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**FURTHER INFORMATION PERTAINING TO THE ANNOUNCEMENT MADE  
ON 24 FEBRUARY 2009**

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We refer to the queries raised by the Singapore Exchange Limited in its letter dated 26 February 2009 in relation to our announcement made on 24 February 2009 and our responses are as follow:

**SGX Query (a):**

**Noting that sales has decreased 32% in FY2008 but inventory has increased 3% to S\$30.9 million, please disclose:-**

- (i) Reasons for the increase in inventory when sales had fallen significantly;**
- (ii) Breakdown of inventory type;**
- (iii) Inventory turnover days; and**
- (iv) Whether any provisions or diminution in value of inventory may result from this high inventory balance.**

**Company response:**

- (i) The increase is mainly due to postponement of delivery requested by our customer in Q4 2008.

- (ii) Breakdown of the inventory type:

	S\$ Million
Raw Material	7.7
Work-In-Progress	10.0
Sub- Assembly	6.4
Finished Goods	11.6
Inventory In-transit	0.5
Gross Inventory	<b>36.2</b>
Provision for impairment of inventory	( 5.3 )
Net Inventory	<b>30.9</b>

- (iii) Inventory turnover days  
- 319 days
- (iv) The Company believes the inventory provision made is adequate to cover the risk of the diminution in value of the inventory.

**SGX Query (b):**

**We note on page 6 of the Results Announcement that “The property, plant and equipment have increased by \$13.9 million as a result of the increase in capital expenditure in UMS Aerospace and Ultimate Manufacturing Solutions (M) Sdn Bhd.” Please provide more details on this capital expenditure, reasons for its increase in capacity, type of fixed assets acquired and impact on the operations and capacity utilization.**

**Company response:**

The capital expenditures is as follows:

	S\$ Million
Land and building	14.7
Plant and equipment	14.4
<b>Total</b>	<b>29.1</b>

As per the press release dated 21 Feb 2008 on the opening of UMS Aerospace, the facility was equipped with a high-performance chip remover, which is one of the fastest precision machining equipment in South East Asia. This was intended for manufacturing specific components for customers in mission-critical industries. The reason for the increased capacity is to capture businesses with higher margins. This is in line with the Group’s overall strategy to expand its portfolio of product and service offerings beyond its current business segments, and into more stable and higher margin sectors.

For Ultimate Manufacturing Solutions (M) Sdn Bhd, the acquisition of land & building and plant & equipment were to focus on the Company’s high volume production in Penang (as per our announcement in FY06). This is in line with the Company’s vision of concentrating the bulk of its production there, while Singapore will serve as its corporate HQ, R&D, and other higher value-added operations. It will also place the Company in a good position to ramp up our capacity when the economic recovery takes place.

As the Penang facility is not yet fully operational, the utilization rate is not meaningful at the time of the announcement.

**SGX Query (c):**

**We noted that the Company's profits has fallen from S\$12 million in FY2007 to S\$1 million in FY2008. Notwithstanding this, the Company had borrowed short term loans to fund its share buy-back. Please explain why the Company needed to borrow money to buy back its own shares.**

**Company response:**

Most of the Company's short term loans were used to finance the capital expenditure for the Penang facility. The Company spent S\$23 million on capital expenditure and S\$8.8 million on share buy back.

We would also like to clarify that all short-term borrowing for this purpose has been settled as at February 27, 2009.

**By Order of the Board  
UMS HOLDINGS LIMITED**

**Andy Luong  
Chief Executive Officer**

**Date: 2 March 2009**