YOUR STRATEGIC PARTNER FOR SUCCESS IN SEMICONDUCTOR EQUIPMENT MANUFACTURING

Annual Report 2009

UMS GROUP

UMS Holdings Limited

OUR VISION is to be a strategic global partner for successful global companies, providing a full range of integrated manufacturing services.

OUR MISSION is to deliver the best in-class manufacturing solutions to step up our customers' manufacturing processes to produce quality products.

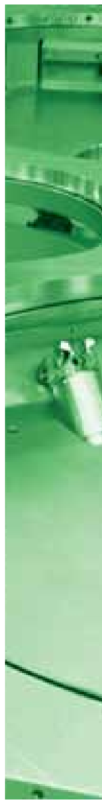
CONTENTS

CORPORATE PROFILE

Incorporated in Singapore on January 17, 2001, UMS Holdings Limited is a one-stop strategic integration partner providing equipment manufacturing and engineering services to Original Equipment Manufacturers of semiconductors and related products.

The products we offer include modular and integration system for original semiconductor equipment manufacturing.

Headquartered in Singapore, the Group has production facilities in Singapore, Malaysia as well as office in California, USA.

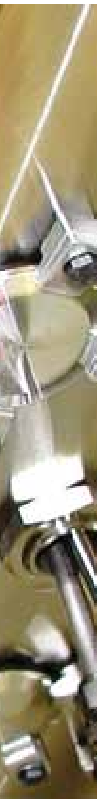


CHAIRMAN AND CEO STATEMENT

CHAIRMAN AND CEO'S STATEMENT

The year under review had been a watershed for the global economy and financial markets – affecting the fortunes of businesses in almost all industries. The semiconductor industry too has to grapple with unprecedented challenges.

We are therefore pleased that the Group has surmounted the challenges and ended FY09 on an up-tick, emerging in a stronger position as we enter 2010.



We ended the year with a profitable second half and a healthy balance sheet. We achieved a net profit of S$1.3 million in 2H FY09. The Group generated more than S$13 million positive cash from operating activities for FY09– hence strengthening our financial position with cash in hand increasing to S$24.5 million – up some 30% from S$18.8 million in FY08.

With its healthy financial position, the Group, one of the few specialist suppliers with excellent quality and on-time delivery service, benefited from the semicon down cycle which saw weaker players exit the industry.

Today, UMS is a 'Strategic Partner' to the global customers, and a one-stop integration company well poised to ride the economic recovery and upturn in the global semiconductor industry.

In the year under review, the Group also took decisive action to respond to the economic challenges. We trimmed our operating costs, managed our working capital more efficiently and, implemented plans for the Group's sustainable growth over the long term. We expanded the group's facilities in Penang, Malaysia, and now have ready capacity to ramp up production to meet the increased orders from our customers.

Our high standards of quality and service have also been well recognised – we are pleased to announce UMS was named the 'Best Vendor' by a key customer in January 2010.

In the last quarter of FY09, UMS saw increased orders, owing to the strong turnaround in the demand for semicon equipment and the much improved business outlook of our major customers.

"We ended the year with a profitable second half and a healthy balance sheet. We achieved a net profit of S$1.3 million in 2H FY09. The Group generated more than S$13 million positive cash from operating activities for FY09– hence strengthening our financial position with cash in hand increasing to S$24.5 million – up some 30% from S$18.8 million in FY08."

Soh Gim Teik
Chairman
UMS Holdings Limited

CHAIRMAN AND CEO STATEMENT

Indeed, our order book is now full for the first half of 2010, having secured orders up to Q2 FY2010. Our cash position remains healthy as the Group maintains tight vigilance on costs while enhancing our working capital flow.

In view of the group's positive outlook, we are pleased to propose a dividend of 1 cent per share for FY 2009 to reward shareholders for their loyal support.

FINANCIAL PERFORMANCE

On a full year basis, the Group reported a net loss of S$24.3 million for 2009, against a net profit of S$1.8 million in FY2008. The net loss was mainly attributed to the non-cash impairment of goodwill, amounting to S$20 million, lower sales as well as provision for stock obsolescence and forex differences resulting from a weaker US currency recorded in the period under review.

Excluding the impairment of goodwill, the net loss would have narrowed to S$4.3 million for the full year ended 31 December 2009.

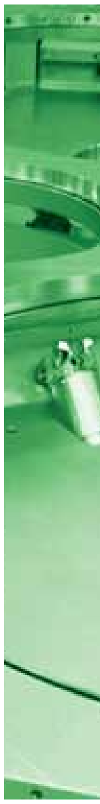
However, the Group remains cash positive, with a cash and cash equivalent of S$24.5 million for FY2009.

The Group's net asset value (NAV) stood at 45.97 cents as at 31 December 2009, compared with 53.44 cents in the previous corresponding year.

For commercial reasons, we had fully cancelled our treasury shares (totalling 39,370,957 shares) on March 3, 2010. The value of the treasury shares cancelled amounted to S$13,493,464.

PERFORMANCE BY BUSINESS SEGMENTS

Our semiconductor business continues to be the main revenue earner, accounting for the bulk of the Group's total revenue. Revenue from the semiconductor business stood at S$39.9 million for FY09, down 45% from S$73.2 million in FY08. The lower sales reflected the soft global semiconductor industry in the first half of 2009.



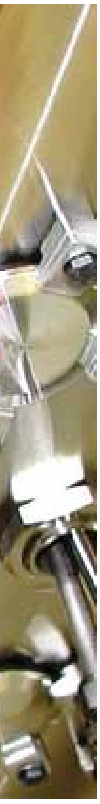
"We believe that our strategy of zeroing in on core competencies in the original semiconductor equipment manufacturing sector, as well as undertaking selected oil and gas projects as a supportive business, will place the Group in good stead over the long term."

Andy Luong
Chief Executive Officer
UMS Holdings Limited

CHAIRMAN AND CEO STATEMENT

However, with the rising recovery in the global semicon industry in the second half of 2009, sales in the Group's semiconductor business segment soared to S$16.7 million in 4QFY09, signifying a 49% increase from S$11.1 million in 3QFY09, and a 26% increase from S$13.3 million in 4QFY08.

The Group's Contract Equipment Manufacturing (CEM) sales fell to S$7.4 million in FY2009 from S$20.1 million in FY2008, due to softer sales in the oil and gas sector and the Group's strategic decision to pull out of the HDD business.



PERFORMANCE BY GEOGRAPHICAL MARKETS

Geographically, the United States contributed 66% or S$31.4 million of the Group's revenue in FY2009. This was 54% less than the S$68.0 million revenue in FY08 owing to the global slowdown in the semiconductor industry.

Revenue contributions from Singapore fell by 48% to S$5.6 million in FY09 from S$10.8 million in FY08.

"Other" markets such as Europe, Taiwan and Malaysia reported a 29% drop from S$14.5 million in FY2008 to S$10.3 million in FY2009, mainly due to the slowdown of shipment to clients in the solar industry and oil and gas business.

PROSPECTS AND GOING FORWARD

Growth estimates showed that the global semiconductor market is expected to move ahead in 2010.

According to Semiconductor Industry Association (SIA), worldwide sales of semiconductors rose to US$22.6 billion in November 2009, up 3.7% from sales of US$21.8 billion in October 2009. For 2010, both the World Semiconductor Trade Statistics (WSTS) and SIA has projected worldwide rebound of semiconductor sales of about 6.5-7.3%.

The business outlook for our major customer has also improved significantly with forecast of demand rising some 50% for fiscal 2010. This spells positive news for us.

With our factories strategically located in Asia, and with ready capacity for a production ramp-up, we look forward to brighter prospects in 2010.

In forging ahead, the Group will also work towards higher recurring income from the supply of parts and consumables to customers. We believe that our strategy of zeroing in on core competencies in the original semiconductor equipment manufacturing sector, as well as undertaking selected oil and gas projects as a supportive business, will place the Group in good stead over the long term.

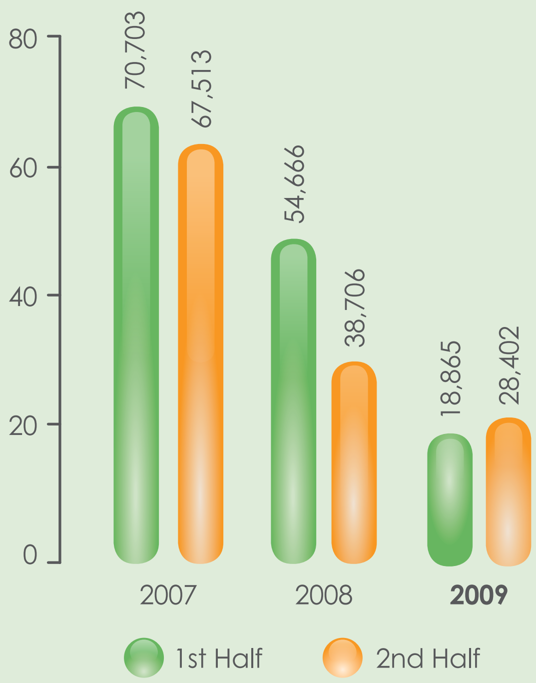
The Group is confident of much-improved prospects in FY2010.

ACKNOWLEDGEMENT AND APPRECIATION

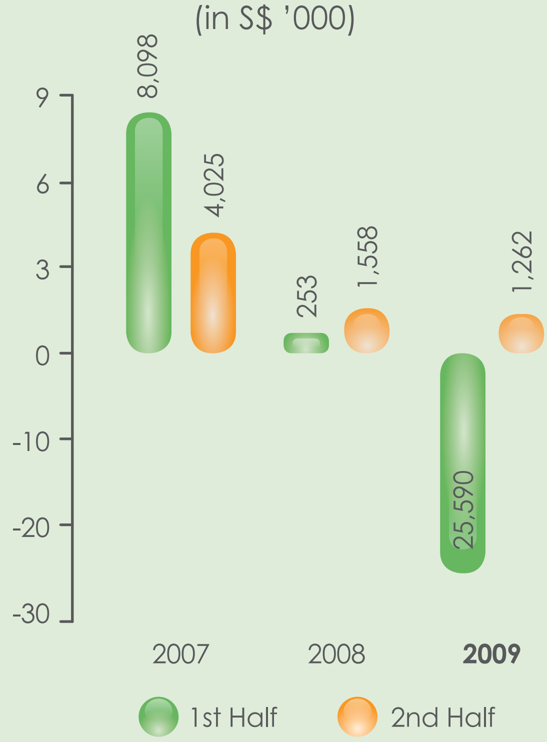
Finally, on behalf of the Board and staff of UMS Holdings, we would like to express our thanks and appreciation to our shareholders, customers and business associates for their continued support and commitment towards the Group.

FINANCIAL HIGHLIGHTS

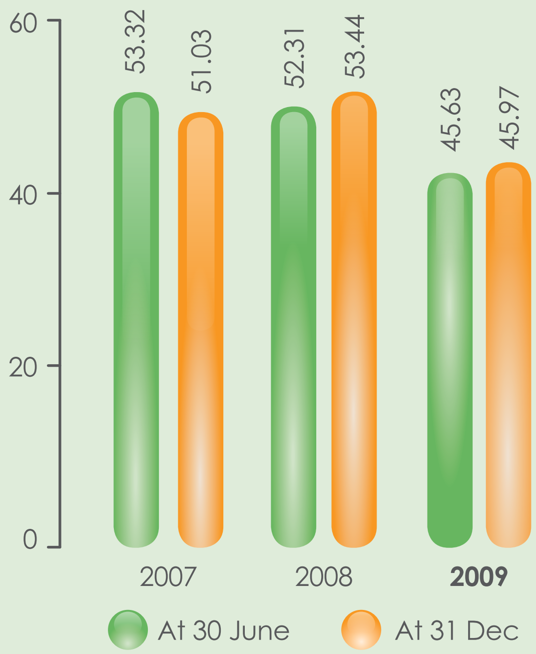
Revenue
(in S$ '000)



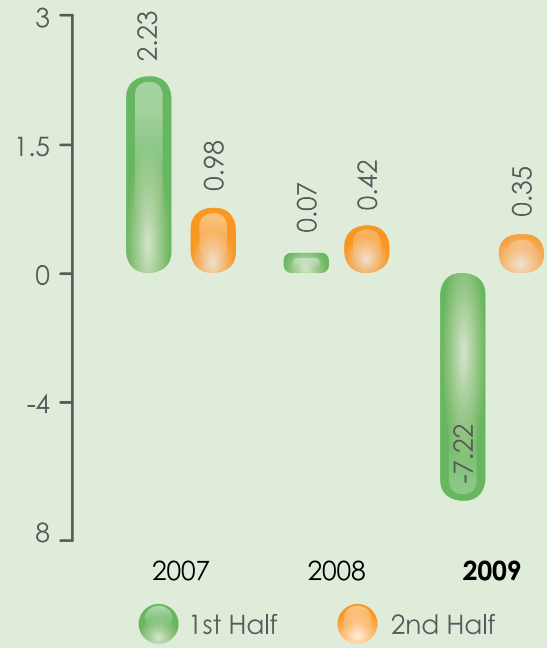
Net Profit/ (loss)
(in S$ '000)



NAV Per Share
(in cents)

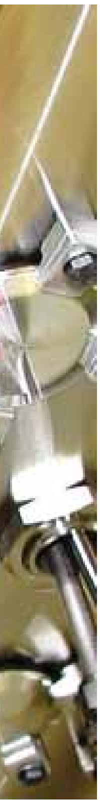


Basic Earnings Per Share
(in cents)



OPERATIONS REVIEW

Sales in this segment soared to S$27.8 million in 2H FY2009, signifying a 129% increase from S$12.1 million generated in 1H FY2009. On a full year basis, our semiconductor division reported revenue of S$39.9 million.



Throughout FY09, UMS has remained focused on delivering the solutions our customers need to help them achieve their business goals.

Our semiconductor business has turned around in the second half of FY09 and we are well positioned to benefit as the industry grows again in 2010.

REVIEW OF SEMICONDUCTOR BUSINESS

The Group's semiconductor business remains the core activity of the Group.

Following a difficult first half, our semicon equipment business benefited from a return of strong global demand for our products in our key markets in the second half.

The Group's tight cost management model helped limit losses in FY2009, despite annual revenue declining by nearly half of what was achieved in FY08. We reduced our material related costs (which includes changes in inventories, raw material purchases and sub-contractors charges) and other operation costs by 45% and 35% respectively for the year.

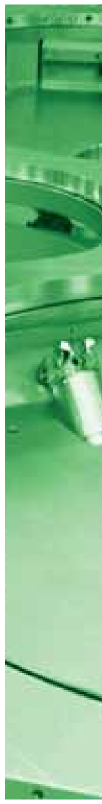
Aside from cost management, we have also strategically invested in strengthening our relationship with our major clients, which include one of the world's largest semiconductor giants. We secured more integrated system projects, and is now positioned as a Strategic Partner to our key customers – allowing us to take on larger and more complex projects, which will reap better returns.

We also expanded our production capacity with the completion of Phase I and II of our 480,000 sq ft campus in Penang, Malaysia. This facility will provide us additional capacity – allowing us to ramp up our production readily to cater to the increasing demand from our clients, which started in the last quarter of FY2009.

At the same time, with our healthy balance sheet, we have strengthened our leadership in the industry and gained market share by delivering superior service and product quality to support business growth for our clients.

As we enter 2010, we expect the semicon equipment spending to recover, driven by new products and faster, more energy efficient chips with more functionalities to meet the plethora of electronic innovations that are coming to market. Demand will also be accelerated by the expected foundry upgrades and capacity expansions in our key markets.

OPERATIONS REVIEW



Our semiconductor sales in the last quarter of FY2009 enjoyed an upturn, riding on the improving financial performance of global chip companies. The DRAM technology upgrade cycle has also begun and the latest DDR Wafer Outs are forecast to leap by 220% in 2010 (source: OCE/Industry Research Group).

REVIEW OF CEM BUSINESS

With the soft global demand in FY09 and the Group's decision to scale down the Group's Contract Equipment Manufacturing (CEM), this division saw its sales shrunk to S$7.4 million in FY2009 from S$20.1 million in FY2008.

The group will selectively undertake projects in the oil and gas sector when the opportunity arises.

REVIEW OF GEOGRAPHICAL MARKETS:

Our customers across all of our market segments experienced low demand and declining capacity utilization rates in 2009. For the first time in many years, there was a net reduction in capacity in the global semiconductor industry.

Looking forward, we see growth as wafer starts, factory utilization and new system shipments rise.

