Jun-09	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Income tax:						
- Current	(2,023)	(41)	4834%	(2,970)	(66)	4400%
- Deferred tax	-	69	-100%	-	543	-100%
	(2,023)	28	N.M	(2,970)	477	N.M

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 2010 S\$'000	31 Dec 2009 S\$'000	30 Jun 2010 S\$'000	31 Dec 2009 S\$'000
ASSETS				
Current Assets				
Cash and cash equivalents (Note (ii))	11,091	24,678	67	922
Trade receivables and other current assets (Note (iii))	17,963	11,120	6,978	7,836
Inventories (Note (iv))	35,122	25,248	-	-
	<u>64,176</u>	<u>61,046</u>	<u>7,045</u>	<u>8,758</u>
Asset classified as held for sale (v)	-	630	-	-
	<u>64,176</u>	<u>61,676</u>	<u>7,045</u>	<u>8,758</u>
Non-Current Assets				
Investment in subsidiaries (Note (i))	-	-	146,662	136,662
Property, plant and equipment	73,207	76,214	-	-
Investment property	3,726	3,838	-	-
Financial assets, held-to-maturity	4,876	4,891	-	-
Goodwill	60,702	60,702	-	-
Other long-term loan receivables	-	-	-	-
	<u>142,511</u>	<u>145,645</u>	<u>146,662</u>	<u>136,662</u>
Total Assets	<u>206,687</u>	<u>207,321</u>	<u>153,707</u>	<u>145,420</u>
LIABILITIES AND EQUITY				
Current Liabilities				
Short term borrowing	-	2,000	-	-
Trade and other payables	20,057	19,675	10,723	749
Income tax payable	3,662	691	81	81
Current portion of long-term borrowing (Note (vi))	-	670	-	-
Current portion of finance leases obligation (Note (vii))	5,365	4,773	-	-
	<u>29,084</u>	<u>27,809</u>	<u>10,804</u>	<u>830</u>
Non Current Liabilities				
Deferred taxation	2,553	2,538	-	-
Long-term borrowing (Note (vi))	-	7,289	-	-
Finance leases obligation (Note (vii))	4,506	5,653	-	-
Long-term provision *	1,200	1,200	-	-
	<u>8,259</u>	<u>16,680</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>37,343</u>	<u>44,489</u>	<u>10,804</u>	<u>830</u>
Capital and Reserves				
Share Capital	139,328	152,822	139,328	152,822
Treasury shares	(2,500)	(13,494)	(2,500)	(13,494)
Other components of equity	(1,052)	(1,504)	85	85
Retained earnings	33,568	25,008	5,990	5,177
Total equity	<u>169,344</u>	<u>162,832</u>	<u>142,903</u>	<u>144,590</u>
Total liabilities and equity	<u>206,687</u>	<u>207,321</u>	<u>153,707</u>	<u>145,420</u>

* Provision for reinstatement of leased premises.

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

The details of the subsidiaries as at 30 June 2010 are as follows:

Name	Effective percentage of equity held by the group		Company's cost of investment	
	30-Jun 2010 %	31-Dec-2009 %	30-Jun 2010 S\$'000	31-Dec-2009 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)	100	100	2,102	2,102
ASL International Trading, Inc (United States)	100	100	33	33
UMS Aerospace Pte Ltd (Singapore) *	100	100	10,000	-
UMS Solar Pte Ltd (Singapore) *	100	100	-	-
Ultimate Machining Solutions (M) Sdn. Bhd. (Malaysia) *	100	100	-	-
Unquoted equity shares, at cost			149,882	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			(3,318)	(3,318)
			146,662	136,662
<u>Held through UMS International Pte Ltd</u>				
Norelco Centreline (KL) Sdn. Bhd. (Malaysia)	-	100		
Ultimate Manufacturing Solutions (M) Sdn. Bhd (Malaysia)	100	100		
Norelco Centreline (Hong Kong) Pte Limited (Hong Kong)	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	-		

* Less than S\$1,000.

