

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

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

**UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008**

	3Q			9 months ended		
	2008 S\$'000	2007 S\$'000	Change %	2008 S\$'000	2007 S\$'000	Change %
<b>Revenue</b>	<b>21,224</b>	<b>36,046</b>	<b>-41%</b>	<b>75,890</b>	<b>106,749</b>	<b>-29%</b>
Net Financial Income / (Expense) (Note (a))	(401)	(2,336)	-83%	(4,777)	(2,154)	122%
Changes in inventories	3,263	1,869	75%	2,420	4,814	-50%
Raw material purchases and sub-contractors charges	(11,335)	(17,211)	-34%	(31,032)	(55,245)	-44%
Employee benefits expenses including director's remuneration	(5,073)	(7,154)	-29%	(16,458)	(21,103)	-22%
Depreciation expense	(3,244)	(2,635)	23%	(9,777)	(7,629)	28%
Other Expenses (Note (b))	(3,690)	(4,263)	-13%	(12,180)	(11,271)	8%
Other Credits / (Charges) (Note ( c))	187	(2,173)	N.M	(2,828)	(3,920)	-28%
<b>Profit before tax</b>	<b>931</b>	<b>2,143</b>	<b>-57%</b>	<b>1,258</b>	<b>10,241</b>	<b>-88%</b>
Income tax expense (Note (d))	(17)	(95)	-82%	(90)	146	N.M
<b>Profit after tax</b>	<b>914</b>	<b>2,048</b>	<b>-55%</b>	<b>1,168</b>	<b>10,387</b>	<b>-89%</b>
Minority interests	-	-	N.M	-	-	N.M
<b>Net profit for the period</b>	<b>914</b>	<b>2,048</b>	<b>-55%</b>	<b>1,168</b>	<b>10,387</b>	<b>-89%</b>

N.M - Not meaningful

## NOTES TO INCOME STATEMENT

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

	2008	3Q	Change	2008	9M	Change
	S\$'000	2007	%	S\$'000	2007	%
		S\$'000			S\$'000	
Interest Income	5	33	-85%	42	131	-68%
Interest Expense	(140)	(114)	23%	(316)	(302)	5%
(Loss) on forward contracts (Note (i))	(266)	(2,255)	-88%	(4,503)	(1,983)	127%
Financial income / (expense) net	(401)	(2,336)	-83%	(4,777)	(2,154)	122%

Note 1(a)(a)(i) The forward contracts were liquidated in July 2008 in line with Q2 2008 report.

### Note (b) Other Expenses

	2008	3Q	Change	2008	9 months ended	Change
	S\$'000	2007	%	S\$'000	2007	%
		S\$'000			S\$'000	
Legal and professional fees (Note (i))	(88)	(346)	-75%	(1,057)	(716)	48%
Rental of factory (Note (ii))	(270)	(200)	35%	(994)	(572)	74%
Utilities	(1,261)	(1,145)	10%	(3,722)	(3,302)	13%
Freight charges	(295)	(378)	-22%	(742)	(861)	-14%
Upkeep of building / office (Note (iii))	(203)	(158)	28%	(622)	(394)	58%
Upkeep of machinery (Note (iv))	(620)	(377)	64%	(1,413)	(775)	82%
Auditor's remuneration (Note (v))	(116)	(222)	-48%	(288)	(420)	-31%
Property tax	(42)	(63)	-33%	(128)	(187)	-32%
Others	(795)	(1,374)	-42%	(3,214)	(4,044)	-21%
	(3,690)	(4,263)	-13%	(12,180)	(11,271)	8%

Note 1 (a)(b) (i) – The decrease in legal and professional fees by S\$258K or 75% in Q308 compared to Q307 was mainly due to fees incurred in Q3 2007 for evaluation of an acquisition, internal audit and sales consultancy. No such fees were incurred in Q3 2008.

Note 1 (a)(b) (ii) - The increase in rental of factory by S\$70K or 35% in Q308 compared to Q307 and S\$422K or 74% in 9M08 compared to 9M07 was mainly for the additional payment of rental cost for UMS Aerospace's new building in year 2008.