We will focus on growth in our key markets in the United States and Asia, and will expand service opportunities in selective oil and gas, and solar projects worldwide.

UNITED STATES

The United States of America (US) remained the largest market for the Group, contributing 66% or S$31.4 million of the Group's revenue in FY09. This was 54% less than the S$68.0 million revenue in FY08.

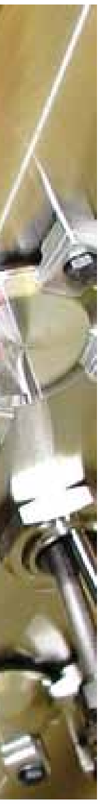
SINGAPORE

Revenue from Singapore's operations in FY09 was S$5.6 million, versus S$10.8 million in FY08.

MALAYSIA AND OTHER REGIONS

Our operations in Malaysia, Europe, and Taiwan also eased 29% from S$14.5 million in FY2008 to S$10.3 million in FY2009, mainly due to the slowdown of shipment to clients in the solar industry and oil and gas business.

BOARD OF DIRECTORS



SOH GIM TEIK
Chairman

Mr. Soh Gim Teik joined us as Non-Executive Chairman and Independent Director with effect from 15 February 2008.

A Bachelor of Accountancy graduate from the University of Singapore, he has more than 29 years' experience in finance and management. He serves as the Audit Committee Chairman of several publicly listed companies in Singapore. He is a non-practising member of ICPAS and also the Chairman of the CFO Committee in ICPAS. Mr. Soh was previously in public accounting and was involved in audit, management consultancy, and judicial management work.

Mr. Soh has also won awards, including the inaugural CFO of the Year in 2006 under the Singapore Corporate Awards. The award was organized by The Business Times and supported by the Singapore Exchange {SGX}.

ANDY LUONG
Chief Executive Officer

Mr. Andy Luong was appointed as Chief Executive Officer of the Company in January 2005.

Mr. Luong previously served as Chief Operating Officer of the Company since April 2004.

As President and Founder of the UMS Group, he has more than 20 years of experience in manufacturing front-end semicon components. He acquired his machining skills through his experience in working in his family's machining business in Vietnam. He emigrated to the USA from Vietnam in 1979 and shortly after college, started a precision machining business called Long's Manufacturing, Inc.

OH KEAN SHEN
Independent Director

Mr. Oh Kean Shen was appointed as an Independent Director of the Company on 20 September 2007.

He is Vice President of the Kenanga Investment Bank Berhad {Penang Branch}, providing professional investment management services to corporate clients.

A graduate of the South Australian Institute of Technology with a Bachelor degree in Mechanical Engineering, he had previously worked in North Malaya Engineering Sdn Bhd and Limbongan Batu Maung Sdn Bhd between 1980 and 2006.

BOARD OF DIRECTORS

NEO BAN CHUAN
Independent Director

Mr. Neo Ban Chuan was appointed as an Independent Director of the Company on 16 July 2008.

Mr. Neo was the Head of Restructuring at one of the Big Four accounting firm before he retired in 2007. After he retired, he set up BC Neo Business Advisory Pte Ltd. Mr. Neo has been in the Restructuring business for close to 30 years and had managed a diverse portfolio where highly specialised skill sets are required in the administration of an array of appointments involving judicial management, receivership, both compulsory Court-ordered and voluntary liquidation, corporate turnaround/ restructuring and business advisory services.

Mr. Neo has been involved in the overall conduct of numerous liquidation, receivership and judicial management type assignment and is intimately familiar with the legislative and regulatory requirements expected of these assignments. He is a well regarded personality in the insolvency practice circle.

N. SREENIVASAN
Independent Director

Mr. N. Sreenivasan was appointed as an Independent Director of the Company on 1 March 2008.

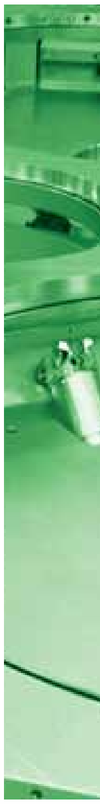
Mr. Sreenivasan has 23 years of experience as a litigation lawyer, both in the Singapore Legal Service and in private practice. He is currently the Managing Director of Straits Law Practice LLC and is actively practising in the fields of corporate and commercial litigation.

A graduate of the National University of Singapore with an Honours degree in Law, he is also a Fellow of the Chartered Institute of Arbitrators (UK) and of the Singapore Institute of Arbitrators. He has also served as Treasurer and Council Member of the Law Society, and as chairman of various committees. He currently chairs the Advocacy Committee of the Law Society. Mr. Sreenivasan is a Council member, Finance Commission member and Legal Commission member of the Singapore Red Cross Society and also serves on the Board and Audit Committee of the Singapore Heart Foundation.

GOH KAH LING
Executive Director

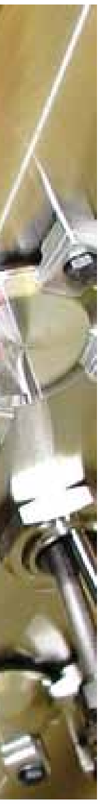
Mr. Goh Kah Ling was appointed as an Executive Director of the Company on 16 July 2008.

Mr. Goh joined the UMS Group in April 2006 as Vice President of Operations for semicon division. He has extensive experience in electronics, metal, plastic and food manufacturing, and managing offshore operations.



From left: Andy Luong, N. Sreenivasan, Goh Kah Ling, Soh Gim Teik, Neo Ban Chuan, Oh Kean Shen,

MANAGEMENT TEAM



ANDY LUONG

Chief Executive Officer

Mr. Andy Luong, the Founder of UMS Holdings, has been the Group's Chief Executive Officer since January 2005. He currently holds 110,130,727 ordinary shares in the Group.

Mr. Luong has more than 20 years of experience in manufacturing front-end semicon components. He acquired his machining skills through his experience working in his family's machining business in Vietnam. He emigrated to the USA from Vietnam in 1979 and shortly after college, started a precision machining business called Long's Manufacturing, Inc.

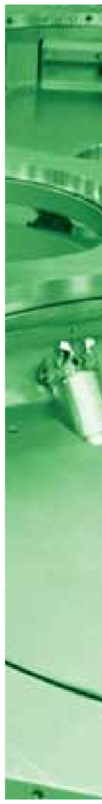
SYLVIA SY LEE LUONG

Chief Operating Officer

Mrs. Sylvia Luong was appointed the Group's Chief Operating Officer on 23 November 2007. Prior to her appointment, she was the Vice President of Sales & Marketing of the Group. Mrs. Luong is responsible for the daily operations of the Group and managing the Group's marketing and business development efforts.

She has more than 20 years of experience in engineering and marketing and began her career with Avantek, Inc. as an engineering assistant before joining Long's Manufacturing, Inc in 1989.

MANAGEMENT TEAM



GOH KAH LING
Vice President, Operations

Mr. Goh Kah Ling joined the UMS Group in April 2006 as Vice President of Operations for the semiconductor division. His responsibilities later expanded to cover the entire UMS Group operations. He reports to the Chief Operating Officer.

He has extensive experience in electronics, metal, plastic and food manufacturing, and managing offshore operations. He holds a Diploma in Electronics.

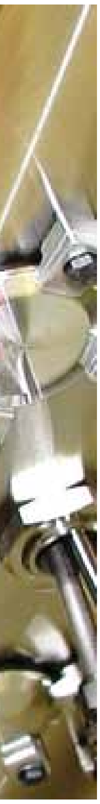
LOH MENG CHONG, STANLEY
Group Financial Controller

Mr. Stanley Loh joined the Company on 5 September 2008 as the Group's Financial Controller. He brings with him over 18 years of experience in finance, accounting, treasury and auditing. Before joining the Company, he held several controllership positions in trading and manufacturing organizations.

A Certified Public Accountant from the Institute of Certified Public Accountants of Singapore since 1995, he is responsible for the overall financial, accounting, tax, treasury, corporate finance, and compliance matters of the Group.

From left: Goh Kah Ling, Sylvia Sy Lee Luong, Andy Luong, Loh Meng Chong, Stanley

GROUP STRUCTURE



UMS GROUP

UMS Holdings Limited

- **UMS Systems Pte Ltd** (Singapore) 100%
- **UMS International Pte Ltd** (Previously known as Norelco Centreline International Pte Ltd) (Singapore) 100%
  - **Norelco Centreline (KL) Sdn. Bhd*** (Malaysia) 100%
  - **Ultimate Manufacturing Solutions (M) Sdn. Bhd** (Malaysia) 100%
  - **Norelco Centreline (Hong Kong) Pte Limited#** (Hong Kong) 100%
- **NCS Engineering Pte Ltd** (Singapore) 100%
- **UMS Pte Ltd** (Previously known as UMS Semiconductor Pte Ltd) (Singapore) 100%
  - **UMS Solution Pte Ltd** (Singapore) 100%
- **UMS Aerospace Pte Ltd** (Singapore) 100%
- **ASL International Trading, Inc** (United States) 100%
- **UMS Solar Pte Ltd** (Singapore) 100%
- **Ultimate Machining Solutions (M) Sdn. Bhd** (Malaysia) 100%
  - **A1 Metal Sdn Bhd** (Malaysia) 100%
- **Ultimate Manufacturing Solutions (Suzhou) Co Ltd*** (China) 100%

* currently undergoing voluntary liquidation
\# currently undergoing deregistration

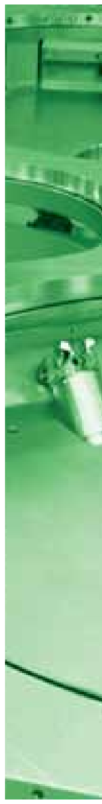
MILESTONES

2010

Jan, Penang Hub qualified by a key customer for Mass Production

2009

Feb, Penang Hub in operation



2008

Feb, Grand opening ceremony of Aerospace facility

2007

Aug, Ground Breaking of Penang (Malaysia) facility.

Mar, Entered into an exclusive contract with a major oil and gas company.

Mar, Change of company name from Norelco UMS Holdings Limited to UMS Holdings Limited

Jan, UMS Aerospace Pte. Ltd. obtained AS9100:2004 certification.

2006

Dec, Ground Breaking of a new 87,000 ft2 aerospace facility.

Aug, Incorporated UMS Aerospace Pte. Ltd.
Announcement of US$20 million investment on new facility & equipment.

2004

Merger with Norelco Centreline Holdings Limited to become Norelco-UMS Group

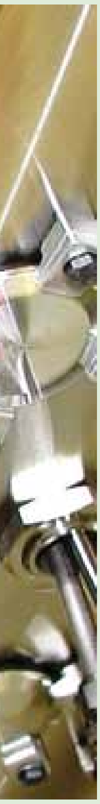
1996

Started UMS in Singapore.

1984

Started Long's Manufacturing Inc. in US.

CORPORATE OFFICES



SINGAPORE

UMS Pte Ltd
UMS Aerospace Pte Ltd
UMS Systems Pte Ltd
UMS Solar Pte Ltd
UMS Solutions Pte Ltd
NCS Engineering Pte Ltd
UMS International Pte Ltd
23 Changi North Crescent
Changi North Industrial Estate
Singapore 499616
Tel : (65) 6543 2272
Fax : (65) 6542 9979
Email : enquiries@umsgroup.com.sg
Website : http://www.umsgroup.com.sg

USA

ASL International Trading, Inc
1477 North Milpitas Boulevard
Milpitas, CA 95035
Tel : (65) 6543 2272
Fax : (65) 6542 9979
Email : enquiries@umsgroup.com.sg
Website : http://www.umsgroup.com.sg

MALAYSIA

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Ultimate Machining Solutions (M) Sdn. Bhd.
A1 Metal Sdn Bhd
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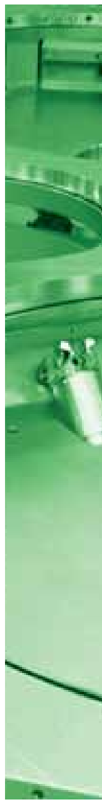
14100 Simpang Ampat
Seberang Perai Tengah
Pulau Penang
Malaysia
Tel : (604) 507 3000
Fax : (604) 502 3000
Email : enquiries@umsgroup.com.my
Website : http://www.umsgroup.com.sg

CORPORATE GOVERNANCE REPORT

The Board and Management of UMS Holdings Limited (the "Company") is committed to maintaining high standards of corporate governance and practices that are essential to protect the interest of shareholders. Excellence in corporate governance will not only enhance and safeguard the interest of all our stockholders, it will also foster the stability and sustainability of the Group's performance that is crucial in the building of long-term shareholders' value.

This report describes the Group's corporate governance policies and processes with reference to the Code of Corporate Governance 2005 (the 'Code'). The Board is pleased to confirm that for the financial year ended 31 December 2009, the Company has generally adhered to the principles and guidelines of the Code and any deviations will be specified in this report.



The Board's Conduct of its Affairs – Principle 1

The Board comprises six Directors at the end of the year 2009, of which four, including the Non-Executive Chairman, are Independent Directors. The Board provides entrepreneurial leadership, set strategic aims, and ensures that the necessary financial and human resources are in place for the Company to meet its objectives. It also establishes a framework of prudent and effective controls which enable risks to be assessed and managed. In addition, it reviews management performance, set the Group's values and standards, and ensure that obligations to shareholders and others are understood and met.

The key responsibilities of the Board include:

- Approving business direction and strategies;
- Monitoring management performance;
- Ensuring the adequacy, efficiency and effectiveness of internal controls, risk management procedures, financial reporting and compliance;
- Approving annual budget, major funding, investment and divestment proposals;
- Approving the nominations of the Board of Directors and appointments to the various Board committees; and
- Assuming the responsibility for overall corporate governance of the Group.

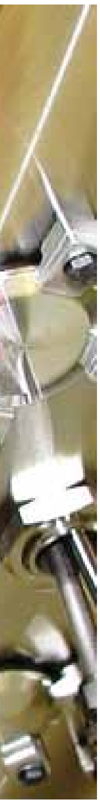
The Group has, in place, a set of internal guidelines setting forth matters that require Board's approval. Matters that specifically require Board's approval are those involving:

- Release of all results announcements and any other announcements;
- Group's annual budget;
- Appointment of directors and key personnel;
- Group's corporate and strategic directions, key operational initiatives;
- Major funding and investment proposals;
- Merger and acquisition transactions;
- Declaration of interim dividend and proposal of final dividends;
- Interested party transactions;
- Matters involving conflict of interests for a substantial shareholder or director; and
- All other matters of material importance.

To ensure smooth and effective running of the Group and to facilitate decision making, the Board has established various committees to assist it in the discharge of its responsibilities. These committees operate under clearly defined terms of reference, which are headed by Independent Directors. The three committees are:

- Audit Committee ("AC")
- Nominating Committee ("NC")
- Remuneration Committee ("RC")

CORPORATE GOVERNANCE REPORT



The Board meets regularly at least four times a year, to coincide with the announcement of the Group's quarterly results. Ad-hoc Board meetings are also convened as and when deemed necessary by the Board to address any specific or significant matters that may arise. At meetings of the Board, the Directors are free to discuss and openly challenge the views presented by management and other Directors. The decision making process is an objective one. In lieu of physical meetings, written resolutions were also circulated for approval by members of the Board.

During the year, the Board met five times. The Company's Articles of Association provide for the meetings of the Board by means of conference telephone or similar communications equipment. The number of Board meetings held and the attendance of each board member at the meetings for the year ended 31 December 2009 are disclosed below:

Name of Director	Board Meetings		Audit Committee Meetings		Nominating Committee Meetings		Remuneration Committee Meetings	
	No. of Meetings		No. of Meetings		No. of Meetings		No. of Meetings	
	Held	Attendance	Held	Attendance	Held	Attendance	Held	Attendance
Mr Soh Gim Teik ^*	5	5	N.A	N.A	2	1	N.A	N.A
Mr Luong Andy +	5	5	N.A	N.A	N.A	N.A	N.A	N.A
Mr Oh Kean Shen #*	5	5	4	4	2	2	3	3
Mr N. Sreenivasan #*	5	4	4	3	2	2	3	3
Mr Neo Ban Chuan #*	5	5	4	4	2	2	3	3
Mr Goh Kah Ling +	5	5	N.A	N.A	N.A	N.A	N.A	N.A

^ Non-Executive Chairman
+ Executive Director
# Non-Executive Director
* Independent Director

To enhance the effectiveness of the Board, all Board members are kept informed of all the relevant new laws and regulations. Whenever a new Director is appointed on the Board, the Company ensures that he receives appropriate training, briefing and orientation to enable him to discharge his duties effectively.