Note 1(b)(i)(ii) – The decrease in cash and cash equivalents by S\$13.6 million was mainly due to repayment of bank borrowings, share buy back and dividend paid during the period.

Note 1(b)(i)(iii) – The increase in trade and other receivables by S\$6.8 million was mainly due to higher sales.

Note 1(b)(i)(iv) – The increase in the inventories by S\$9.9 million was due to higher purchases to meet customer orders in the coming months.

Note 1(b)(i)(v) – This relates to a factory building in Penang, Malaysia. The sale of the factory was completed in January 2010.

Note 1(b)(i)(vi) – The long-term borrowing was fully settled during the period.

Note 1(b)(i)(vii) – The decrease in finance lease obligation by S\$0.6 million was due to repayments made during the period partially offset by the drawdown of hire purchase loans for 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 2010			As at 31 Dec 2009		
Secured	Unsecured	Total	Secured	Unsecured	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
5,365	-	5,365	5,443	2,000	7,443

Amount repayable after one year

As at 30 Jun 2010			As at 31 Dec 2009		
Secured	Unsecured	Total	Secured	Unsecured	Total
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
4,506	-	4,506	12,942	-	12,942

Details of any collateral

The Group's borrowings comprise mainly term loans and finance leases. The long-term borrowing was 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 years.**

	Group			
	2Q		6 Months Ended	
	30-Jun-10 S\$'000	30-Jun-09 S\$'000	30-Jun-10 S\$'000	30-Jun-09 S\$'000
Cash flows from operating activities				
Net profit/(loss) before income tax	9,503	(22,945)	15,072	(26,067)
Adjustments for:				
Impairment of goodwill	-	20,000	-	20,000
Depreciation expense	2,766	2,993	5,618	6,072
Gain on disposal of property, plant and equipment	-	(8)	-	(12)
Provision/ (write back) for obsolete stock	307	(131)	307	2,351
Gain on disposal of assets classified as held for sale	-	-	(36)	-
Loss on liquidation of subsidiary	40	-	40	-
Interest income	(9)	(18)	(13)	(22)
Interest expense	141	158	323	260
Unrealised foreign exchange adjustment (gain)/ loss	(569)	2,296	(1,262)	1,080
Operating cash flow before working capital changes	12,179	2,345	20,049	3,662
Trade and other receivables	(4,766)	1,690	(6,605)	1,146
Inventories	(3,915)	239	(10,181)	4,056
Trade and other payables	268	(1,836)	2,973	(6,301)
Net cash generated from operating activities	3,766	2,438	6,236	2,563
Income tax paid	-	(40)	-	(40)
Net cash generated from operating activities	3,766	2,398	6,236	2,523
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	-	9	-	13
Purchase of property, plant and equipment	(1,876)	(4,454)	(2,896)	(7,282)
Proceeds from disposal of assets classified as held for sale	-	-	706	-
Interest received	9	18	13	22
Net cash used in investing activities	(1,867)	(4,427)	(2,177)	(7,247)
Cash flows from financing activities				
(Repayment of)/Proceeds from borrowings	(6,951)	5,558	(9,959)	5,935
Dividends Paid	(3,542)	(1,771)	(3,542)	(1,771)
Purchase of treasury shares	(2,500)	-	(2,500)	-
(Repayment of)/ proceeds from obligation under finance leases	(132)	1,088	(556)	1,693
Fixed deposit - restricted	(44)	1	(54)	19
Interest paid	(141)	(158)	(323)	(260)
Net cash (used in)/ generated from financing activities	(13,310)	4,718	(16,934)	5,616
Net effect of exchange rate changes	345	(321)	(766)	216
Net (decrease)/ increase in cash and cash equivalents	(11,066)	2,368	(13,641)	1,108
Cash and cash equivalents at beginning of the period	21,922	17,546	24,497	18,806
Cash and cash equivalents at end of the period	10,856	19,914	10,856	19,914
Fixed deposit - restricted in use	44	(2)	235	286
Cash and cash equivalents in the Balance Sheet	10,900	19,912	11,091	20,200