Note 1 (a)(b) (iii) – The increase in upkeep of building / office by 28% and 58% for Q3 and 9M respectively compared to previous corresponding period was mainly contributed by the dismantling cost incurred for building 21 in order to return to JTC (3 years lease contract was expired).

Note 1 (a)(b) (iv) – The increase in the upkeep of machinery by 64% in Q308 and 82% in 9M08 compared to previous corresponding period was the result of transfer of machinery from Singapore to the Penang factory during the period.

Note 1 (a)(b) (v) – The decrease in auditor remuneration fees by 48% and 31% for Q3 and 9M respectively compared to previous corresponding period was mainly due to fees incurred in 2007 for additional work done. No such fees were incurred in Q3 2008.

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

	3Q		Change %	9M		Change %
	2008 S\$'000	2007 S\$'000		2008 S\$'000	2007 S\$'000	
Gain/(Loss) on exchange difference	1,124	(1,222)	-192%	(330)	(1,255)	-74%
Impairment of trade receivables	-	-	N.M	-	45	-100%
Gain / (Loss) on disposal of property, plant & equipment	(175)	(3)	5733%	1,639	(116)	-1513%
Impairment of fixed assets	(507)	-	N.M	(507)	-	N.M
Property, plant & equipment written off	(238)	-	N.M	(663)	-	N.M
(Provision) for obsolete stock	-	(1,050)	-100%	(2,180)	(2,742)	-20%
Goodwill written off	-	-	N.M	(793)	-	N.M
Others	(17)	102	N.M	6	148	-96%
	<u>187</u>	<u>(2,173)</u>	<u>N.M</u>	<u>(2,828)</u>	<u>(3,920)</u>	<u>-28%</u>

**Note (d) Income tax expenses**

	3Q		Change %	9 months ended		Change %
	2008 S\$'000	2007 S\$'000		2008 S\$'000	2007 S\$'000	
Income tax:						
- Current	(17)	(82)	-79%	(90)	(443)	-80%
Deferred tax	-	(13)	N.M	-	589	N.M
	<u>(17)</u>	<u>(95)</u>	<u>-82%</u>	<u>(90)</u>	<u>146</u>	<u>N.M</u>

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

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

	Group		Company	
	30 Sep 2008 S\$'000	31 Dec 2007 S\$'000	30 Sep 2008 S\$'000	31 Dec 2007 S\$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	15,295	21,356	413	540
Trade and other receivables (Note (ii))	16,660	22,582	11,731	12,763
Inventories	30,855	29,988	-	-
	<u>62,810</u>	<u>73,926</u>	<u>12,144</u>	<u>13,303</u>
Assets classified as held for sale (Note (iii))	5,420	10,702	-	-
	<u>68,230</u>	<u>84,628</u>	<u>12,144</u>	<u>13,303</u>
<b>Non-Current Assets</b>				
Investment in subsidiaries (Note (i))	-	-	138,986	138,985
Property, plant and equipment (Note (iv))	82,971	72,434	-	-
Available-for-sale investment	5,033	5,041	-	-
Investment properties	3,466	3,535	-	-
Club membership	-	53	-	-
Goodwill (Note (v))	80,702	81,495	-	-
Other long-term receivables	-	-	-	1,865
	<u>172,172</u>	<u>162,558</u>	<u>138,986</u>	<u>140,850</u>
<b>Total Assets</b>	<b>240,402</b>	<b>247,186</b>	<b>151,130</b>	<b>154,153</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Short term borrowings (Note (vi))	11,363	-	2,600	-
Trade and other payables (Note (vii))	28,974	39,899	5,322	3,108
Income tax payable	432	60	68	10
Current portion of long-term borrowings	-	1,934	-	267
Current portion of finance leases (Note (viii))	1,950	8	-	-
	<u>42,719</u>	<u>41,901</u>	<u>7,990</u>	<u>3,385</u>
<b>Non Current Liabilities</b>				
Deferred taxation	2,989	2,995	-	-
Long -term borrowings	-	278	-	-
Finance leases (Note (viii))	3,459	4	-	-
Long-term provision	1,200	1,200	-	-
	<u>7,648</u>	<u>4,477</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<b>50,367</b>	<b>46,378</b>	<b>7,990</b>	<b>3,385</b>
<b>Share Capital and Reserves</b>				
Share Capital	153,858	155,981	153,858	155,981
Treasury shares	(13,759)	(7,883)	(13,759)	(7,883)
Other reserves	(530)	(203)	110	124
Retained earnings	50,466	52,913	2,931	2,546
	<u>190,035</u>	<u>200,808</u>	<u>143,140</u>	<u>150,768</u>
Minority interests	-	-	-	-
<b>Total equity</b>	<b>190,035</b>	<b>200,808</b>	<b>143,140</b>	<b>150,768</b>
<b>Total liabilities and equity</b>	<b>240,402</b>	<b>247,186</b>	<b>151,130</b>	<b>154,153</b>