The Company ensures that:

- A new Director receives a thorough orientation program which includes presentations by senior management staff of the various operations and corporate functions of the Group, this would help them familiarize with the business and organization structure as well as the governance practices of the Group;
- Briefings by the Chairman and Chief Executive Officer ("CEO") are conducted;
- They are given ample opportunities to visit the Group's operational facilities and from time to time, the key management team will update them on the development of the Group. On-site visits to the various places of operations, both locally and overseas are also made available, if necessary; and
- Ongoing and continuous training program include participation at seminars and talks delivered by Professionals on relevant subject fields for example, corporate governance, board evaluation and amendments to the Companies Act.

Board Composition and Balance – Principle 2

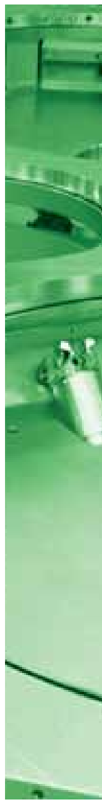
As at 31 December 2009, the Board comprises six directors. The Chief Executive Officer ('CEO") is one of two Executive Directors whilst the remaining four Directors, including the Non-Executive Chairman, are Non-Executive Directors of the Company. Non-Executive Directors of the Company assist the Chairman to fulfil his role by regularly assessing the effectiveness of the Board's processes and activities in meeting set objectives and corporate governance standards.

CORPORATE GOVERNANCE REPORT

Four Directors out of the total Board of six Directors are independent; hence the Group believes the Board is effective and autonomous. The independence of each Director is reviewed annually by the Nominating Committee based on the Code's definition of independence. The Board has also satisfied the Code whereby at least one-third of the Board should be independent.

The non-executive and independent Directors would bring a broader view with independent judgment on issues for the Board's deliberations.

The Board has the requisite blend of expertise, skills and attributes to oversee the Company's business. Collectively, they have the core competencies in areas such as accounting or finance, legal, business or management experience, industry knowledge, strategic planning experience and customers-based experience or knowledge, technology, and international affairs which provide valuable insights to the Group. The diverse mix of background and experience provides for effective direction for the Group in its mission to becoming a multinational group with a strong competitive edge in its business objectives. The Board considers its size as adequate and optimum to undertake the numerous tasks of setting strategy, establishing vision, mission and values, exercising accountability to shareholders and delegating authority to management after taking into account of the scope and nature of the operations of the Company.



Chairman and Chief Executive Officer – Principle 3

Guideline 3.1 – Relationship between Chairman and Chief Executive Officer

The Code states that the roles of Chairman and the CEO should be separated to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The division of responsibilities between Chairman and CEO should be clearly established, set out in writing and agreed by the Board. The Company has adhered to the recommendation of the Code by appointing Mr Soh Gim Teik as the Chairman and Mr Luong Andy as the CEO of the Company.

As a CEO, Mr Luong Andy has the executive responsibility of steering the Company towards its strategic direction.

As a Chairman, Mr Soh Gim Teik's responsibilities, among others, include the following:

- Lead the Board to ensure its effectiveness to all aspects of its role and set its agenda;
- Ensure that the directors receive accurate, timely and clear information;
- Ensure effective communication with shareholders;
- Encourage constructive relations between the Board and Management;
- Facilitate the effective contribution of Non-Executive Directors to the Board;
- Encourage constructive relations between the Non-Executive Directors and Executive Directors;
- Promote high standards of corporate governance.

Board Membership – Principle 4

Guideline 4.1 – Composition of Nominating Committee

The appointment of new directors to the Board is recommended by the Nominating Committee ("NC"). The NC comprises four Non-Executive Directors, namely Mr Soh Gim Teik, Mr N. Sreenivasan, Mr Oh Kean Shen and Mr Neo Ban Chuan.

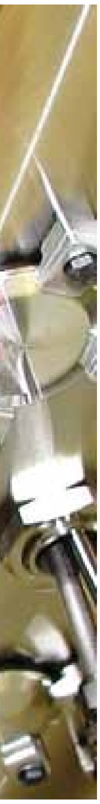
Name	Role in NC	Role In Board
Mr Soh Gim Teik	Chairman (Appointed on 13 May 2009)	Independent and Non-Executive Director
Mr N. Sreenivasan	Member	Independent and Non-Executive Director
Mr Neo Ban Chuan	Member	Independent and Non-Executive Director
Mr Oh Kean Shen	Member	Independent and Non-Executive Director

CORPORATE GOVERNANCE REPORT

Mr Soh Gim Teik was appointed as chairman of NC on 13 May 2009 in place of Mr N. Sreenivasan, who remained as a member of the NC.

The Chairman of the NC is not directly associated with any substantial shareholder of the Company. The NC works within the written terms of reference, which describes the responsibilities of its members. The principal functions of the NC include the following:

- Make recommendations to the Board on all board appointments, retirements and re-nomination having regards to the director's contribution and performance;
- Review and determine the independence of each director and ensure that the Board comprises at least one-third independent directors;
- Review and decide if a director is able to and has been adequately carrying out his/her duties as a director of the Company, when he/she has multiple board representations. The NC is of the opinion that all the directors who serve on multiple boards have allocated sufficient time and attention to the Company and have carried out their duties as directors of the Company;
- Determine how the Board's performance may be evaluated, and propose objective performance criteria to assess the effectiveness of the Board as a whole.



Guideline 4.5 – Selection and appointment of new Director

In identifying for appointment of new Directors, the NC applies the following main principles:-

- The Board shall have a majority of Directors who are not substantial shareholders of the Company and are independent of the substantial shareholders of the Company;
- The Board has a majority of Directors who are not executive officers of the Company and are independent of the executive officers of the Company;
- The NC must be satisfied that each candidate is fit and proper for the position or office and is the best or most qualified candidate nominated for position or office taking into account of the candidate's track record, age, experience, capabilities, and other relevant factors.

Under the Articles of Association of the Company, Directors are required to retire at least once every three years. The NC assesses and recommends to the Board whether the retiring Directors are suitable for re-election. The NC considers that the multiple board representations held presently by some of the Directors do not impede their performance in carrying out their duties to the Company and in fact, enhances the performance of the Board as it broadens the range of the experience and knowledge of the Board.

Board Performance – Principle 5

There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board.

The NC has established an appraisal process to assess the performance and effectiveness of the Board as a whole as well as to assess the contribution of individual directors. It focuses on a set of performance criteria which includes the evaluation of the size and composition of the Board, the Board's access to information, the Board processes and accountability. Review of the Board's performance, as appropriate, is undertaken collectively by the Board annually and informally on a continual basis.

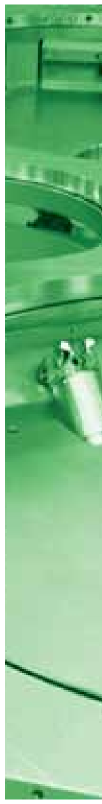
The NC is responsible for the following functions:-

- To review and determine the independence of each director;
- To make recommendation to the Board on all nominations for appointment and re-appointment of directors;
- To implement a process for assessing the effectiveness of the Board as a whole and the contribution by each director;
- To evaluate the independence of each director as well as the size and composition of the Board;
- To propose the Board's performance evaluation criteria.

CORPORATE GOVERNANCE REPORT

Access to Information – Principle 6

The Board members are given an update on the Group's financials, business plans and developments prior to board meetings and on an on-going basis. Management has an obligation to provide the Board with complete and adequate information in a timely manner. Board members are given full access to the Company's information and independent access to the Company's Management, including the Financial Controller, and the Company Secretary. To ensure that the Board members have sufficient time to look through the materials and information, all board papers are sent to the members a few days before the Board meeting.



The Directors have separate and independent access to the Company's Secretary. The Company Secretary assists the Chairman in ensuring that all board procedures are followed and that the Company's Memorandum and Articles of Associations and applicable rules and regulations, including requirements of the Companies Act and the Singapore Exchange, are complied with. The Company Secretary also administer, attend and prepare the minutes of all Board and Committee meetings and assist the Chairman in implementing and strengthening corporate governance practices and processes. The Company Secretary is also the primary channel of communication between the Company and the Stock Exchange.

The Company Secretary attends all Board and Committee meetings and the minutes of such meetings are promptly circulated to all Board members.

The appointment and the removal of the Company Secretary is a matter for the Board as a whole.

Each Director, whether individually or as a group, has the right to seek independent professional advice as and when necessary, in furtherance of their duties, at the Company's expense and with the approval of the Chairman.

Procedures For Developing Remuneration Policies – Principle 7

There should be a formal and transparent procedure for developing policies on executive remuneration and for fixing the remuneration packages of individual directors. No Director should be involved in deciding his own remuneration.

The Remuneration Committee ("RC") comprises the following Directors -:

Name	Role in RC	Role In Board
Mr N. Sreenivasan	Chairman	Independent and Non-Executive Director
Mr Neo Ban Chuan	Member	Independent and Non-Executive Director
Mr Oh Kean Shen	Member	Independent and Non-Executive Director

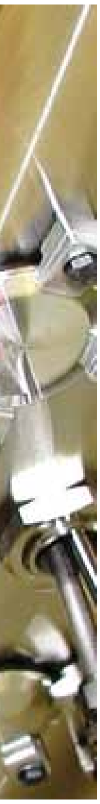
The RC members comprise entirely of Non-Executive and independent Directors. The members of the RC have extensive experience in the formulation and implementation of wage policies and compensation schemes. If necessary, the RC will seek expert advice on human resource matters or on remuneration of all directors, either within or outside the Company.

The RC's responsibilities include the following:

- Recommending to the Board a framework of remuneration, and the specific remuneration packages for each director and the CEO (including but not limited to director's fees, salaries, allowances, bonuses, options and benefits in kind) for the Board and key executives. If necessary, the RC will seek expert advice inside and/or outside the company on remuneration of all directors.
- Review the adequacy and form of compensation of executive directors to ensure that the compensation realistically commensurate with the responsibilities and risks involved in being an effective executive director;

CORPORATE GOVERNANCE REPORT

- The performance-related elements of remuneration are designed to align interest of executive directors with those of shareholders and link rewards to corporate and individual performance. There are appropriate and meaningful measures for the purpose of assessing executive directors' performance;
- Recruiting executive directors of the Company and determining their employment terms and remuneration;
- Positioning the Company's executive remuneration package relative to other companies or its competitors;
- Reviewing and recommending to the Board the terms of renewal for those executive directors whose current employment contracts have expired;
- Ensuring adequate disclosure in the directors' remuneration as required by regulatory bodies such as the Singapore Stock Exchange;
- Overseeing the payment of fees to non-executive directors.



Level and Mix of Remuneration – Principle 8

The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the Company successfully but companies should avoid paying more for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

The RC adopts a formal procedure for fixing the remuneration packages of individual directors. In setting the remuneration package of the individual directors, the Company takes into consideration the following factors:

- Pay and employment conditions within the industry and in comparable companies;
- The Company's relative performance and the performance of the individual directors;
- The attractiveness of the remuneration package so as to retain the directors and motivate them to run the Company successfully;
- Significance of performance related elements of remuneration; and
- Effort, time spent and responsibilities of the individual directors.

Executive Directors:

Executive Directors receive remuneration packages instead of Directors' fees. Executive directors receive their remuneration in two key components, that is, fixed monthly salary and a variable bonus. The fixed monthly salary includes car allowance and central provident fund contribution. The variable bonus depends largely on the performance of the Group.

Non-Executive Directors:

Non-Executive Directors are paid an annual director's fee. In determining the quantum of director's fees, factors such as effort and time spent, and responsibilities of the directors are taken into account. Non-Executive Directors are paid a basic fee and allowance for attending any additional meeting. An additional fee for serving as Chairman on any committee is also being paid to Non-Executive Directors. The RC ensures that none of the Non-Executive Directors are over-compensated to the extent that their independence may be compromised. The director's fees are subject to shareholders' approval at the Annual General Meetings.

The remuneration policies for the Executive and Non-Executive Directors have been endorsed by the RC and the Board.

CORPORATE GOVERNANCE REPORT

Disclosure on Remuneration – Principle 9

The RC proposes appropriate remuneration frameworks for adoption by the Board and ensures that the Management carries out the approved policies accordingly.

Guideline 9.1 Remuneration Details of the Directors

The remuneration of Directors for the year ended 31 December 2009 is set out below:

Name of Director	Salary	Bonus	Allowances	Central Provident Fund Contribution	Directors Fees	Total
	%	%	%	%	%	%
Non- Executive Directors						
Below S$250,000						
Mr Soh Gim Teik	0%	0%	0%	0%	100%	100%
Mr N. Sreenivasan	0%	0%	0%	0%	100%	100%
Mr Neo Ban Chuan	0%	0%	0%	0%	100%	100%
Mr Oh Kean Shen	0%	0%	0%	0%	100%	100%
Executive Directors						
S$ 250,000 to S$499,999						
Mr Luong Andy	86%	7%	5%	2%	0%	100%
Below S$250,000						
Mr Goh Kah Ling	83%	7%	7%	3%	0%	100%

Guideline 9.2 – Remuneration of the top five executives of the Group

The breakdown remuneration of top 5 key executives (who are not Directors of the Company) in percentage terms for the year ended 31 December 2009 is set out below:

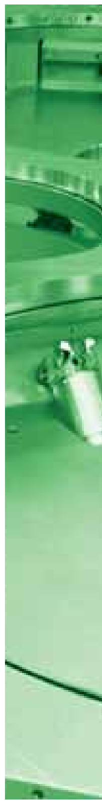
Name of Key Executive	Salary	Allowances	Bonus	Central Provident Fund Contribution	Total
	%	%	%	%	%
S$ 250,000 to S$ 499,999					
Sylvia SY Lee Luong[1]	86%	4%	7%	3%	100%
S$ 150,000 to S$ 249,999					
Stanley Loh Meng Chong	92%	4%	0%	4%	100%
Kay Tan Kian Hong	92%	0%	7%	1%	100%
Below S$150,000					
Terence Yeo Bak Woo	81%	3%	7%	9%	100%
Gobinath A/L Gunaselan	83%	3%	7%	7%	100%

1: Ms. Sylvia SY Lee Luong is the wife of the Executive Director, Mr. Luong Andy.

Other than as disclosed, there are no other key executives who are related to any Director and whose remuneration exceeds S$150,000.

On 15 March 2007, the Company has implemented the UMS Performance Share Plan and UMS Restricted Share Plan for both its employees and Directors. In total, 1,885,000 restricted share awards and 200,000 performance share awards were granted and both shares awards are equity-settled.

During the financial year, 4,666 treasury shares of the Company were re-issued at the exercise price of S$0.485, upon the exercise of the 15 March 2007 restricted share awards.

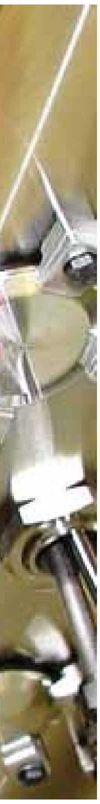


CORPORATE GOVERNANCE REPORT

Accountability – Principle 10

The Board is accountable to the shareholders while the Management is accountable to the Board.

As defined in the Code, the Board presents to shareholders a balanced and understandable assessment of the Company's performance, position and prospect. The Management provides all Board members with management reports and accounts which represent balanced, understandable assessment of the Company's performance, position and prospect on a quarterly basis.



It is the Board's policy to provide the shareholders with all important and price sensitive information. These are done through the SGXNET during the quarterly announcements as and when necessary.

Audit Committee – Principle 11

The Audit Committee ("AC") comprises the following members:

Name	Role in AC	Role In Board
Mr Neo Ban Chuan	Chairman	Independent and Non-Executive Director
Mr N. Sreenivasan	Member	Independent and Non-Executive Director
Mr Oh Kean Shen	Member	Independent and Non-Executive Director

The roles and responsibilities of the AC are to:

- Recommend to the Board, the external independent auditor to be appointed and the remuneration and terms of engagement letter therein;
- Review with the internal and external auditors, the audit plan, including the nature and scope of the audit and its cost effectiveness before the audit commences;
- Review with the internal auditors and external independent auditors, their evaluation of the adequacy of the system of internal accounting controls and compliance functions;
- Review the Group's audited annual report and other quarterly financial statements and related notes and formal announcements thereto; accounting principles adopted and the external auditors' report prior to recommending to the Board for approval;
- Review the nature, scope, extent and cost effectiveness of non-audit services provided by the external independent auditors and ensuring that these do not affect the independence and objectivity of the external auditors;
- Reviewing any significant financial reporting issues, judgment and estimates made by the management, so as to ensure the integrity of the financial statements of the Company;
- Discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss;
- Review the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors; and
- Review interested party transactions on a regular basis.