- 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-10 S\$'000	30-Jun-09 S\$'000	Change %	30-Jun-10 S\$'000	30-Jun-09 S\$'000	Change %
Profit/ (Loss) for the period	7,480	(22,917)	N.M	12,102	(25,590)	N.M
Currency translation gain/ (loss)	120	(416)	N.M	452	(274)	N.M
Total comprehensive income/ (expenses) for the period	7,600	(23,333)	N.M	12,554	(25,864)	N.M
Attributable to:						
Equity holders of the Company	7,600	(23,333)	N.M	12,554	(25,864)	N.M
Minority interests	-	-	N.M	-	-	N.M

1(e)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distribution to shareholders, together with a comparative statement for the corresponding period of the immediate preceding financial year.

	Share Capital S\$'000	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
Group						
As at 1 January 2009	152,822	(13,496)	51	(1,205)	51,109	189,281
Changes in equity for first quarter						
Loss for the period	-	-	-	-	(2,673)	(2,673)
Other comprehensive income for the period	-	-	-	142	-	142
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						
Loss for the period	-	-	-	-	(22,917)	(22,917)
Other comprehensive income for the period	-	-	-	(416)	-	(416)
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	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 2010	152,822	(13,494)	51	(1,555)	25,008	162,832
Changes in equity for first quarter						
Profit for the period	-	-	-	-	4,622	4,622
Other comprehensive income for the period	-	-	-	332	-	332
Total comprehensive income for the quarter	-	-	-	332	4,622	4,954
Cancellation of shares	(13,494)	13,494	-	-	-	-
As at 31 March 2010	139,328	-	51	(1,223)	29,630	167,786
Changes in equity for second quarter						
Profit for the period	-	-	-	-	7,480	7,480
Other comprehensive income for the period	-	-	-	120	-	120
Total comprehensive income for the quarter	-	-	-	120	7,480	7,600
Purchase of treasury shares	-	(2,500)	-	-	-	(2,500)
Dividend paid	-	-	-	-	(3,542)	(3,542)
As at 30 June 2010	139,328	(2,500)	51	(1,103)	33,568	169,344

	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
Company					
As at 1 January 2009	152,822	(13,496)	68	9,024	148,418
Changes in equity for first quarter					
Loss for period	-	-	-	(2,107)	(2,107)
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					
Loss for period	-	-	-	(988)	(988)
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

	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
Company					
As at 1 January 2010	152,822	(13,494)	85	5,177	144,590
Changes in equity for first quarter					
Loss for the period	-	-	-	(291)	(291)
Total comprehensive expenses for the quarter	-	-	-	(291)	(291)
Cancellation of shares	(13,494)	13,494	-	-	-
As at 31 March 2010	139,328	-	85	4,886	144,299
Changes in equity for second quarter					
Profits for the period	-	-	-	4,646	4,646
Total comprehensive expenses for the quarter	-	-	-	4,646	4,646
Purchase of treasury shares	-	(2,500)	-	-	(2,500)
Dividend paid	-	-	-	(3,542)	(3,542)
As at 30 June 2010	139,328	(2,500)	85	5,990	142,903

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.

On 3 March 2010, the Company cancelled 39,370,957 shares. These shares were previously held as treasury shares.

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 2010 was 344,254,327 (31 December 2009: 354,233,327).

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.

Treasury shares	Group and Company	
	No of ordinary shares	Share capital S\$'000
Balance as at 1 January 2010	39,370,957	13,494
Cancellation	(39,370,957)	(13,494)
Acquisition	9,979,000	2,500
Balance as at 30 June 2010	<u>9,979,000</u>	<u>2,500</u>

On 3 March 2010, the Company cancelled 39,370,957 treasury shares.

In June 2010, the Company has bought back 9,979,000 shares from the market and retained them as treasury shares.

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.