## **NOTES TO BALANCE SHEET**

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

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

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

<u>Held through UMS Semiconductor Pte Ltd</u>		
UMS Solutions Pte Ltd (Singapore)	100	100
UMS Technology Pte Ltd (Singapore) ##	100	100
<u>Held through UMS Technology Pte Ltd</u>		
UMS-TQ Technology (Suzhou) Co., Ltd (The People's Republic of China) ##	100	100

## See Note in 1(c)

Note 1(b)(i)(ii) – The reduction in trade and other receivables by S\$5.9 million or 26.2% were mainly contributed by the decrease in revenue and the reclassification from deposits to fixed asset as the machinery were delivered by the suppliers.

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

Note 1(b)(i)(iv) – The property, plant and equipment have increased by S\$10.5 million as a result of the increase in capital expenditure in UMS Aerospace.

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

Note 1 (b)(i)(vi) - The short term loan increased by S\$11.4 million mainly due to funding used for share buy-back, dividend payment and capital expenditure relating to new facility in Malaysia.

Note 1 (b)(i)(vii) – The decline in trade and other payables by S\$10.9 million or 27.4% was primarily due to the realization of foreign exchange forward contracts.

Note 1 (b)(i)(viii) – The increase in finance lease by S\$5.4 million was for the drawdown of hire purchase loans of new machineries in UMS Aerospace.

#### 1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30 Sept 2008			As at 31 Dec 2007		
Secured S\$'000	Unsecured S\$'000	Total S\$'000	Secured S\$'000	Unsecured S\$'000	Total S\$'000
13,313	-	13,313	1,942	-	1,942

Amount repayable after one year

As at 30 Sept 2008			As at 31 Dec 2007		
Secured S\$'000	Unsecured S\$'000	Total S\$'000	Secured S\$'000	Unsecured S\$'000	Total S\$'000
3,459	-	3,459	282	-	282

#### Details of any collateral

The Group's borrowings comprise mainly short term loans and finance leases. The short term loans and finance leases are secured by corporate guarantee and mortgages over the Group's plant and machinery.