In the respect of the overall audit process, the AC has:-

- Provided an open avenue of communication between the independent external and internal auditors, management and the Board;
- Kept under review the scope and results to external audit, internal audit, risk management and compliance and their effectiveness and reported to the Board on any significant findings

The AC is guided by its terms of reference which provides explicit authority to investigate any matters within its terms of reference, full access to and co-operation by the Management and full discretion to invite any Director and executive officer to attend its meeting, and reasonable resources to enable it to discharge its functions properly.

CORPORATE GOVERNANCE REPORT

The AC has also put in place a policy, whereby staff and business associates of the Group may raise concerns about possible improprieties in matters of financial reporting, fraudulent acts and other matters and ensure that arrangements are in place for independent investigations of such matters and appropriate follow up actions.

The AC met with external independent auditors, and with internal auditors, without the presence of the Company's management, at least once a year.

Internal Controls and internal audit – Principles 12 & 13

The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the Company's assets.

The Board acknowledges that it is responsible for the overall internal control framework, but recognizes that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

Risk assessment and evaluation takes place as an integral part of the annual strategic planning cycle. Having identified the risks to the achievement of their strategic objectives, each business is required to document and propose the mitigating actions in place in respect of each significant risk.

The internal audit ("IA") function of the Group is outsourced to KPMG Singapore Risk Advisory Services ("KPMG"). The IA reports to the Audit Committee. KPMG is guided by the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The Group's internal auditors conduct review in accordance with the audit plans of the Group's key internal controls, including financial, operational and compliance controls, and risk management. Any material non-compliance or failures in internal controls and recommendations for improvement are reported to management and to the AC. The audit conducted by internal auditors will assist the AC in the assessment of and obtaining assurance on the adequacy, efficiency and effectiveness of the Group's internal control environment.

During the financial period, Management had taken remedial actions recommended by the internal and external auditors in prior financial period so as to enhance certain internal control procedures. New areas of improvement were also recommended during the current financial period. Notwithstanding the areas highlighted, the Audit Committee, on behalf of the Board, has reviewed the effectiveness of the Group's system of internal controls in the light of key business and financial risks affecting the operations and believes that the system of internal controls in place up to the date of this report is adequate for the current business scope and operations of the Group.

Communication with Shareholders – Principles 14 and 15

The Board's policy is that shareholders and the public should be equally and timely informed of all major developments that may impact materially on the Company.

The Company strives for timeliness and transparency in its disclosure to the shareholders and the public.

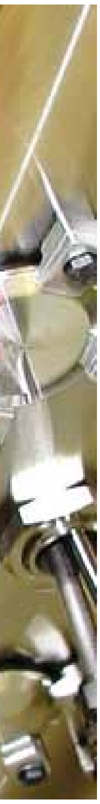
The Company communicates pertinent and timely information to its shareholders through:-

- Ensure that the Company's annual reports which are prepared and issued to all shareholders contain all relevant information about the Group, including future developments and other disclosures required by the Companies Act and the Singapore Financial Reporting Standards;
- Announcement of quarterly, half-yearly and full-years results on the Singapore Exchange Securities Trading Limited's SGXNET;
- Press releases on major developments of the Company;
- Responding to all enquiries from investors, analysts, fund managers and the media through its Corporate Communications and Investor Relations department;

CORPORATE GOVERNANCE REPORT

- Holding formal and informal media and analysts' briefings for the Group's quarterly and full-year financial results, chaired by the CEO, as appropriate; and
- The Group's website at www.umsgroup.com.sg from which shareholders can access information about the Group including all publicly disclosed financial information, corporate announcements, news releases, annual reports and profiles of the Group.

Information is first disclosed to all shareholders through SGXNET announcements before the Company meets with any group of analysts or investors. This ensures that all shareholders and the public have fair access to information. Where inadvertent disclosures are made to a selected group of people, or unfounded rumours are spread about the Company, the Company will make the same disclosures and clarify all rumours publicly immediately.



Shareholders are encouraged to attend and participate at the Company's Annual General Meetings to ensure that they have a better understanding of the Group's plans and developments for the future. The Chairman of the Board, AC, NC, RC and Management are required to be present at these meetings to address any questions that the shareholders may have. The Company's external auditors are also invited to attend the Annual General Meeting and are available to assist the Directors in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of their auditors' report. The Board values shareholders' feedback and input.

The Company's Articles of Association provides for a shareholder of the Company to appoint one or two proxies to attend the Annual General Meetings and to vote in place of the shareholders.

DEALING IN SECURITIES

An internal Code on Dealings in Securities is also in place to prescribe the internal regulations pertaining to the securities of the Company and its listed subsidiaries. The code prohibits securities dealings by Directors and employees while in possession of price-sensitive information. All Directors and employees are also prohibited from dealing in the securities of the Company and its listed subsidiaries for a period beginning one month before the release of the half year and full year results and during the period beginning two weeks before the release of its quarterly results.

INTERESTED PERSON TRANSACTIONS

The Company has an internal policy to deal with interested person transactions. All interested person transactions will be documented and submitted to the AC on a quarterly basis for their review and approval to ensure that the transactions are carried out at arm's length.

During the current year, there were interested person transactions involving Mr Luong Andy. All interested person transactions were conducted on arm's length basis and on normal commercial terms within the regulatory guidelines. All interested person transactions are regularly reviewed by the Audit Committee. The internal auditors have performed a review of such transactions and have established that they have been conducted on normal commercial terms. Details of the interested person transactions are found on the supplementary financial information disclosures page of this Annual Report.

FINANCIAL CONTENTS

Report of the Directors

The directors present their report to the members together with the audited consolidated financial statements of the Group for the financial year ended 31 December 2009, the balance sheets and the statements of changes in equity of the Company as at 31 December 2009.

1 Directors

The directors of the Company in office at the date of this report are:

Mr Luong Andy	(Executive Director)
Mr Goh Kah Ling	(Executive Director)
Mr Oh Kean Shen	(Independent Director)
Mr Soh Gim Teik	(Independent Director)
Mr N. Sreenivasan	(Independent Director)
Mr Neo Ban Chuan	(Independent Director)

2 Arrangements to Enable Directors to Acquire Shares or Debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

3 Directors' Interests in Shares or Debentures

The directors of the Company holding office at the end of the financial year had no interests in the share capital, options and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act, Cap. 50 except as follows:

	Held in the name of director		Deemed interest	
	At the beginning of year or date of appointment if later	At the end of year	At the beginning of year or date of appointment if later	At the end of year
Name of Directors and Company				
UMS Holdings Limited (the Company)	Shares of no par value			
Mr Luong Andy	110,130,727	110,130,727	-	-

By virtue of section 7 of the Companies Act, Cap. 50, Mr Luong Andy is deemed to have an interest in all the related corporations of the Company.

The director's interests as at 21 January 2010 were the same as those at the end of the year.

Report of the Directors

4 Directors' Contractual Benefits

Since the beginning of the financial year, no director of the Company has received or become entitled to receive a benefit which is required to be disclosed under section 201(8) of the Companies Act, Cap. 50, by reason of a contract made by the Company with the director or with a related corporation or with a firm in which he is a member, or with a Company in which he has a substantial financial interest except as disclosed in the financial statements. Mr N. Sreenivasan, our independent director, is also a shareholder and director of Straits Law Practice LLC, a firm of advocates and solicitors that provides legal services to the Company for which fees are payable. It is not expected that such fees will exceed S$200,000 per annum.

5 Options to Take Up Unissued Shares

During the financial year, no option to take up unissued shares in the Company or any corporation in the Group was granted.

6 Options Exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of options to take up unissued shares.

7 Unissued Shares Under Option

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

8 Shares Outstanding

In 2007, the Company set up the UMS Performance Share Plan (PSP) and Restricted Share Plan (RSP) (collectively referred to as the "Scheme") for all employees and directors.

The Scheme is administered by the Remuneration Committee whose members are:

Mr N. Sreenivasan (Chairman)
Mr Neo Ban Chuan
Mr Oh Kean Shen

Report of the Directors

8 Shares Outstanding (cont'd)

Under the RSP, participants are granted rights to the Company's shares at the grant date provided that performance and extended service conditions as set out in the plan are met. Such performance conditions include net divisional profit before tax and Group's net profit after tax key performance indicators over a 1-year performance period from 1 January 2007 to 31 December 2007. Under the PSP, participants are granted rights to the Company's shares at the grant date provided that performance conditions as set out in the plan are met. Such performance conditions include absolute Total Shareholder Return and Return on Equity hurdles over a 3-years performance period.

On 15 March 2007, the Company granted 1,885,000 restricted share awards and 200,000 performance share awards to its employees and management staff. Management represented that all PSP and RSP share awards granted shall be settled by the issue of equity instruments.

Details of the share awards are as follows:

Date of grant	Number of shares	Vesting date	Fair value
			S$
RSP:			
15 March 2007	628,333	1 April 2008	0.490
15 March 2007	628,333	1 April 2009	0.485
15 March 2007	628,334	1 April 2010	0.480
	1,885,000		
PSP:			
15 March 2007	200,000	1 April 2010	0.480
	2,085,000		

During the financial year, 4,666 treasury shares of the Company were re-issued at the exercise price of S$0.485, upon the exercise of the 15 March 2007 restricted share awards.

The information on directors of the Company participating in the Scheme is as follows:

Name of director	Date of grant	Number of shares	Vesting date	Fair value
				S$
Mr Luong Andy	RSP:			
	15 March 2007	40,000	1 April 2008	0.490
	15 March 2007	40,000	1 April 2009	0.485
	15 March 2007	40,000	1 April 2010	0.480
		120,000		
	PSP:			
	15 March 2007	80,000	1 April 2010	0.480
		200,000		

Report of the Directors

8 Shares Outstanding (cont'd)

The number of unissued shares of the Company in relation to the share awards outstanding at the end of the financial year was as follows:

Date of grant	Number of shares	Vesting date	Fair value S$
RSP:			
15 March 2007	4,667	1 April 2010	0.480
PSP:			
15 March 2007	200,000	1 April 2010	0.480
	204,667		

9 Audit Committee

The members of the audit committee at the date of this report are as follows:

Mr Neo Ban Chuan (Chairman)
Mr N. Sreenivasan
Mr Oh Kean Shen

The audit committee performs the functions specified by section 201B (5) of the Companies Act. Amongst others, it performed the following functions:

- Reviewed with the independent external auditors the external audit plan;
- Reviewed with the independent external auditors their report on the financial statements and the assistance given by the Company's officers to them;
- Reviewed with the internal auditors their evaluation of the Company's internal accounting control, the scope and results of the internal audit procedures;
- Reviewed the financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Listing Manual of SGX).

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report.

The audit committee has recommended to the board of directors that the independent auditors, Moore Stephens LLP, be nominated for re-appointment as independent auditors at the next annual general meeting of the Company.

Report of the Directors

10 Independent Auditors

Moore Stephens LLP, Certified Public Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,

LUONG ANDY

GOH KAH LING

Singapore
22 March 2010

Statement of Directors

31 December 2009

In the opinion of the directors,

(a) the balance sheets and the statement of changes in equity of the Company and the consolidated financial statements of the Group as set out on pages 34 to 97 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009, the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

LUONG ANDY

GOH KAH LING

Singapore
22 March 2010

Independent Auditor's Report

To the Members of UMS Holdings Limited
(Incorporated in Singapore)

We have audited the accompanying financial statements of UMS Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 34 to 97, which comprise the balance sheets of the Company and of the Group as at 31 December 2009, and the statements of changes in equity of the Company and of the Group, and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards and the provisions of the Singapore Companies Act, Cap. 50 (the "Act"). This responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of a true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

To the Members of UMS Holdings Limited
(Incorporated in Singapore)

(cont'd)

Opinion

In our opinion,

(a) the balance sheets and the statement of changes in equity of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009, and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Moore Stephens LLP
Public Accountants and
Certified Public Accountants

Singapore
22 March 2010

Consolidated Income Statement

For the financial year ended 31 December 2009

		Group	
	Note	2009 S$'000	2008 S$'000
Revenue	4	47,267	93,372
Changes in inventories		(5,677)	937
Raw material purchases and subcontractor charges		(13,814)	(36,280)
Employee benefits expense	5	(7,614)	(19,782)
Depreciation expense	15, 17, 18	(11,741)	(12,972)
Other expenses	6	(7,753)	(14,730)
Other charges	7	(25,466)	(2,823)
Finance income	8	72	55
Finance expense	9	(610)	(4,971)
(Loss)/profit before income tax		(25,336)	2,806
Income tax credit/(expense)	10	1,008	(995)
Net (loss)/profit for the year		(24,328)	1,811
(Loss)/earnings per share			
- Basic	11	(6.87) cents	0.49 cent
- Diluted	11	(6.87) cents	0.49 cent
Final and special exempt (one-tier) dividend paid (for the years ended 31 December 2008 and 2007 respectively)	30	0.50 cent	1.00 cent

The accompanying notes form an integral part of the financial statements

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2009

	Group	
	2009	2008
	S$'000	S$'000
Net (loss)/profit for the year	(24,328)	1,811
Other comprehensive expense:		
Currency translation differences arising on consolidation	(350)	(801)
Currency translation difference arising on statutory reserves	-	2
	(350)	(799)
Total comprehensive (expense)/income for the year	(24,678)	1,012

The accompanying notes form an integral part of the financial statements

Balance Sheets

As at 31 December 2009

	Note	Group		Company	
		2009	2008	2009	2008
		S$'000	S$'000	S$'000	S$'000
ASSETS					
Current Assets					
Cash and cash equivalents	12	24,678	19,111	922	362
Trade receivables and other current assets	13	11,120	9,872	7,836	10,942
Inventories	14	25,248	30,925	-	-
		61,046	59,908	8,758	11,304
Assets classified as held for sale	15	630	-	-	-
Total Current Assets		61,676	59,908	8,758	11,304
Non-Current Assets					
Investments in subsidiaries	16	-	-	136,662	138,986
Property, plant and equipment	17	76,214	86,313	-	-
Investment property	18	3,838	3,398	-	-
Financial assets, held-to-maturity	19	4,891	5,075	-	-
Goodwill	20	60,702	80,702	-	-
Other long-term loan receivable	21	-	-	-	1,265
Total Non-Current Assets		145,645	175,488	136,662	140,251
Total Assets		207,321	235,396	145,420	151,555
LIABILITIES AND EQUITY					
Current Liabilities					
Short-term borrowings	22	2,000	7,323	-	-
Trade and other payables	23	19,675	28,338	749	3,073
Income tax payable		691	644	81	63
Current portion of long-term borrowings	24	670	-	-	-
Current portion of finance lease obligation	25	4,773	1,959	-	-
Total Current Liabilities		27,809	38,264	830	3,136

The accompanying notes form an integral part of the financial statements

Balance Sheets

As at 31 December 2009

	Note	Group 2009 S$'000	Group 2008 S$'000	Company 2009 S$'000	Company 2008 S$'000
Non-Current Liabilities					
Deferred tax	10	2,538	3,683	-	1
Long-term borrowings	24	7,289	-	-	-
Finance lease obligation	25	5,653	2,968	-	-
Long-term provision	26	1,200	1,200	-	-
Total Non-Current Liabilities		16,680	7,851	-	1
Total Liabilities		44,489	46,115	830	3,137
Capital and Reserves					
Share capital	27	152,822	152,822	152,822	152,822
Treasury shares	27	(13,494)	(13,496)	(13,494)	(13,496)
Reserves	29	(1,504)	(1,154)	85	68
Retained earnings		25,008	51,109	5,177	9,024
Total Equity		162,832	189,281	144,590	148,418
Total Liabilities and Equity		207,321	235,396	145,420	151,555