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 2010. 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:

Amendments to FRS 39	Financial Instruments: Recognition and Measurement
INT FRS 117	Distributions of Non-Cash Assets to Owners
INT FRS 118	Transfer of Assets from Customers
FRS 24 (Revised)	Related Party Disclosures
FRS 27 (Revised)	Consolidated and Separate Financial Statements
FRS 103 (Revised)	Business Combinations

The adoption of the above FRS and INT 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.

Earnings/ (losses) per share (EPS)	Group			
	2 Q 30-Jun-10	30-Jun-09	6 Months Ended 30-Jun-10 30-Jun-09	
(a) Based on weighted average number of outstanding ordinary shares in issue; and	2.12 cents	-6.47 cents	3.42 cents	-7.22 cents
(b) On a fully diluted basis	2.12 cents	-6.47 cents	3.42 cents	-7.22 cents

For Note 6 above, the basic earnings per share for the half year ended 2010 and previous corresponding period have been calculated based on the weighted average number of 353,446,117 and 354,228,661 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 352,667,558 and 354,228,661 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 353,446,117 and 354,228,661 of outstanding ordinary shares respectively. The diluted earnings per share for 2Q and the previous corresponding period have been calculated based on 352,667,558 and 354,228,661 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-10	31-Dec-09	30-Jun-10	31-Dec-09
Net asset per ordinary share based on existing issued share capital as at end of period reported on	49.19 cents	45.97 cents	41.51 cents	40.82 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 344,254,327 and 354,233,327 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 2010 Vs 6 months 2009

	Group		
	6 Months Ended		
	30-Jun-10	30-Jun-09	Change
	S\$'000	S\$'000	%
Business Segments			
Contract Equipment Manufacturing (CEM)	5,086	6,754	-25%
Semiconductor (Semicon)	54,922	12,111	353%
	60,008	18,865	218%
Geographical Regions			
Singapore	32,043	1,490	2051%
United States of America ('US')	18,841	12,792	47%
Others	9,124	4,583	99%
	60,008	18,865	218%

2QFY10 Vs 2QFY09

	2Q		
	30-Jun-10	30-Jun-09	Change
	S\$'000	S\$'000	%
Business Segments			
Contract Equipment Manufacturing (CEM)	4,509	1,590	184%
Semiconductor (Semicon)	30,765	5,715	438%
	35,274	7,305	383%
Geographical Regions			
Singapore	19,086	925	1963%
United States of America ('US')	11,034	4,401	151%
Others	5,154	1,979	160%
	35,274	7,305	383%

Revenue

Group revenue continued to surge in the second quarter of FY2010, reflecting the sustained robust demand for chips worldwide, which improved the business outlook of our major customers.

On a quarterly basis, the Group's revenue leapt by 383% to S\$35.3 million in Q2FY10, from S\$7.3 million in 2QFY09. Compared to 1QFY10, the revenue jump was 43% (up from S\$24.7 million) as the Group continued to enjoy significant recovery in its semiconductor business.

The Group's semicon sales rose 438% to S\$30.8 million in 2QFY10 – from S\$5.7 million in 2QFY09. Compared to 1QFY10, its semicon revenue grew more than 27% from S\$24.2 million.

While the sterling results reflected the sharp upward recovery in the global semiconductor industry, the Group also saw significant sales increases in its Contract Equipment Manufacturing (CEM) business segment. CEM sales almost tripled to S\$4.5 million from S\$1.6 million in 2QFY09 – due to more orders from its CEM customers, which include mainly global oil and gas majors.

The Group also enjoyed significant sales growth in all its key markets.

Revenue in Singapore surged to S\$19.1 million in 2QFY10 against S\$0.9 million in 2QFY09. Compared to Q1FY10, Singapore also posted a 47% jump in sales from S\$13 million. This improvement reflected the continued surge in shipments to the Groups' key semicon customers – including a global semiconductor giant which had set up a major manufacturing facility in Singapore.