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

**UMS GROUP**

	3Q		9 months ended	
	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000
<b>Cash flows from operating activities</b>				
Profit for the period	914	2,048	1,168	10,387
Adjustments for:				
Income tax (credit) / expense	17	95	90	(146)
Goodwill written off	0	0	793	0
Depreciation expense	3,244	2,635	9,777	7,629
(Gain) / Loss on Disposal of property, plant and equipment	175	3	(1,639)	116
Property, plant and equipment written off	238	0	663	0
Interest income	(5)	(33)	(42)	(131)
Interest Expense	140	114	316	302
Unrealized foreign exchange adjustment loss / (gain)	(2,138)	3,665	(6,891)	3,120
Provision for diminution in value of property	507	0	507	0
<b>Operating profit before working capital changes</b>	<b>3,092</b>	<b>8,527</b>	<b>4,742</b>	<b>21,277</b>
Restricted cash	31	(1)	(158)	(39)
Trade and other receivables	4,377	(3,716)	7,101	(6,906)
Inventories	(1,711)	(1,869)	(867)	(4,814)
Trade and other payables	(2,769)	3,313	(10,288)	9,202
Cash generated from operations	3,020	6,254	530	18,720
Income tax refund/(paid)	(23)	(198)	283	(561)
<b>Net cash from operating activities</b>	<b>2,997</b>	<b>6,056</b>	<b>813</b>	<b>18,159</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of plant and equipment	66	65	7,070	104
Purchase of property, plant and equipment	(4,091)	(4,066)	(16,010)	(12,483)
Interest received	5	33	42	131
Other Non Current Assets	0	0	0	0
<b>Net cash from / (used in) investing activities</b>	<b>(4,020)</b>	<b>(3,968)</b>	<b>(8,898)</b>	<b>(12,248)</b>
<b>Cash flows from financing activities</b>				
Increase / (decrease) in borrowings	(5,994)	(1,642)	9,151	(1,972)
Purchase of additional shares from minority interest	0	0	0	0
Dividends Paid	0	0	(3,615)	(8,718)
Share buy back and cancelled	0	0	(2,122)	0
Purchase of treasury shares	0	(870)	(5,877)	(4,777)
Increase / (decrease) in finance lease	5,503	(2)	5,398	(6)
Interest paid	(140)	157	(316)	(302)
<b>Net cash used in financing activities</b>	<b>(631)</b>	<b>(2,357)</b>	<b>2,619</b>	<b>(15,775)</b>
Effect of foreign exchange rate adjustment	1,034	(713)	(753)	(1,574)
Net increase / (decrease) in cash and cash equivalents	(619)	(982)	(6,219)	(11,438)
Cash at beginning of period	15,627	26,628	21,227	37,084
<b>Cash and cash equivalents at end of period</b>	<b>15,008</b>	<b>25,646</b>	<b>15,008</b>	<b>25,646</b>

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

	9 months ended	
	30-Sep-08	30-Sep-07
	S\$'000	S\$'000
Cash and cash equivalents	15,295	25,774
Restricted Cash	(287)	(128)
As above	<u>15,008</u>	<u>25,646</u>

Provision for diminution in value of property relates to the Group's property in UMS-TQ Technology (Suzhou) Co., Ltd. On 6 August 2008, the Group entered into an agreement to dispose of its subsidiaries UMS Technology Pte Ltd and UMS-TQ Technology (Suzhou) Co., Ltd for a total consideration of US\$3.5 million. The disposal was completed on 10 October 2008.

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

	Share Capital S\$'000	Capital Reserves S\$'000	Statutory Reserve S\$'000	Foreign Exchange Translation Reserve S\$'000	Retained Earnings S\$'000	Total S\$'000
<b>Group</b>						
<b>As at 1 January 2007</b>	133,884	18,992	146	(300)	49,509	202,231
<b>Changes in equity for first quarter</b>						
Issue of ordinary shares	-	-	-	-	-	-
Net expenses recognised directly in equity:-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-
Currency translation differences	-	-	-	(116)	-	(116)
Total expenses recognised directly in equity	-	-	-	(116)	-	(116)
Net profit for the period	-	-	-	-	5,654	5,654
Total income and (expenses) recognised for the period	-	-	-	(116)	5,654	5,538
Purchase as treasury shares	(2,082)	-	-	-	-	(2,082)
Dividends paid	-	-	-	-	-	-
<b>As at 31 March 2007</b>	131,802	18,992	146	(416)	55,163	205,687
<b>Changes in equity for second quarter</b>						
Issue of ordinary shares	-	-	-	-	-	-
Net expenses recognised directly in equity:-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-
Currency translation differences	-	-	-	(7)	-	(7)
Total expenses recognised directly in equity	-	-	-	(7)	-	(7)
Net profit for the period	-	-	-	-	2,685	2,685
Total income and (expenses) recognised for the period	-	-	-	(7)	2,685	2,678
Purchase as treasury shares	(1,825)	-	-	-	-	(1,825)
Dividends paid	-	-	-	-	(8,718)	(8,718)
<b>As at 30 June 2007</b>	129,977	18,992	146	(423)	49,130	197,822
<b>Changes in equity for third quarter</b>						
Issue of ordinary shares	-	-	-	-	-	-
Net expenses recognised directly in equity:-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-
Currency translation differences	-	-	-	14	-	14
Total expenses recognised directly in equity	-	-	-	14	-	14
Net profit for the period	-	-	-	-	2,048	2,048
Total income and (expenses) recognised for the period	-	-	-	14	2,048	2,062
Issued ordinary shares	6,300	(6,300)	-	-	-	-
Purchase as treasury shares	(870)	-	-	-	-	(870)
Dividends paid	-	-	-	-	-	-
<b>As at 30 Sept 2007</b>	135,407	12,692	146	(409)	51,178	199,014