The accompanying notes form an integral part of the financial statements

Statements of Changes in Equity

For the financial year ended 31 December 2009

	Share Capital S$'000	Treasury Shares S$'000	Capital Reserve S$'000	Statutory Reserve S$'000	Foreign Exchange Translation Reserve S$'000	Retained Earnings S$'000	Total S$'000
Group							
2009							
Balance at 1 January 2009	152,822	(13,496)	-	51	(1,205)	51,109	189,281
Loss for the year	-	-	-	-	-	(24,328)	(24,328)
Other comprehensive expense for the year	-	-	-	-	(350)	-	(350)
Total comprehensive expense for the year	-	-	-	-	(350)	(24,328)	(24,678)
Dividends paid	-	-	-	-	-	(1,771)	(1,771)
Share-based payments granted to employees	-	2	-	-	-	(2)	-
Balance at 31 December 2009	152,822	(13,494)	-	51	(1,555)	25,008	162,832
2008							
Balance at 1 January 2008	155,981	(7,883)	56	145	(404)	52,913	200,808
Profit for the year	-	-	-	-	-	1,811	1,811
Other comprehensive expense for the year	-	-	-	2	(801)	-	(799)
Total comprehensive income for the year	-	-	-	2	(801)	1,811	1,012
Cancellation of shares	(3,159)	257	-	-	-	-	(2,902)
Purchase of treasury shares	-	(5,890)	-	-	-	-	(5,890)
Dividends paid	-	-	-	-	-	(3,615)	(3,615)
Disposal of subsidiaries	-	-	-	(96)	-	-	(96)
Share-based payments granted to employees	-	20	(56)	-	-	-	(36)
Balance at 31 December 2008	152,822	(13,496)	-	51	(1,205)	51,109	189,281

The accompanying notes form an integral part of the financial statements

Statements of Changes in Equity

For the financial year ended 31 December 2009

	Share capital S$'000	Treasury shares S$'000	Capital reserve S$'000	Retained earnings S$'000	Total S$'000
Company					
2009					
Balance at 1 January 2009	152,822	(13,496)	68	9,024	148,418
Loss for the year	-	-	-	(2,074)	(2,074)
Other comprehensive income for the year	-	-	17	-	17
Total comprehensive expense for the year	-	-	17	(2,074)	(2,057)
Dividends paid	-	-	-	(1,771)	(1,771)
Share-based payments granted to employees	-	2	-	(2)	-
Balance at 31 December 2009	152,822	(13,494)	85	5,177	144,590
2008					
Balance at 1 January 2008	155,981	(7,883)	124	2,546	150,768
Profit for the year	-	-	-	10,093	10,093
Total comprehensive income for the year	-	-	-	10,093	10,093
Cancellation of shares	(3,159)	257	-	-	(2,902)
Purchase of treasury shares	-	(5,890)	-	-	(5,890)
Dividends paid	-	-	-	(3,615)	(3,615)
Share-based payments granted to employees	-	20	(56)	-	(36)
Balance at 31 December 2008	152,822	(13,496)	68	9,024	148,418

The accompanying notes form an integral part of the financial statements

Consolidated Cash Flow Statement

For the financial year ended 31 December 2009

	Note	2009 S$'000	2008 S$'000
Cash Flows from Operating Activities			
Net (loss)/profit before income tax		(25,336)	2,806
Adjustments for:			
Depreciation expense		11,741	12,972
Property, plant and equipment written off		17	850
Goodwill written off		20,000	793
Impairment loss on property, plant and equipment		-	168
Gain on disposal of assets classified as held for sale		-	(1,816)
Gain on disposal of property, plant and equipment		(12)	(19)
(Write back of)/provision for impairment of trade debts		(135)	173
Provision for impairment of non-trade debts		20	-
Provision for impairment of inventories		3,521	1,892
Inventories written off		150	-
Loss on disposal of subsidiary	(C)	-	718
Interest income		(72)	(55)
Interest expense		610	467
Unrealised foreign exchange adjustment losses/(gains)		1,676	(6,716)
Operating cash flows before working capital changes		12,180	12,233
Changes in operating assets and liabilities:			
Trade receivables and other current assets		(451)	14,766
Inventories		2,007	(2,829)
Trade and other payables		224	(10,707)
Cash generated from operations		13,960	13,463
Income tax (paid)/refunded		(37)	308
Net cash generated from operating activities		13,923	13,771
Cash Flows from Investing Activities			
Proceeds from disposal of property, plant and equipment		13	82
Purchase of property, plant and equipment	(B)	(14,110)	(21,059)
Proceeds from sale of club membership		-	53
Proceeds from disposal of assets classified as held for sale		-	7,000
Proceeds from disposal of subsidiary company	(C)	-	4,104
Interest received		72	55
Net cash used in investing activities		(14,025)	(9,765)

The accompanying notes form an integral part of the financial statements

Consolidated Cash Flow Statement

For the financial year ended 31 December 2009

	Note	2009 S$'000	2008 S$'000
Cash Flows from Financing Activities			
Share buy back and cancelled		-	(2,902)
Proceeds from borrowings		2,636	5,112
Dividends paid		(1,771)	(3,615)
Purchase of treasury shares		-	(5,890)
Proceeds from finance lease obligation		5,499	2,789
Fixed deposit - restricted		124	(176)
Interest paid		(610)	(467)
Net cash generated from/(used in) financing activities		5,878	(5,149)
Net effect of exchange rate changes		(85)	(1,278)
Net increase/(decrease) in cash and cash equivalents		5,691	(2,421)
Cash and cash equivalents at the beginning of the year		18,806	21,227
Cash and cash equivalents at the end of the year	(A)	24,497	18,806

A. Cash and Cash Equivalents

For the purpose of presenting the consolidated cash flow statement, the consolidated financial cash and cash equivalents comprise the following:

	Group	
	2009 S$'000	2008 S$'000
Cash and cash equivalents (Note 12)	24,678	19,111
Less: Fixed deposit - restricted in use (Note 12)	(181)	(305)
Cash and cash equivalents per consolidated cash flow statement	24,497	18,806

B. Property, Plant and Equipment

	Group	
	2009 S$'000	2008 S$'000
Purchase of property, plant and equipment:		
Cost of property, plant and equipment purchased (Note 17)	3,445	29,142
Amounts unpaid	-	(5,957)
Payment for the year	10,665	-
Purchases under finance lease obligation	-	(2,126)
Net cash disbursed	14,110	21,059

The accompanying notes form an integral part of the financial statements

Consolidated Cash Flow Statement

For the financial year ended 31 December 2009

C. Disposal of Subsidiary

The attributable net assets of a subsidiary disposed, for year ended 31 December 2008 were as follows:

	2008 S$'000
Assets classified as held for sale	5,399
Other receivables	371
Cash and bank balances	59
Net assets disposed	5,829
Loss on disposal	(718)
Proceeds from disposal	5,111
Less:	
Other receivables	(1,007)
Net cash inflow from disposal of a subsidiary	4,104

Notes to the Financial Statements

31 December 2009

These notes form an integral part of and should be read in conjunction with the accompanying financial statements:

1 General

UMS Holdings Limited (the "Company") is incorporated and domiciled in Singapore with limited liability and is listed on the main board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The controlling shareholder of the Company is Mr Luong Andy.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 16 to the financial statements.

The registered office address and principal place of business of the Company is 23 Changi North Crescent, Singapore 499616.

The financial statements for the year ended 31 December 2009 were approved and authorised for issue by the board of directors on 22 March 2010.

2 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS) and the provisions of the Singapore Companies Act, Cap. 50.

The financial statements, which are expressed in the Singapore dollar, are rounded to the nearest thousand dollar (S$'000) except as otherwise indicated. The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

(b) New or Revised FRS and Interpretations to FRS (INT FRS)

(i) FRS and INT FRS effective for annual period beginning on or after 1 January 2009

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2009, the Group has adopted the following standards and interpretations mandatory for annual financial periods beginning on or after 1 January 2009.

Revised FRS 1	Presentation of Financial Statements
Revised FRS 23	Borrowing Costs
Amendments to FRS 107	Financial Instruments: Disclosures
FRS 108	Operating Segments

Notes to the Financial Statements

31 December 2009

2 Summary of Significant Accounting Policies (cont'd)

(b) New or Revised FRS and Interpretations to FRS (INT FRS) (cont'd)

(i) FRS and INT FRS effective for annual period beginning on or after 1 January 2009 (cont'd)

Revised FRS 1 *Presentation of Financial Statements*

The revised standard affects the presentation of owner changes in equity and of comprehensive income. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other FRSs.

The Group has applied the revised FRS 1 from the annual period beginning 1 January 2009. It requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

Revised FRS 23 *Borrowing Costs*

The revised standard removes the option to expense borrowing costs and requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset.

The Group has applied the revised FRS 23 from the annual period beginning 1 January 2009. As the Group does not have significant borrowing costs incurred for the construction of any qualifying asset, the revised standard is not expected to have any impact on the financial statements of the Group upon application.

Amendments to FRS 107 *Financial Instruments: Disclosures*

The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy.

The Group has applied the revised FRS 107 from the annual period beginning 1 January 2009. The adoption of the amendment results in additional disclosures but does not have an impact on the accounting policies and measurement bases adopted by the Group.

Notes to the Financial Statements

31 December 2009

2 Summary of Significant Accounting Policies (cont'd)

(b) New or Revised FRS and Interpretations to FRS (INT FRS) (cont'd)

(i) FRS and INT FRS effective for annual period beginning on or after 1 January 2009 (cont'd)

FRS 108 *Operating Segments*

FRS 108 supersedes FRS 14 Segment Reporting and requires the Group to report the financial performance of its operating segments based on the information used internally by management for evaluating segment performance and deciding on allocation of resources. Such information may be different from the information included in the financial statements, and the basis of its preparation and reconciliation to the amounts recognised in the financial statements shall be disclosed.

The Group has applied FRS 108 from 1 January 2009 and provide comparative information that conforms to the requirements of FRS 108. The Group expects the new operating segments to be different from business segments currently disclosed and expects more information to be disclosed under FRS 108.

(ii) Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

FRS 24 (revised)	Related Party Disclosures
Amendments to FRS 27	Consolidated and Separate Financial Statements
Amendments to FRS 39	Financial Instruments: Recognition and Measurement
FRS 103 (revised)	Business Combinations

FRS 24 *Related Party Disclosure (revised)*

The revised FRS 24 simplifies the definition of a related party and provides partial exemption for government-related entities. The revised FRS 24 applies retrospectively for annual periods beginning on or after 1 January 2011 but earlier application is permitted.

The initial application of this standard is not expected to have any material impact on the Group's financial statements.

Notes to the Financial Statements

31 December 2009

2 Summary of Significant Accounting Policies (cont'd)

(b) New or Revised FRS and Interpretations to FRS (INT FRS) (cont'd)

(ii) Standards issued but not yet effective (cont'd)

Amendments to FRS 27 *Consolidated and Separate Financial Statements*

Amendments to FRS 27 *"Consolidated and Separate Financial Statements"*, which is effective for the financial year beginning 1 January 2010, required accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain and loss recognised in profit or loss.

The initial application of this standard (and its consequential amendments) is not expected to have any material impact on the Group's financial statements.

Amendments to FRS 39 *Financial Instruments: Recognition and Measurement*

Amendments to FRS 39 added additional text on accounting for embedded derivatives wherein if an entity is unable to measure separately the embedded derivative that would have to be separated on reclassification of a hybrid (combined) contract out of the fair value through profit or loss category, that reclassification is prohibited. In such circumstances the hybrid (combined) contract remains classified as at fair value through profit or loss in its entirety.

The Group expects that the adoption of this standard above will not have a material impact on the financial statements in the period of initial application.

Revised FRS 103 *Business Combinations*

Revised FRS 103, which is effective for the financial year beginning 1 January 2010, incorporates the following changes that are likely to be relevant to the Group's operations:

- The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
- Contingent considerations will be measured at fair value, with subsequent changes therein recognised in profit or loss.
- Transaction costs, other than share and debt issue costs, will be expensed as incurred.
- Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss.
- Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Notes to the Financial Statements

31 December 2009

2 Summary of Significant Accounting Policies (cont'd)

(b) New or Revised FRS and Interpretations to FRS (INT FRS) (cont'd)

(ii) Standards issued but not yet effective (cont'd)

The Group expects that the adoption of this standard above will not have a material impact on the financial statements in the period of initial application.

(c) Basis of Consolidation

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition.

All significant intra-group balances, transactions, revenue and expenses and unrealised gains and losses resulting from intra-group transactions that are recognised in assets are eliminated on consolidation. Assets, liabilities and results of foreign subsidiaries are translated into Singapore dollar on the basis outlined in paragraph (y) (iii) below. The results of subsidiaries acquired or disposed of during the year are included in or excluded from the income statement from the date of their acquisition or disposal.

(d) Goodwill on Consolidation

Goodwill represents the excess of the cost of an acquisition of a subsidiary over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities, at the date of acquisition.

Goodwill on acquisition of a subsidiary is classified as goodwill on consolidation.

Following initial recognition, goodwill is measured at cost less any impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit ("CGU") to which the goodwill relates. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment loss on goodwill is not reversed in a subsequent period.

Gains and losses on disposal of the subsidiaries include the carrying amount of goodwill relating to the entity disposed.

Notes to the Financial Statements

31 December 2009

2 Summary of Significant Accounting Policies (cont'd)

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in banks and fixed deposits, less amounts pledged to secure banking facilities.

(f) Loans and Receivables

Trade and other receivables, and other long-term loan receivables have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Loans and receivables are included in current assets if maturity is within 12 months from the balance sheet date. Otherwise, these are classified as non-current assets.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined primarily on the basis of moving average method. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made for where the cost is not recoverable or if the selling prices have declined.

(h) Assets Classified as Held for Sale

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use such as where the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and the sale is highly probable and expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

(i) Investments in Subsidiaries

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses.

Notes to the Financial Statements

31 December 2009

2 Summary of Significant Accounting Policies (cont'd)

(j) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight-line method to write-off the cost of the assets over their estimated useful lives. The estimated useful lives have been taken as follows:

Freehold buildings	-	50 years
Leasehold properties	-	30 to 60 years or the term of the lease, whichever is shorter
Plant and equipment	-	3 to 10 years

No depreciation is charged for freehold land.

Subsequent expenditure relating to property, plant and equipment that has already been recognised, is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

The residual values, useful lives and depreciation method are reviewed annually to ensure that the method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the item of property, plant and equipment.

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement. Any amount in revaluation reserve relating to the asset is transferred to retained earnings directly.

When property, plant and equipment are revalued, any surplus on revaluation is credited to revaluation reserve. A decrease in net carrying amount arising from revaluation of property, plant and equipment is charged to the income statement to the extent that it exceeds any surplus held in revaluation reserve relating to a previous revaluation at the same class of assets.

(k) Investment Property

Investment property comprises significant portions of leasehold property that is held for long-term rental yields and/or for capital appreciation.

Investment property is measured initially at cost, including transaction costs, and subsequently carried at cost less accumulated depreciation and any impairment loss. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.

Notes to the Financial Statements

31 December 2009

2 Summary of Significant Accounting Policies (cont'd)

(k) Investment Property (cont'd)

Depreciation is calculated on a straight-line basis over a period of 30 years or the term of the lease, whichever is shorter.

Investment property is derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

(l) Financial Assets, Held-to-Maturity

Financial assets, held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities which the Group's management has the positive intention and ability to hold to maturity. These are presented as non-current assets.

Financial assets, held-to-maturity are measured at transaction price (i.e., at cost) which represents the best estimate of fair value at initial recognition of a financial instrument that is not quoted in an active market. These are subsequently carried at amortised cost using the effective interest method less impairment.

(m) Impairment of Non-financial Assets Excluding Goodwill

Non-financial assets excluding goodwill are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the income statement unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

Notes to the Financial Statements

31 December 2009

2 Summary of Significant Accounting Policies (cont'd)

(m) Impairment of Non-financial Assets Excluding Goodwill (cont'd)

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment is also recognised in the income statement.

(n) Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to income statement. Changes in the carrying amount of the allowance account are recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(o) Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Notes to the Financial Statements

31 December 2009

2 Summary of Significant Accounting Policies (cont'd)

(p) Trade and Other Payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

(q) Provisions

Provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These include trade and other payables and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(r) Financial Guarantees

A financial guarantee contract requires that the issuer makes specified payments to reimburse the holder for a loss when a specified debtor fails to make payment when due. Financial guarantee contract liabilities are initially measured at their fair values plus transaction costs in the Company's and Group's balance sheet and subsequently at the higher of the amount recognised as a provision and the amount initially recognised less cumulative amortisation.

(s) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The excess of the lease payments over the recorded lease obligations is treated as a finance charge which is amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the income statement on a straight-line basis over the period of the leases.