Sales to the US, the Group's largest geographical market reversed its decline, recording a strong revenue rebound of almost 3 times to S\$11 million, up from S\$4.4 million in 2QFY09- indicating the positive turnaround in the US semiconductor industry. Sales in 2QFY10 also rose 41% against sales of S\$7.8 million in 1QFY10.

"Other" markets such as Europe, Taiwan and Malaysia also saw robust growth in sales. Revenue in 2QFY10 more than doubled to S\$5.2 million from S\$2 million in 2QFY09 - mainly due to the overall rise in demand in the global semiconductor industry.

On a half yearly basis, the Group chalked up sales gains of 218% to hit S\$60 million against S\$18.9 million in 1HFY09.

Profitability

Net profit attributable to shareholders soared to S\$7.5 million in 2QFY10, reversing a loss of S\$22.9 million in 2QFY09.

The significant turnaround to profitability stemmed mainly from its strong revenue upturn as well as the absence of impairment of goodwill charges. The Group also benefited from a foreign currency gain as against a foreign currency loss of S\$1.9 million in 2QFY09.

Compared to 1QFY10, the Group's net profit increased significantly by 62% from S\$4.6 million to S\$7.5 million in 2QFY10.

For 2QFY10, the Group enjoyed gross material margin improvement of 3% as compared to 1QFY10.

On a half-year basis, the Group recorded profit attributable to equity holders of S\$12.1 million against a loss of S\$25.6 million in 1HFY10.

Cash flow

The Group continued to maintain a healthy financial position.

The Group generated positive net cash from operating activities of S\$3.8 million in 2QFY10, representing an increase of 57%, from the S\$2.4 million generated in 2QFY09. This was attributed mainly to the higher revenue generated. The Cash conversion ratio (as % of PBT) was lower than previous quarters, mainly due to increase in working capital, to support the Group's strong revenue surge.

Cash and cash equivalents at the end of 2QFY10 stood at S\$10.9 million, after paying off the term loan in Malaysia, 2009 final dividend and the acquisition of treasury shares, all of which totaled S\$13 million during the period. Gearing ratio decreased from 0.13 in FY2009 to 0.06 in 2QFY10.

Group net earnings per share (EPS) at end 2QFY10 jumped to 2.12 cents, against us a loss of 6.47 cents for 2QFY09. The Group's net asset value (NAV) rose to 49.19 cents as at 30 June 2010, compared to the 45.97 cents in 31 December 2009.

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 overall global semiconductor industry is expected to remain robust in the coming months.

According to SEMI, capital spending across the semiconductor industry is experiencing a sharp upward recovery this year — off its deep lows reported in 2009 as it continues to benefit from a strong demand for chips.

Semiconductor equipment and materials data collected by SEMI confirms the breadth and strength of the recovery. Sales and orders have gone up for most segments of the equipment and materials markets: wafer processing, assembly & packaging, test, and related sub-segments.

SEMI has further highlighted that first quarter orders for equipment were over five times higher compared to the same period one year ago. Total equipment billings for the first half of 2010 will be at least equal to, and even likely surpass, the total spending for all of 2009. As a result, 2010 equipment spending is forecasted to reach US\$32 billion, which is higher than the US\$29.5 billion spent in 2008.

With additional capacity from our Penang campus, we are well poised to ride this wave of growth. We are therefore confident of delivering a sterling performance for FY2010.

11 Dividend

(a) Current Financial Period Reported

Any dividend declared for the current financial period reported on?

Interim dividend

In relation to the second quarter ended 30 June 2010, the Board of Directors has declared an 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?

No dividend had been declared.

(c) Date payable

30 August 2010.

(d) Books closure date

20 August 2010.

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 2QFY10 and period ended 30 June 2010 financial results to be false or misleading in any material respect.

On behalf of the Board

Soh Gim Teik
Chairman

Luong Andy
Chief Executive Officer

BY ORDER OF THE BOARD

Luong Andy
Chief Executive Officer
3 August 2010