Group	Share Capital S\$'000	Treasury Shares S\$'000	Capital Reserves S\$'000	Statutory Reserve S\$'000	Foreign Exchange Translation Reserve S\$'000	Retained Earnings S\$'000	Total S\$'000
<b>As at 1 January 2008</b>	155,981	(7,883)	56	145	(404)	52,913	200,808
<b>Changes in equity for first quarter</b>							
Currency translation differences	-	-	-	-	(325)	-	(325)
Total expenses recognised directly in equity	-	-	-	-	(325)	-	(325)
Net loss for the period	-	-	-	-	-	(7,219)	(7,219)
Total expenses recognised for the period	-	-	-	-	(325)	(7,219)	(7,544)
<b>As at 31 March 2008</b>	155,981	(7,883)	56	145	(729)	45,694	193,264
<b>Changes in equity for second quarter</b>							
Currency translation differences	-	-	-	-	10	-	10
Total expenses recognised directly in equity	-	-	-	-	10	-	10
Net profit for the period	-	-	-	-	-	7,472	7,472
Total income recognised for the period	-	-	-	-	10	7,472	7,482
Cancellation of shares	(2,123)	-	-	-	-	-	(2,123)
Transfer shares to employee for shares grant	-	14	(14)	-	-	-	-
Purchase as treasury shares	-	(5,890)	-	-	-	-	(5,890)
Dividends paid	-	-	-	-	-	(3,615)	(3,615)
<b>As at 30 June 2008</b>	153,858	(13,759)	42	145	(719)	49,552	189,119
<b>Changes in equity for third quarter</b>							
Issue of ordinary shares	-	-	-	-	-	-	-
Net expenses recognised directly in equity:-	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-
Currency translation differences	-	-	-	2	-	-	2
Total expenses recognised directly in equity	-	-	-	2	-	-	2
Net profit for the period	-	-	-	-	-	914	914
Total income and (expenses) recognised for the period	-	-	-	2	-	914	916
Issued ordinary shares	-	-	-	-	-	-	-
Purchase as treasury shares	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
<b>As at 30 Sept 2008</b>	153,858	(13,759)	42	147	(719)	50,466	190,035