Notes to the Financial Statements

31 December 2009

2 Summary of Significant Accounting Policies (cont'd)

(t) Borrowing Costs

Borrowing costs are charged to the income statement when incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

(u) Employee Benefits

Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. This includes the government managed retirement benefit plan such as the Central Provident Fund in Singapore, Social Security Fund in The People's Republic of China and Employees Provident Fund in Malaysia. For employee leave entitlement, the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur.

(v) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Where the company reacquires its own equity instruments as treasury shares, the consideration paid, including any directly attributable incremental cost is presented as a component within equity attributable to the company's equity holders until the shares are cancelled, sold or reissued.

Where such shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the company or against the retained earnings of the company if the shares are purchased out of earnings of the company.

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the company.

Notes to the Financial Statements

31 December 2009

2 Summary of Significant Accounting Policies (cont'd)

(w) Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of taxes, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised as follows:

(i) Revenue from sale of goods

Revenue from sale of goods is recognised upon delivery of goods and acceptance by customers and collectibility of the related receivables is reasonably assured.

(ii) Rental income

Rental income is recognised on a straight-line basis over the lease term as set out in specific rental agreements.

(iii) Interest income

Interest income is recognised on a time-proportion basis that takes into account the effective yield on the asset.

(x) Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Notes to the Financial Statements

31 December 2009

2 Summary of Significant Accounting Policies (cont'd)

(x) Income Tax (cont'd)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(y) Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the primary economic environment in which each of the entities within the Group operates (the "functional currency"). The consolidated financial statements of the Group and the balance sheets of the Company and statements of changes in equity of the Company are presented in Singapore dollar, which is the functional and presentation currency of the Company.

(ii) Translation and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of such transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet are recognised in the income statement.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Notes to the Financial Statements

31 December 2009

2 Summary of Significant Accounting Policies (cont'd)

(y) Foreign Currency Translation (cont'd)

(iii) Translation of Group entities' financial statements

The results and financial position of Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(2) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(3) All resulting exchange differences are taken to the foreign currency translation reserve.

(z) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

3 Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with FRS requires management to exercise judgement in the process of applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the amounts of assets within the next financial year are discussed below:

Notes to the Financial Statements

31 December 2009

3 Critical Accounting Estimates and Judgements (cont'd)

Key Sources of Estimation Uncertainty

(a) Useful Lives of Property, Plant and Equipment and Investment Property

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment and investment property. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment and investment property of a similar nature and functions. It could change significantly as a result of technical innovations and competitor actions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete assets that have been abandoned or sold. The carrying amount of the Group's property, plant and equipment and investment property as at 31 December 2009 was S$80,052,832 (2008: S$89,711,587). Further details are given in Notes 17 and 18.

(b) Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill as at 31 December 2009 was S$60,702,172 (2008: S$80,702,172). Further details are given in Note 20.

(c) Impairment of Trade and Other Receivables

The Group assess at each balance sheet date whether there is any objective evidence that a financial asset is impaired. Allowances are applied where events or changes in circumstances indicate that the balances may not be collectible. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency, current economic trends and default or significant delay in payments. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables as at 31 December 2009 of S$11,119,741 (2008: S$9,873,832).

Impairment loss on trade and other receivables of S$104,309 (2008: S$251,734) has been recognised for the financial year ended 31 December 2009.

Notes to the Financial Statements

31 December 2009

3 Critical Accounting Estimates and Judgements (cont'd)

(d) Impairment of Financial Assets, Held-to-Maturity

The Group follows the guidance of FRS 39 (revised) in determining when an investment is impaired. This determination requires significant judgement; the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its carrying amount; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

As at 31 December 2009, management does not consider the structured deposits to be impaired given that there is certainty of receiving the US$3,500,000 principal on maturity, regardless of whether the trigger event occurs. See Note 19.

(e) Impairment of Inventories

The Group writes down the cost of inventories whenever the net realisable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. Inventory items identified to be obsolete and unusable are also written off and charged as an expense for the year. Provision for inventory obsolescence recognised for the financial year ended 31 December 2009 amounted to S$7,131,532 (2008: S$1,892,219).

Critical Judgements in Applying the Group's Accounting Policies

There were no critical judgements made by management in the application of FRS that have a significant effect on these financial statements and in the following financial year.

4 Revenue

	Group	
	2009 S$'000	2008 S$'000
Sale of goods	46,637	92,730
Rental income	630	642
	47,267	93,372

Notes to the Financial Statements

31 December 2009

5 Employee Benefits Expense

	Group	
	2009	2008
	S$'000	S$'000
Salaries and wages	(6,307)	(17,869)
Contributions to defined contribution plans	(1,305)	(1,913)
Expense on share-based payments granted to employees	(2)	-
	(7,614)	(19,782)

6 Other Expenses

	Group	
	2009	2008
	S$'000	S$'000
The major components include the following:		
Utilities	(2,837)	(5,007)
Freight charges	(322)	(827)
Rental expense (includes leasing of land)	(1,409)	(1,940)
Upkeep of machinery	(822)	(1,672)
Legal and professional fees	(213)	(1,203)
Upkeep of properties	(210)	(709)
Insurance	(293)	(235)

Notes to the Financial Statements

31 December 2009

7 Other (Charges)/Credits

	Group	
	2009	2008
	S$'000	S$'000
Property, plant and equipment written off	(17)	(850)
Provision for impairment of inventories (Note 14)	(3,521)	(1,892)
Foreign exchange losses - net	(2,210)	(82)
Gain on disposal of assets classified as held for sale	-	1,816
Gain on disposal of property, plant and equipment	12	19
Provision for impairment of non-trade debts (Note 13)	(20)	-
Write-back of/(Provision for) impairment of trade doubtful debts (Note 13)	135	(173)
Inventories written off	(150)	-
Loss on disposal of subsidiary	-	(718)
Goodwill written off (Note 20)	(20,000)	(793)
Impairment loss on property, plant and equipment (Note 17)	-	(168)
Others	305	18
	(25,466)	(2,823)

No non-audit service fees have been paid to the auditors of the Group and Company for the years ended 31 December 2009 and 2008.

8 Finance Income

Finance income represents interest income from cash and cash equivalents.

9 Finance Expense

	Group	
	2009	2008
	S$'000	S$'000
Forward contract losses - net	-	(4,504)
Interest expense		
- borrowings	(309)	(380)
- finance lease obligation	(301)	(87)
	(610)	(4,971)

Notes to the Financial Statements

31 December 2009

10 Income Tax

	Group	
	2009	2008
	S$'000	S$'000
Current tax:		
- under provision in prior year	110	-
- current year	27	307
Deferred tax:		
- over provision in prior year	(604)	-
- current year	(541)	688
	(1,008)	995

A reconciliation of the statutory tax rate to the Group's effective tax rate applicable to (loss)/profit before income tax for the year ended 31 December is as follows:

	Group	
	2009	2008
	S$'000	S$'000
(Loss)/Profit before income tax	(25,336)	2,806
Tax at the applicable tax rate of 17% (2008: 18%)	(4,307)	505
Tax effect of non-deductible items	3,675	756
Income not subject to taxation	(120)	-
Underprovision of income tax in prior year	110	-
Overprovision of deferred tax in prior year	(604)	-
Tax exemptions	-	(1,454)
Effect of change in tax rate	(105)	(17)
Effect of different tax rates in other countries	(134)	557
Deferred tax assets not recognised	477	648
	(1,008)	995

The tax rate used for the 2009 and 2008 reconciliations above is the corporate tax rate of 17% (2008: 18%) payable by corporate entities in Singapore on taxable profits under tax law in that jurisdiction.

There are no income tax consequences of dividends to shareholders of the Company.

Notes to the Financial Statements

31 December 2009

10 Income Tax (cont'd)

The deferred tax assets and liabilities are as follows:

	2008 S$'000	Debited/ (credited) to income statement S$'000	2009 S$'000
Group			
2009			
Deferred tax liabilities:			
Excess of net book value of property, plant and equipment	4,046	(958)	3,088
Others	194	(26)	168
Total deferred tax liabilities	4,240	(984)	3,256
Deferred tax assets:			
Provision	(12)	(15)	(27)
Unutilised tax losses	(190)	(501)	(691)
Unutilised capital allowance	(268)	268	-
Others	(87)	87	-
Total deferred tax assets	(557)	(161)	(718)
Net deferred tax liabilities	3,683	(1,145)	2,538
Group			
2008			
Deferred tax liabilities:			
Excess of net book value of property, plant and equipment	3,197	849	4,046
Others	176	18	194
Total deferred tax liabilities	3,373	867	4,240
Deferred tax assets:			
Provision	(1)	(11)	(12)
Unutilised tax losses	(65)	(125)	(190)
Unutilised capital allowance	(312)	44	(268)
Others	-	(87)	(87)
Total deferred tax assets	(378)	(179)	(557)
Net deferred tax liabilities	2,995	688	3,683

Notes to the Financial Statements

31 December 2009

10 Income Tax (cont'd)

As at 31 December 2009, certain subsidiaries had unutilised tax losses and unutilised capital allowance of approximately S$3,544,000 (2008: S$2,673,000) and S$13,087,000 (2008: S$11,150,000) respectively, available for offset against future taxable income, subject to agreement with the tax authorities on the relevant tax regulations. The deferred tax asset arising from unutilised capital allowances and unutilised tax losses of certain subsidiaries has not been recognised in accordance with the accounting policy in Note 2(x) to the financial statements.

11 Earnings Per Share

The earnings per share is calculated by dividing the Group's profit attributable to shareholders by the weighted number of shares of no par value in issue during the year.

The calculation of the earnings per share is based on the following:

	Group	
	2009 S$'000	2008 S$'000
(Loss)/Profit for the year attributable to shareholders	(24,328)	1,811
Number of ordinary shares:		
Weighted average number of ordinary shares for the purpose of computation of basic and diluted earnings per share	354,230,297	369,737,531
Basic (loss)/earnings per share (cents)	(6.87)	0.49
Diluted (loss)/earnings per share (cents)	(6.87)	0.49

Basic (loss)/earnings per share ratio is based on the weighted average number of common shares outstanding during each period. The diluted (loss)/earnings per share is based on the weighted average number of common shares and dilutive common share equivalents outstanding during each period.

Notes to the Financial Statements

31 December 2009

12 Cash and Cash Equivalents

	Group		Company	
	2009	2008	2009	2008
	S$'000	S$'000	S$'000	S$'000
Cash on hand and in banks (i)	24,497	18,806	922	362
Fixed deposit - restricted (ii)	181	305	-	-
	24,678	19,111	922	362

(i) The rate of interest for the cash on interest earning accounts is between Nil and 4% in 2009 (2008: 0.1% and 3.4%). These approximate the weighted effective interest rate.

(ii) The fixed deposit is pledged as security for the bank guarantee issued.

13 Trade Receivables and Other Current Assets

	Group		Company	
	2009	2008	2009	2008
	S$'000	S$'000	S$'000	S$'000
Trade receivables:				
Third parties	8,787	6,824	2	20
Related parties (Note 31)	160	61	-	-
	8,947	6,885	2	20
Less allowance for impairment	(84)	(251)	-	-
	8,863	6,634	2	20
Other receivables and deposits:				
Subsidiaries (Note 31)	-	-	7,834	10,881
Third parties	1,432	1,163	-	-
Advance purchases	-	1,107	-	-
Deposits to secure services	773	742	-	-
	2,205	3,012	7,834	10,881
Less allowance for impairment	(20)	-	-	-
	2,185	3,012	7,834	10,881
Trade and other receivables, and deposits	11,048	9,646	7,836	10,901
Prepayments	72	226	-	41
Trade receivables and other current assets	11,120	9,872	7,836	10,942

Notes to the Financial Statements

31 December 2009

13 Trade Receivables and Other Current Assets (cont'd)

	Group		Company	
	2009	2008	2009	2008
	S$'000	S$'000	S$'000	S$'000
Movements in allowance for impairment of trade and other receivables are as follows:				
Balance at beginning of the year	251	78	-	-
Provision for impairment allowance	20	173	-	-
Write-back of impairment allowance	(135)	-	-	-
Bad debts written off	(32)	-	-	-
Balance at end of the year	104	251	-	-

The average credit period generally granted to trade receivable customers is about 30 - 90 days in 2009 (2008: 30 - 90 days).

The Group's trade receivables due from third parties includes outstanding receivables amounting to approximately S$6.3 million (2008: S$3.1 million) from a key customer which accounts for approximately 68% (2008: 57%) of the total Group's revenue. Key customer concentration may have a significant impact on the Group's financial performance and its ability to continue as a going concern especially in the current economic climate. Management have considered these factors and have assessed that the Group's exposure to this key customer would not have an impact on the Group's financial performance and its ability to continue as a going concern in the foreseeable future.

The amounts receivable from subsidiaries and related parties, which are generally due on 30 to 60 days' terms, are unsecured and interest-free.

	Group	
	2009	2008
	S$'000	S$'000
Concentration of trade receivables customers:		
Top 1 customer	6,265	3,081
Top 2 customers	6,949	4,891
Top 3 customers	7,412	5,746

Notes to the Financial Statements

31 December 2009

14 Inventories

	Group	
	2009	2008
	S$'000	S$'000
Cost:		
Finished goods and goods for resale	11,336	11,933
Work-in-progress	19,051	16,447
Raw materials	7,271	7,823
	37,658	36,203
Less allowance for impairment	(12,410)	(5,278)
	25,248	30,925
Movements in the allowance for impairment of inventories:		
Balance at the beginning of the year	5,278	8,738
Provision for impairment		
- cost of sales	3,611	-
- other charges (Note 7)	3,521	1,892
Inventories written off	-	(5,352)
Balance at end of the year	12,410	5,278

15 Assets Classified As Held for Sale

	Group	
	2009	2008
	S$'000	S$'000
Cost:		
At beginning of year	-	12,237
Reclassified from property, plant and equipment	679	-
Foreign exchange adjustment	(7)	-
Disposal	-	(12,237)
At end of year	672	-
Accumulated depreciation:		
At beginning of year	-	1,535
Depreciation for the year	-	83
Disposal	-	(1,618)
Reclassified from property, plant and equipment	42	-
At end of year	42	-
Net book value:		
At end of year	630	-

Notes to the Financial Statements

31 December 2009

15 Assets Classified As Held for Sale (cont'd)

During the financial year, one factory building in Penang, Malaysia is presented separately as "Asset classified as held for sale" in the balance sheet following the decision of management to sell to a third party after 2009.

In the prior year, the assets were included as unallocated assets for segment reporting purposes. See Note 37.

16 Investments in Subsidiaries

	Company	
	2009	2008
	S$'000	S$'000
Unquoted equity shares at cost	139,980	139,980
Less provision for impairment	(3,318)	(994)
	136,662	138,986

The subsidiaries held by the Company and their subsidiaries are listed below:

Name of subsidiaries, place of business and incorporation	Principal activities	Effective percentage of equity held by Group 2009 %	2008 %	Company's cost of investment 2009 S$'000	2008 S$'000
Held by the Company					
UMS Systems Pte Ltd (Singapore)	Assembly and integration of equipment and automated assembly lines	100	100	9,561	9,561
UMS International Pte Ltd (Singapore)	Investment holding	100	100	800	800
NCS Engineering Pte Ltd (Singapore)	Design and build of automated machines and supply of industrial components	100	100	403	403

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16 Investments in Subsidiaries (cont'd)

Name of subsidiaries, place of business and incorporation	Principal activities	Effective percentage of equity held by Group		Company's cost of investment	
		2009 %	2008 %	2009 S$'000	2008 S$'000
Held by the Company (cont'd)					
UMS Pte Ltd (Singapore)	Investment holding and precision machining of medical and wafer fabrication equipment parts manufacturers and providing electroplating and anodising services	100	100	126,983	126,983
UMS Aerospace Pte Ltd (Singapore) *	Precision machining of machine parts for oilfield precision component manufacturers and other industries	100	100	-	-
Ultimate Manufacturing Solutions (Suzhou) Co., Ltd (The People's Republic of China)	Manufacture of precision machining components, assembly and integration of equipment and automated assembly lines	100	100	2,102	2,102
ASL International Trading, Inc. (USA) [1]	Acting as Group's procurement and purchasing center	100	100	33	33
UMS Solar Pte Ltd (Singapore) *	Installation of thermal and sound insulation (including solar control films)	100	100	-	-
Ultimate Machining Solutions (M) Sdn. Bhd. (Malaysia) * [3]	Manufacture of precision machining components, assembly and integration of equipment and automated assembly lines	100	100	-	-
				139,882	139,882

Notes to the Financial Statements

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16 Investments in Subsidiaries (cont'd)

Name of subsidiaries, place of business and incorporation	Principal activities	Effective percentage of equity held by Group 2009 %	2008 %	Company's cost of investment 2009 S$'000	2008 S$'000
Held by the Company (cont'd)					
Add expenses recognised relating to equity settled share-based payments (Note 28)				42	42
Add corporate guarantee given to subsidiaries				56	56
				139,980	139,980
Held through UMS International Pte Ltd					
Norelco Centreline (KL) Sdn. Bhd. (Malaysia) [1, 2]	Manufacture of precision machining components, assembly and integration of equipment and automated assembly lines	100	100		
Ultimate Manufacturing Solutions (M) Sdn. Bhd (Malaysia) [3]	Manufacture of precision machining components, assembly and integration of equipment and automated assembly lines	100	100		
Norelco Centreline (Hong Kong) Pte Limited (Hong Kong) [1, 2]	Investment holding	100	100		
Held through UMS Pte Ltd					
UMS Solutions Pte Ltd (Singapore)	Manufacturing and refurbishment of wafer fabrication equipment parts	100	100		

* Less than S$1,000.