Company	Share Capital S\$'000	Capital Reserves S\$'000	Statutory Reserve S\$'000	Retained Earnings S\$'000	Total S\$'000
<b>As at 1 January 2007</b>	133,884	18,992	-	10,437	163,313
<b>Changes in equity for first quarter</b>					
Issue of ordinary shares	-	-	-	-	-
Net expenses recognised directly in equity:-	-	-	-	-	-
Share issue expenses	-	-	-	-	-
Currency translation differences	-	-	-	-	-
Total expenses recognised directly in equity	-	-	-	-	-
Net profit for the period	-	-	-	-	-
Total income and (expenses) recognised for the period	-	-	-	-	-
Purchase as treasury shares	(2,082)	-	-	-	(2,082)
Dividends paid	-	-	-	-	-
<b>As at 31 March 2007</b>	<b>131,802</b>	<b>18,992</b>	<b>-</b>	<b>10,437</b>	<b>161,231</b>
<b>Changes in equity for second quarter</b>					
Issue of ordinary shares	-	-	-	-	-
Net expenses recognised directly in equity:-	-	-	-	-	-
Share issue expenses	-	-	-	-	-
Purchase as treasury shares	-	-	-	-	-
Currency translation differences	-	-	-	-	-
Total expenses recognised directly in equity	-	-	-	-	-
Net profit for the period	-	-	-	120	120
Total income and (expenses) recognised for the period	-	-	-	120	120
Purchase as treasury shares	(1,825)	-	-	-	(1,825)
Dividends paid	-	-	-	(8,718)	(8,718)
FRS 39 impact on corporate guarantee	-	-	67	-	67
<b>As at 30 June 2007</b>	<b>129,977</b>	<b>18,992</b>	<b>67</b>	<b>1,838</b>	<b>150,874</b>
<b>Changes in equity for third quarter</b>					
Issue of ordinary shares	-	-	-	-	-
Net expenses recognised directly in equity:-	-	-	-	-	-
Share issue expenses	-	-	-	-	-
Purchase as treasury shares	-	-	-	-	-
Currency translation differences	-	-	-	-	-
Total expenses recognised directly in equity	-	-	-	-	-
Net profit for the period	-	-	-	1	1
Total income and (expenses) recognised for the period	-	-	-	1	1
Issue of ordinary shares	6,300	(6,300)	-	-	-
Purchase as treasury shares	(870)	-	-	-	(870)
Dividends paid	-	-	-	-	-
FRS 39 impact on corporate guarantee	-	-	-	-	-
<b>As at 30 Sept 2007</b>	<b>135,407</b>	<b>12,692</b>	<b>67</b>	<b>1,839</b>	<b>150,005</b>

	Share Capital S\$'000	Treasury Shares S\$'000	Capital Reserves S\$'000	Statutory Reserve S\$'000	Retained Earnings S\$'000	Total S\$'000
<b>Company</b>						
<b>As at 1 January 2008</b>	155,981	(7,883)	56	68	2,546	150,768
<b>Changes in equity for first quarter</b>						
Net profit for the period	-	-	-	-	4,000	4,000
Total income recognised for the period	-	-	-	-	4,000	4,000
<b>As at 31 March 2008</b>	155,981	(7,883)	56	68	6,546	154,768
<b>Changes in equity for second quarter</b>						
Cancellation of shares	(2,123)	-	-	-	-	(2,123)
Transfer shares to employee for shares grant	-	14	(14)	-	-	-
Purchase as treasury shares	-	(5,890)	-	-	-	(5,890)
Dividends paid	-	-	-	-	(3,615)	(3,615)
<b>As at 30 June 2008</b>	153,858	(13,759)	42	68	2,931	143,140
<b>Changes in equity for third quarter</b>						
Issue of ordinary shares	-	-	-	-	-	-
Net expenses recognised directly in equity:-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-
Total expenses recognised directly in equity	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-
Total income and (expenses) recognised for the period	-	-	-	-	-	-
Issued ordinary shares	-	-	-	-	-	-
Purchase as treasury shares	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
<b>As at 30 Sept 2008</b>	153,858	(13,759)	42	68	2,931	143,140

1(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purposes since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

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

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

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

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

**2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by our auditors.

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

N.A

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

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

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reason for, and the effect of the change.**

N.A

**6 Earnings per ordinary share of the Group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	3Q		9 months ended	
	2008	2007	2008	2007
<b>Earnings per share (EPS)</b>				
Based on weighted average number of outstanding ordinary shares in issue; and	0.28 cents	0.55 cents	0.34 cents	2.78 cents
On a fully diluted basis	0.28 cents	0.52 cents	0.34 cents	2.62 cents

For Note 6 above, the basic earnings per share for 9 months ended 2008 and previous corresponding period have been calculated based on the weighted average number of 373,186,268 and 373,835,864 of outstanding ordinary shares. Basic earnings per share for 3Q and the previous corresponding period have been calculated based on the weighted average number of 361,524,661 and 372,414,437 of outstanding ordinary shares respectively. The diluted earnings per share for 9 months ended 2008 and the previous corresponding period have been calculated based on 373,543,240 and 397,219,663 of outstanding ordinary shares respectively. The diluted earnings per share for 3Q and the previous corresponding period have been calculated based on the 361,876,765 and 394,356,924 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-Sep-08	31-Dec-07	30-Sep-08	31-Dec-07
Net assets backing per ordinary shares based on existing issued share capital as at end of period reported on	52.56 cents	51.03 cents	39.59 cents	38.32 cents

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

- 8 A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion on the following:
- (a) any significant factors that affected the turnover, costs and earnings of the Group for the current financial period reported on, including (where applicable) seasonable or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

**Revenue**

**9 months 2008 vs 9 months 2007**

	<b>9 months ended</b>		<b>Difference</b>
	<b>2008</b>	<b>2007</b>	
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Business Segments</b>			
Contract Equipment Manufacturing (CEM)	16,850	21,935	-23.2%
Semiconductor (Semicon)	59,040	84,814	-30.4%
	<u>75,890</u>	<u>106,749</u>	<u>-28.9%</u>

**Geographical Regions**

Singapore	8,567	15,772	-45.7%
Malaysia	7,251	3,175	128.4%
United States of America ('US')	57,674	76,000	-24.1%
Others (China and other regions)	2,398	11,802	-79.7%
	<u>75,890</u>	<u>106,749</u>	<u>-28.9%</u>

**Q3 2008 vs Q3 2007**

	<b>Q3</b>		<b>Difference</b>
	<b>2008</b>	<b>2007</b>	
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Business Segments</b>			
Contract Equipment Manufacturing (CEM)	4,289	7,067	-39.3%
Semiconductor (Semicon)	16,935	28,979	-41.6%
	<u>21,224</u>	<u>36,046</u>	<u>-41.1%</u>

**Geographical Regions**

Singapore	842	6,477	-87.0%
Malaysia	3,092	362	754.1%
United States of America	16,454	22,738	-27.6%
Others (China and other regions)	836	6,469	-87.1%
	<u>21,224</u>	<u>36,046</u>	<u>-41.1%</u>

The continued volatility in the global semiconductor industry as well as lower demand for semiconductor equipment accentuated by the global financial crisis, affected the Group's core businesses.

Overall revenue eased by 29% to S\$75.9 million for the 9 months ended Sep 30 2008 compared with the same period in FY07. For Q3FY08, overall sales softened by 41% to S\$21.2 million as compared to Q3FY07.

In Q3FY08, revenue for the Group's Semicon segment decreased by 41.6% to S\$16.9 million compared to Q3FY07. For the nine months ended Sep 30 2008, the sales in the semicon segment eased 30.4% to S\$59.0 million.

Compared to Q3FY07, the CEM segment's sales contracted by 39.3% in Q3FY08 to S\$4.3 million, while that for the nine months ended Sep 30 2008 eased 23.2% to S\$16.9 million. This is due to the slowdown in the data storage industry.

In terms of geographical performances, all markets except Malaysia reported lower sales. Revenue from Malaysia grew 754% to \$3.1 million in Q3FY08 and rose by 128.4% to S\$7.3 million for the nine months of FY08, The higher sales were mainly due to an increase in orders from a key customer.

## **Profitability**

Despite lower sales and a weaker business environment, the Group continued to report profits for both Q3FY08 and for the first nine months of this financial year.

The Group registered a net profit of S\$1.17 million in the first nine months of FY08.

On the quarterly basis, UMS achieved a lower profit for Q3FY08 as revenue decreased from S\$36.0 million to S\$21.2 million. Group Net profit was S\$0.914 million, down 55% from S\$2.0 million in Q3FY07. The lower profit was attributed to the decrease in sales.

Despite the challenging global market conditions, the Group reported an improved net operating margin in Q3FY08 compared to the previous half year. This was mainly due to cost cutting initiatives pursued by the Group, as well as improved gross margin arising from the Group's changing sales mix.