Notes to the Financial Statements

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16 Investments in Subsidiaries (cont'd)

The above subsidiaries are audited by Moore Stephens LLP, Singapore except the following:

1 Statutory audit is not required and the subsidiary is considered not significant to the Group.
2 This subsidiary was placed under voluntary liquidation/deregistration.
3 Audited by Moore Stephens, Malaysia, a member firm of Moore Stephens International Limited, of which Moore Stephens LLP, Singapore is also a member.

17 Property, Plant and Equipment

	Freehold land S$'000	Freehold buildings S$'000	Leasehold properties S$'000	Plant and equipment S$'000	Total S$'000
Group					
2009					
Cost:					
At beginning of year	3,969	16,577	11,771	115,730	148,047
Foreign exchange adjustment	(92)	(394)	-	(472)	(958)
Additions	102	2,370	-	973	3,445
Disposals/write-off	-	-	-	(264)	(264)
Reclassified to investment property	-	-	-	(875)	(875)
Reclassified to asset held for sale	(260)	(419)	-	-	(679)
At end of year	3,719	18,134	11,771	115,092	148,716
Accumulated depreciation:					
At beginning of year	-	210	1,814	59,710	61,734
Foreign exchange adjustment	-	(6)	-	(243)	(249)
Depreciation for the year	-	102	286	11,216	11,604
Disposals/write-off	-	-	-	(247)	(247)
Reclassified to investment property	-	-	(298)	-	(298)
Reclassified to asset held for sale	-	(42)	-	-	(42)
At end of year	-	264	1,802	70,436	72,502
Net book value:					
At end of year	3,719	17,870	9,969	44,656	76,214

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17 Property, Plant and Equipment (cont'd)

	Freehold land S$'000	Freehold buildings S$'000	Leasehold properties S$'000	Plant and equipment S$'000	Total S$'000
Group					
2008					
Cost:					
At beginning of year	4,015	2,788	11,771	108,051	126,625
Foreign exchange adjustment	(612)	(349)	-	(815)	(1,776)
Additions	566	14,138	-	14,438	29,142
Disposals/write-off	-	-	-	(5,218)	(5,218)
Impairment	-	-	-	(726)	(726)
At end of year	3,969	16,577	11,771	115,730	148,047
Accumulated depreciation:					
At beginning of year	-	165	1,529	52,497	54,191
Foreign exchange adjustment	-	(9)	-	(421)	(430)
Depreciation for the year	-	54	285	12,413	12,752
Disposals/write-off	-	-	-	(4,221)	(4,221)
Impairment	-	-	-	(558)	(558)
At end of year	-	210	1,814	59,710	61,734
Net book value:					
At end of year	3,969	16,367	9,957	56,020	86,313

The Group's freehold land and buildings with net book values of S$18,113,661 (2008: S$14,470,950) are pledged to banks to secure the bank loans and banking facilities granted to the Group (Note 22).

Plant and equipment with a net book value as at 31 December 2009 of S$12,339,775 (2008: S$6,452,878) are under finance lease agreements (Note 25).

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18 Investment Property

	Group	
	2009	2008
	S$'000	S$'000
Cost:		
At beginning of year	4,100	4,100
Reclassified from property, plant and equipment	875	-
At end of year	4,975	4,100
Accumulated depreciation:		
At beginning of year	702	565
Depreciation for the year	137	137
Reclassified from property, plant and equipment	298	-
At end of year	1,137	702
Net book value:		
At end of year	3,838	3,398

Investment property pertains to the leasehold property held by a subsidiary under an operating lease to earn rental income. Rental income and direct operating expenses related to the investment property amounted to S$630,422 (2008: S$630,422) and S$269,449 (2008: S$332,072), respectively, as at 31 December 2009. The estimated fair value of the leasehold property amounted to S$13,000,000 (2008: S$10,500,000) as determined on the basis of management's review of similar properties in the market.

19 Financial Assets, Held-to-Maturity – Non-current

	Group	
	2009	2008
	S$'000	S$'000
Unquoted investment, at cost	4,891	5,075

Unquoted investment represents the fixed deposit component of a foreign exchange-linked United States Dollar Structured Deposit arrangement with a bank amounting to US$3,500,000. The term of the fixed deposit is 10 years commencing on 9 January 2007. The principal amount is repaid with a bonus payment that yields an estimated return of 6.5% per annum if the Swiss Francs versus United States Dollar exchange rate is equal to or greater than CHF1.348. The deposit matures on 9 January 2017.

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19 Financial Assets, Held-to-Maturity – Non-current (cont'd)

The Group has the option to terminate the investment subject to the cost of the payment of a pre-mature withdrawal fee and any administrative costs that may be incurred by the bank.

Management considers the fair value of the embedded foreign exchange option contract to be Nil (2008: Nil) as the current spot foreign exchange rate of 1.0380 is below the strike price of 1.348, which is out of the money. The fair value of financial assets, held-to-maturity approximates its carrying value.

20 Goodwill

	Group	
	2009	2008
	S$'000	S$'000
At beginning and end of year	60,702	80,702

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to reporting segment. A segment-level summary of the goodwill is analysed as follows:

	Semiconductor segment	
	2009	2008
	S$'000	S$'000
UMS Pte Ltd (formerly known as UMS Semiconductor Pte Ltd)	79,778	79,778
Ultimate Manufacturing Solutions (M) Sdn. Bhd.	924	924
	80,702	80,702
Less: Impairment loss on goodwill	(20,000)	-
	60,702	80,702

The goodwill was tested for impairment on 31 December 2009. The recoverable amount of a CGU is determined based on the value-in-use calculations. The key assumptions for the value-in-use calculations are as follows:

		Group	
		2009	2008
1.	Estimated discount rates using pre-tax rates that reflect current market assessments of the risks specific to the CGUs	10% - 11%	10%
2.	Growth rates based on industry growth forecasts	1%	0% - 10%
3.	Cash flow forecasts derived from the most recent financial budgets approved by management	5 years	5 years
4.	Gross margin	45% - 68%	30%

Notes to the Financial Statements

31 December 2009

20 Goodwill (cont'd)

These assumptions were used for the analysis of each CGU. Management recognises the speed of technological change and the possibility of new entrants can have a significant impact on the growth rate assumptions. The effect of new entrants is not expected to have significant adverse impact on forecasts included in the budget. The budgeted gross margin is based on past performance and its expectations of the market development.

A future decrease in the growth margin by 0.8% or a decrease in the growth rate by 0.25% would result in the recoverable amount of the CGU to equal its carrying amount.

21 Other Long-Term Loan Receivable

	Company	
	2009 S$'000	2008 S$'000
Loan to a subsidiary (Note 31)	-	1,265

The agreement for the loan receivable from a subsidiary provides that it was unsecured and interest bearing. The borrowings were measured using the effective interest method. The effective floating interest rate was 5.35% in year 2008.

Accordingly, the fair value of the loan is not determinable as the timing of the future cash flows arising from the loan cannot be measured reliably. Thus, the financial asset is recognised at transaction price, i.e., at cost.

The loan was fully recovered during the financial year.

Other long-term loan receivable was denominated in the functional currency of the Company.

22 Short-Term Borrowings

	Group	
	2009 S$'000	2008 S$'000
Bank loans		
- unsecured	2,000	5,500
- secured	-	1,823
	2,000	7,323

The unsecured bank loans are denominated in Singapore dollar, bears floating interest rates ranging from 1.46% to 2.01% (2008: 1.52% to 2.74%) per annum with a corporate guarantee by the Company and with maturities of less than 60 days.

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31 December 2009

22 Short-Term Borrowings (cont'd)

The secured bank loan was denominated in Malaysian Ringgit at a rate of Nil (2008: 4.95%) per annum. This loan was secured by a fixed charge over the freehold land and building of a subsidiary.

The carrying value of the term loan approximates its fair value as the term loan interest rates approximate the market interest rates prevailing at the balance sheet date.

As at 31 December 2009, the Group is in compliance with the required covenants.

23 Trade and Other Payables

	Group		Company	
	2009 S$'000	2008 S$'000	2009 S$'000	2008 S$'000
Trade payables:				
Third parties	10,873	14,283	53	751
Related parties (Note 31)	303	6	-	-
	11,176	14,289	53	751
Other payables:				
Subsidiaries (Note 31)	-	-	248	2,322
Third parties	2,259	1,399	12	-
Accrued expenses	2,381	5,887	436	-
Deposits received	1,642	806	-	-
Payables on purchase of non-current assets	2,217	5,957	-	-
	8,499	14,049	696	2,322
	19,675	28,338	749	3,073

The average credit period taken to settle non-related trade payables is approximately 60 days in 2009 (2008: 60 days). The other payables are with short-term durations.

The amounts payable to subsidiaries and related parties, which are generally due on 30 to 60 days' terms, are unsecured and interest-free, and are repayable on demand.

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31 December 2009

24 Long-Term Borrowings

	Group 2009 S$'000	Group 2008 S$'000
Bank borrowings - Current	670	-
Bank borrowings - Non-current	7,289	-
	7,959	-

The long-term borrowings of the Group granted by the financial institutions was denominated in Malaysian Ringgit and bears an effective interest rate of 3.9% per annum. The borrowings are secured by the Group's freehold land and factory building (Note 17).

The carrying value of the term loan approximates its fair value as the term loan interest rates approximate the market interest rates prevailing at the balance sheet date.

During the financial year, there was no defaults or breaches of loan agreement terms.

25 Finance Lease Obligation

	Minimum Payments S$'000	Interest S$'000	Present Value S$'000
Group			
2009			
Within 1 year	5,112	(339)	4,773
Within 2 to 5 years	5,831	(178)	5,653
	10,943	(517)	10,426
2008			
Within 1 year	2,139	(180)	1,959
Within 2 to 5 years	3,068	(100)	2,968
	5,207	(280)	4,927

It is the Group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 3 years. For the year ended 31 December 2009, the rate of interest for finance leases ranges from 2.57% to 4.54% per year (2008: 2.25% to 4.25%). There is an exposure to fair value interest risk because the interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligation under finance lease is secured by the lessor's charge over the leased assets (Note 17).

The Company has no obligations under finance lease.

Notes to the Financial Statements

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26 Long-Term Provision

	Group 2009 S$'000	Group 2008 S$'000
Provision for dismantling and removing the item and restoring the site relating to property, plant and equipment	1,200	1,200

The provision is based on the present value of costs to be incurred.

27 Share Capital

	Group and Company Number of ordinary shares	Group and Company Share capital S$'000
2009		
Balance at beginning and end of year	393,604,284	152,822
Less treasury shares:		
Balance at beginning of year	39,375,623	13,496
Treasury shares reissued under the share-based payment granted to employees (Note 28)	(4,666)	(2)
Balance at end of year	39,370,957	13,494
Net balance	354,233,327	139,328
2008		
Balance at beginning of year	410,139,000	155,981
Cancellation of shares during the year	(16,534,716)	(3,159)
Balance at end of year	393,604,284	152,822
Less treasury shares:		
Balance at beginning of year	16,654,000	7,883
Purchase of treasury shares	23,511,000	5,890
Cancellation of shares during the year	(749,716)	(257)
Treasury shares reissued under the share-based payment granted to employees (Note 28)	(39,661)	(20)
Balance at end of year	39,375,623	13,496
Net balance	354,228,661	139,326

Notes to the Financial Statements

31 December 2009

27 Share Capital (cont'd)

There was no issue of shares in the financial year 2009 other than the treasury shares reissued under the share-based payment granted to employee.

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share.

The ordinary shares of no par value carry no right to fixed income and are fully paid. The only externally imposed capital requirement is that for the Company to maintain its listing on the Singapore Stock Exchange it has to have a free float of at least 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will automatically continue to satisfy that requirement, as it did throughout the year.

(i) Treasury Shares

The Company is authorised by the shareholders to buy up to 10% of the ordinary share capital of the Company. The Company did not acquire any Treasury Shares during the financial year (2008: 23,511,000). The shares are held as "treasury shares". During the financial year, the Company transferred 4,666 (2008: 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. In addition, no treasury shares previously bought back were cancelled (2008: 749,716 treasury shares). The number of treasury shares after the purchase, cancellation and transfer to the UMS Restricted Shares Plan is 39,370,957 (2008: 39,375,623). The Company has the right to reissue these shares at a later date. For the treasury shares, all rights are suspended until those shares are reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the treasury shares. Consideration paid or received is recognised directly in equity. Such treasury shares may be acquired and held by the Company or by other members of the Group.

28 Share-Based Payments

In 2007, the Company set up the UMS Performance Share Plan (PSP) and Restricted Share Plan (RSP) (collectively referred to as the "Scheme") for all employees and directors. The Scheme is administered by the Remuneration Committee.

Under the RSP, participants are granted rights to the Company's shares at the grant date provided that performance and extended service conditions as set out in the plan are met. Such performance conditions include divisional net profit before tax and Group's net profit after tax key performance indicators over a 1-year performance period from 1 January 2007 to 31 December 2007.

Under the PSP, participants are granted rights to the Company's shares at the grant date provided that performance conditions as set out in the plan are met. Such performance conditions include absolute Total Shareholder Return and Return on Equity hurdles over a 3-years performance period.

Notes to the Financial Statements

31 December 2009

28 Share-Based Payments (cont'd)

On 15 March 2007, the Company granted 1,885,000 restricted share awards and 200,000 performance share awards to its employees and management staff. Management represented that all Scheme share awards granted shall be settled by the issue of equity instruments.

Details of the share awards outstanding as at 31 December 2009 are as follows:

	Number of ordinary shares under share awards					
Date of grant	At beginning of year	Exercised during the year	Forfeited during the year	At end of year	Vesting date	Fair value
RSP:						
15 March 2007	628,333	(4,666)	(623,667)	-	1 April 2009	0.485
15 March 2007	628,334	-	(623,667)	4,667	1 April 2010	0.480
	1,256,667	(4,666)	(1,247,334)	4,667		
PSP:						
15 March 2007	200,000	-	-	200,000	1 April 2010	0.480
	1,456,667	(4,666)	(1,247,334)	204,667		

The Company re-issued 4,666 (2008: 39,661) treasury shares during the financial year pursuant to the RSP at the exercise price of S$0.485 cents (2008: S$0.490 cents) per share.

29 Reserves

	Group		Company	
	2009 S$'000	2008 S$'000	2009 S$'000	2008 S$'000
Capital reserve (a)	-	-	85	68
Statutory reserve (b)	51	51	-	-
Foreign exchange translation reserve (c)	(1,555)	(1,205)	-	-
	(1,504)	(1,154)	85	68

Movements in reserves for the Group are set out in the statement of changes in equity.

(a) Capital Reserve

Capital reserve relates to the share-based payments granted to employees as disclosed in Note 28 above.

Notes to the Financial Statements

31 December 2009

29 Reserves (cont'd)

(b) Statutory Reserve

Pursuant to the relevant laws and regulations for enterprises operating exclusively with foreign capital, profits of the subsidiaries in The People's Republic of China ("PRC") are available for distribution in the form of cash dividends to the investors after the subsidiaries has (1) satisfied all tax liabilities; (2) provided for losses in previous years and (3) made appropriations to reserve fund and staff bonus and welfare fund. The subsidiaries has to appropriate at least 10% of its profit after taxation as determined in accordance with the PRC accounting standards and regulations applicable to the subsidiaries to the reserve fund until the reserve fund reaches 50% of the subsidiaries' registered capital. Appropriation to the staff bonus and welfare fund is determined at the discretion of the board of directors.