## **Cashflow**

The Group's cash position remains positive. However cash and cash equivalents were lower at S\$15.0 million in the first nine months of FY08 compared to S\$25.6 million in the corresponding period in FY07. This was mainly due to the expansion plans undertaken by the Group, with capex used to buy machinery for UMS Aerospace and building costs for the Group's new facilities in Penang, as well as acquisition of UMS shares under the Group's share buy-back scheme where 32 million shares were acquired for S\$8.0 million in April 2008 (refer note 1(d)(ii)). In addition, dividends of S\$3.6 million were paid in the first half of FY08.

### **9 Where a forecast, or prospect statement has been previously disclosed to the shareholders, any variance between it and the actual results.**

We are in line with our previous announcement.

### **10 A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

The global semiconductor equipment industry is expected to remain soft for the rest of 2008 because of weaker demand. Market research firm iSuppli says signs appeared in September 2008 that the semiconductor market is feeling the impact of the global credit crisis and economic downturn. Profitability has also been shrinking steadily since 2004, with net profits having fallen now in the single-digit range in 2008.

A Gartner report released in October 2008 said that the current slowdown is expected to continue into 2009 before the industry recovers in 2010. In another research by IC Insights, current capital spending plans by semiconductor manufacturers worldwide will fall 15% to US\$51.7 billion in 2008 from US\$60.9 billion in 2007.

Meanwhile, there is continued pressure from customers to reduce pricing, but rising operating cost is not showing signs of tapering off. Raw material cost remained high although this is likely to trend downwards because of the falling commodity prices worldwide. Visibility in the coming months is also weak as customers can only project on a short-term basis, thus making forward sales forecasts more difficult. Margins for new projects are expected to be much thinner.

Despite this, UMS is well-positioned to benefit from the continued growth and success of its key customers. Our main customer, Applied Materials Inc, remained committed to a strong relationship and has continued to award system integration projects to UMS, having recently set up its new Singapore operations facility/centre that will serve as a hub for AMAT's business activities throughout Asia. The 32,000 square meter facility in the Changi North Industrial Park is expected to be complete in late 2009.

In the light of these market conditions, the Group will evaluate its strategy in various markets and take advantage of opportunities that arise appropriately. The Group is in a position to ride through the market volatility and to capitalise on opportunities to add value to stakeholders.

In the medium term, the Group will continue to pursue more projects in the semiconductor and CEM sectors such as the Merge-In-Transit (MIT) integrated system and to provide services to the Oil and Gas and Aerospace, industries that continue to show growth potential.

Construction of the Group's Penang facility is progressing well and will be able to provide greater cost savings and more capacity for our core business segments when the campus is completed by the first half of FY2009.

Subsequent to end of Q3 2008, the disposal of UMS Technology Pte Ltd and UMS-TQ Technology (Suzhou) Co., Ltd for a total consideration of US\$3.5 million was completed on 10 October 2008.

For both its Singapore and overseas markets, the Group will face slower growth in the coming months due to the effects of the current global financial crisis. The Group will continue to monitor all risks affecting its operations and take the necessary actions to eliminate or mitigate them.

Barring any unforeseen circumstances and having taken into consideration the management's internal forecast, the Board of Directors remains optimistic that the Group will be profitable for FY08.

## 11 Dividend

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

#### Current Financial Period Reported On:

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

Name of Dividend: N.A

Dividend Type: N.A

Dividend Amount per Share: N.A

Par Value of Shares: N.A

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

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

Name of Dividend: N.A

Dividend Type: N.A

Dividend Amount per Share: N.A

Par Value of Shares: N.A

### ii. The date the dividend is payable

N.A

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

N.A

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

N.A

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

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

	Group			Company		
	2008	2007	Change	2008	2007	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
(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	Previous Full Year
	S\$'000	S\$'000
Ordinary	-	-
Preference	-	-
Total	-	-

**17 Negative assurance on interim financial statements**

The Board of Directors hereby confirmed that, to the best of their knowledge, nothing has come to their attention which may render the Q3 2008 financial results to be false or misleading in any material respect.

**BY ORDER OF THE BOARD**

**Luong Andy /Goh Kah Ling**  
**Chief Executive Officer / Executive Director**