The reserve fund is not free for distribution as dividends but it can be used to offset losses or be capitalised as capital. The staff bonus and welfare fund can be used for rewards and collective welfare from employees.

(c) Foreign Exchange Translation Reserve

The translation reserve is used to record foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from that of the Group's presentation currency.

Reserves are not available for distribution as cash dividends.

30 Dividends

In respect of the financial year 2008, a final exempt (one-tier) dividend of S$1,771,098, representing approximately S$0.0050 per share (2008: S$3,615,245, approximately S$0.010 per share), was declared, approved and paid during the year.

In respect of the current year, the directors propose that a final exempt (one-tier) dividend of $0.010 per share be paid to shareholders after the annual general meeting. There are no income tax consequences in the hands of shareholders as these dividends are exempt under S13(1)(8a) of the Income Tax Act.

This dividend is subject to approval by shareholders at the next annual general meeting and has not been included as a liability in these financial statements. The proposed dividend for 2009 is payable in respect of all shares in issue at the balance sheet date, including the new shares issued up to the date the dividend becomes payable.

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31 Related Party Transactions

A related party is an entity or person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common or joint control with, the entity in governing the financial and operating policies, or that has an interest in the entity that gives it significant influence over the entity in financial and operating decisions. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual. This includes parents, subsidiaries, fellow subsidiaries, associates, joint ventures and post-employment benefit plans, if any.

There are transactions and arrangements between the Group and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The current related party balances are unsecured without fixed repayment terms and interest unless stated otherwise. For non-current balances, an interest is imputed based on the prevailing market interest rate for similar debt less the interest rate, if any, provided in the agreement for the balance.

In addition to the transaction and balances disclosed elsewhere in the notes to the financial statements, related party transactions include the following:

	Group	
	2009 S$'000	2008 S$'000
Sale of goods	(33)	(45)
Payment on behalf for purchases and services	(566)	(576)
Subcontractor works	845	670
Professional fees	14	-
Purchase of goods	147	190

Related parties are companies in which Mr Luong Andy and Mr N.Sreenivasan (directors of the Company) have an interest.

Key management compensation

	Group	
	2009 S$'000	2008 S$'000
Salaries and employee benefits	1,853	1,810

Notes to the Financial Statements

31 December 2009

31 Related Party Transactions (cont'd)

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly. The above amounts for key management compensation are for all directors and five other key management personnel. Included in the above amounts are the following items:

	Group	
	2009 S$'000	2008 S$'000
Remuneration of directors of the Company	634	665
Fees to directors of the Company	216	217
Remuneration of other directors of subsidiaries	145	212
Staff remuneration to wife of Mr Luong Andy, a director of the Company	321	322

32 Contingent Liabilities

	Group	
	2009 S$'000	2008 S$'000
Corporate guarantees in favour of subsidiaries	12,426	10,399

33 Financial Instruments - Derivative Contracts

	Group	
	2009 S$'000	2008 S$'000
Movements during the year were as follows:		
Losses included in the income statement (Note 9)	-	4,504

Notional amounts of derivative financial instruments

This includes the gross amount of all notional values for contracts that have not yet been settled or cancelled. The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts.

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34 Capital Commitments

	Group	
	2009	2008
	S$'000	S$'000
Estimated amounts committed for future capital expenditure but not provided for in the financial statements	-	3,940

35 Operating Lease Payment Commitments

At the balance sheet date, the future minimum lease payments under non-cancellable operating leases with terms of more than one year of the Group are as follows:

	Group	
	2009	2008
	S$'000	S$'000
Within 1 year	1,259	1,511
Within 2 to 5 years	4,997	5,726
After 5 years	6,487	5,435
Rental expense for the year	1,363	1,940

The Group has various operating lease agreements for factory premises. The rental payable is subject to an escalation clause with a maximum increment of the annual rent not to exceed a certain percentage of the annual rent of the immediately preceding year.

The Company has no operating lease payment commitments.

36 Operating Lease Income Commitments

At the balance sheet date, the future minimum lease receivables under non-cancellable operating leases with terms of more than one year of the Group are as follows:

	Group	
	2009	2008
	S$'000	S$'000
Within 1 year	630	630
Within 2 to 5 years	386	997
Rental income for the year	630	642

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36 Operating Lease Income Commitments (cont'd)

Operating lease income is for rental receivable of a subsidiary for its factory property. The leases contain escalation clauses where lease rental is negotiated for a certain period of time with an increment not exceeding a certain percentage.

The Company has no operating lease income commitments.

37 Financial Information by Segments

Business segments: The Group's businesses are organised into two main business segments, namely semiconductor, and contract equipment manufacturing ("CEM") and others. The semiconductor segment provides precision machining components and equipment modules for semiconductor equipment manufacturers. The CEM segment is the supplier of assembly and test equipment to hard disk drive manufacturers and base components to oil and gas original equipment manufacturers ("OEM"). It also includes healthcare, defence and other general manufacturing industries.

Intersegment sales and results include transfers between business segments. Such transfers are accounted for at competitive prices charged to external parties for similar goods. Those transfers are eliminated on consolidation.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment assets consist principally of receivables and inventories. Segment liabilities include trade payables and accrued liabilities.

Geographical segments: The Group operates in three principal geographical areas, Singapore, United States of America and others.

In presenting information on the basis of geographical segments, segment revenue is based on the countries of domicile of the customers. Segment assets are based on the geographical location of the assets.

Segment information about these businesses is presented below:

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31 December 2009

37 Financial Information by Segments (cont'd)

Business Segments

	CEM		Semiconductor		Total for continuing operations	
	2009 S$'000	2008 S$'000	2009 S$'000	2008 S$'000	2009 S$'000	2008 S$'000
Group						
Total segment sales	9,797	21,248	48,295	87,542	58,092	108,790
Inter-segment sales	(2,425)	(1,112)	(8,400)	(14,306)	(10,825)	(15,418)
Sales to external parties	7,372	20,136	39,895	73,236	47,267	93,372
Adjusted EBITA	(596)	(777)	7,539	21,471	6,943	20,694
Goodwill impairment	-	-	(20,000)	-	(20,000)	-
Total assets	43,714	53,224	322,427	314,162	366,141	367,386
Total assets includes:						
Additions to property, plant and equipment	32	10,139	3,413	19,003	3,445	29,142
Total liabilities	42,876	46,878	83,500	72,609	126,376	119,487

Sales between segments are carried out at arm's length. The revenue from external parties is measured in a manner consistent with that in the statement of comprehensive income.

The performance of the operating segments based on a measure of earnings before interest, tax, depreciation ("adjusted EBITA"). This measurement basis excludes the effects of expenditure from the operating segments such as goodwill impairment that are not expected to recur regularly in every period. Depreciation, finance income and finance expenses are not allocated to segments.

A reconciliation of adjusted EBITA to (loss)/profit before income tax is provided as follows:

	Group	
	2009 S$'000	2008 S$'000
Adjusted EBITA for reportable segments	6,943	20,694
Goodwill impairment	(20,000)	-
Depreciation	(11,741)	(12,972)
Finance expense	(610)	(4,971)
Finance income	72	55
(Loss)/Profit before income tax	(25,336)	2,806

Notes to the Financial Statements

31 December 2009

37 Financial Information by Segments (cont'd)

Geographical Segments

	Singapore		USA		Others		Total	
	2009 S$'000	2008 S$'000	2009 S$'000	2008 S$'000	2009 S$'000	2008 S$'000	2009 S$'000	2008 S$'000
Group								
Total sales to external parties	5,622	10,803	31,362	68,046	10,283	14,523	47,267	93,372
Other geographical information:								
Non-current assets:								
Property, plant and equipment	44,656	55,173	-	-	31,558	31,140	76,214	86,313
Investment property	3,838	3,398	-	-	-	-	3,838	3,398
Goodwill	59,778	79,778	-	-	924	924	60,702	80,702
	108,272	138,349	-	-	32,482	32,064	140,754	170,413

A reconciliation of total assets for reportable segments to total assets is as follows:

	Group	
	2009 S$'000	2008 S$'000
Total asset for reportable segments from continued operations	366,141	367,386
Elimination of inter-segment receivables	(158,820)	(131,990)
Total assets	207,321	235,396

A reconciliation of total liabilities for reportable segments to total liabilities is as follows:

	Group	
	2009 S$'000	2008 S$'000
Total liabilities for reportable segments from continued operations	126,376	119,487
Elimination of inter-segment payables	(81,887)	(73,372)
Total liabilities	44,489	46,115

Information about major customers

Included in revenues arising from semiconductor segments of S$39.9 million (2008: S$73.2 million) are revenues of approximately S$32.1 million (2008: S$ 54.4 million) which arose from sales to the Group's largest customer.

Notes to the Financial Statements

31 December 2009

38 Financial Instruments

(a) Financial Risk Management Policies and Objectives

The Group and the Company is exposed to financial risks arising from its operation and the use of financial instruments. The main risks include capital risk, credit risk, interest rate risk, liquidity risk and foreign currency risk comprising interest rate and currency risk exposures. The management reviews and monitors policies for managing each of these risks and they are summarised below.

(i) Capital Risk

The Group's objectives when managing capital are: (a) to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and (b) to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk. The Group's overall strategy remains unchanged from 2008.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total liabilities (exclude income tax payable, deferred tax and long-term provision) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, retained earnings, and reserves) other than amounts recognised in equity relating to cash flow hedges, and includes some forms of subordinated debt.

	Group		Company	
	2009	2008	2009	2008
	S$'000	S$'000	S$'000	S$'000
Net debt	15,382	21,477	(173)	2,711
Adjusted capital	162,832	189,281	144,590	148,418
Debt-to-adjusted capital ratio	0.09	0.11	N.M	0.02

The Group is in compliance with all externally imposed capital requirements for the financial year ended 31 December 2008 and 2009.

Notes to the Financial Statements

31 December 2009

38 Financial Instruments (cont'd)

(a) Financial Risk Management Policies and Objectives (cont'd)

(ii) Credit Risk

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations consist principally of cash and cash equivalents and trade and other receivables. Credit risk on cash balances and derivative financial instruments is limited because the counter-parties are banks with high credit ratings. An ongoing credit evaluation is performed of the debtor's financial condition and a loss from impairment is recognised in the income statement. The carrying amount of financial assets recorded in the financial statements, grossed up for any provision for impairment, represents the Group's maximum exposure to credit risk.

The table below is an analysis of trade and other receivables as at 31 December:

	Group		Company	
	2009 S$'000	2008 S$'000	2009 S$'000	2008 S$'000
Not past due and not impaired	10,926	9,605	7,836	10,942
Past due but not impaired[1]	194	110	-	-
	11,120	9,715	7,836	10,942
Impaired receivables - individually assessed[2]	104	408	-	-
Less: Provision for impairment	(104)	(251)	-	-
	-	157	-	-
Trade and other receivables, net	11,120	9,872	7,836	10,942

1 These receivables are 120 days past due.

2 These amounts are stated before any deduction for impairment losses. These receivables are not secured by any collateral or credit enhancements.

Before accepting any new customer, the Group conducts research to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed annually.

Notes to the Financial Statements

31 December 2009

38 Financial Instruments (cont'd)

(a) Financial Risk Management Policies and Objectives (cont'd)

(iii) Interest Rate Risk

The Group has cash balances placed with reputable banks and financial institutions. Such balances are placed on varying maturities and generate interest income for the Group. The Group manages its interest rate risks by placing such balances on varying maturities and interest rate terms.

The Group obtains additional financing through bank borrowings and leasing arrangements. Information relating to the Group's interest rate exposure is also disclosed in the notes on the Group's borrowings and leasing obligations.

Borrowings are in the desired currencies at both fixed and floating rates of interest. The policy is to retain flexibility in selecting borrowings at both fixed and floating rates interest. There is exposure to interest rate price risk for financial instruments with a fixed interest rate and to interest rate or cash flow risk for financial instruments with a floating interest rate that is reset as market rates change. Interest rate swaps were not used to generate the desired interest profit and to manage the exposure to interest rate fluctuations.

The tables below set out the Group's and Company's exposure to interest rate risk. Included in the tables are the assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Interest bearing		Non-Interest bearing	Total
	Within 1 year S$'000	More than 1 year S$'000	S$'000	S$'000
Group				
At 31 December 2009				
Assets				
Trade and other receivables, and deposits	-	-	11,048	11,048
Cash and cash equivalents	24,678	-	-	24,678
Total assets	24,678	-	11,048	35,726

Notes to the Financial Statements

31 December 2009

38 Financial Instruments (cont'd)

(a) Financial Risk Management Policies and Objectives (cont'd)

(iii) Interest Rate Risk (cont'd)

	Interest bearing Within 1 year S$'000	Interest bearing More than 1 year S$'000	Non-Interest bearing S$'000	Total S$'000
At 31 December 2009				
Liabilities				
Short-term borrowings	2,000	-	-	2,000
Trade and other payables	-	-	19,675	19,675
Long-term borrowings	670	7,289	-	7,959
Finance lease obligation	4,773	5,653	-	10,426
Total liabilities	7,443	12,942	19,675	40,060
At 31 December 2008				
Assets				
Trade and other receivables, and deposits	-	-	9,646	9,646
Cash and cash equivalents	19,111	-	-	19,111
Total assets	19,111	-	9,646	28,757
At 31 December 2008				
Liabilities				
Short-term borrowings	7,323	-	-	7,323
Trade and other payables	-	-	28,338	28,338
Finance lease obligation	1,959	2,968	-	4,927
Total liabilities	9,282	2,968	28,338	40,588

Notes to the Financial Statements

31 December 2009

38 Financial Instruments (cont'd)

(a) Financial Risk Management Policies and Objectives (cont'd)

(iii) Interest Rate Risk (cont'd)

	Interest bearing Within 1 year S$'000	Interest bearing More than 1 year S$'000	Non-Interest bearing S$'000	Total S$'000
Company				
At 31 December 2009				
Assets				
Trade and other receivables, and deposits	-	-	7,836	7,836
Cash and cash equivalents	922	-	-	922
Total assets	922	-	7,836	8,758
At 31 December 2009				
Liabilities				
Trade and other payables	-	-	749	749
Total liabilities	-	-	749	749
At 31 December 2008				
Assets				
Trade and other receivables, and deposits	-	-	10,901	10,901
Cash and cash equivalents	362	-	-	362
Total assets	362	-	10,901	11,263
At 31 December 2008				
Liabilities				
Trade and other payables	-	-	3,073	3,073
Total liabilities	-	-	3,073	3,073

Notes to the Financial Statements

31 December 2009

38 Financial Instruments (cont'd)

(a) Financial Risk Management Policies and Objectives (cont'd)

(iii) Interest Rate Risk (cont'd)

A 3% increase/(decrease) in the interest rates at the reporting date would result in a corresponding (decrease)/increase as follows:

	Group		Company	
	2009 S$'000	2008 S$'000	2009 S$'000	2008 S$'000
Income statement and equity	(16)	(12)	-	-

This analysis assumes that all other variables remain constant.

(iv) Liquidity Risk

The table below analyses the maturity profile of the Group's and Company's financial liabilities (including financial instruments - derivative contracts) based on contractual undiscounted cash flows.

	Within 1 year S$'000	Within 2 and 5 years S$'000	After 5 years S$'000
Group			
2009			
Trade and other payables	19,675	-	-
Borrowings	8,066	9,881	4,385
	27,741	9,881	4,385
2008			
Trade and other payables	28,338	-	-
Borrowings	9,462	3,068	-
	37,800	3,068	-

At the end of the reporting period, it was not probable that the counterparty to the financial guarantee contract will claim under the contract. Consequently, this amount was not included above.

Notes to the Financial Statements

31 December 2009

38 Financial Instruments (cont'd)

(a) Financial Risk Management Policies and Objectives (cont'd)

(iv) Liquidity Risk (cont'd)

The maximum amount the Group could be forced to settle under the financial guarantee contracts if the full guaranteed amount is claimed by the counterparty to the guarantee is S$12,426,000 (2008: S$10,399,000). Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

	Within 1 year S$'000	Within 2 and 5 years S$'000	After 5 years S$'000
Company			
2009			
Trade and other payables	749	-	-
2008			
Trade and other payables	3,073	-	-

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

(v) Foreign Currency Risk

There is also exposure to changes in foreign exchange rates arising from foreign currency transactions and balances and changes in fair values. These exposures and changes in fair values from time to time are monitored and any gains and losses are included in the income statement unless otherwise stated in the notes to the financial statements. The policy is to reduce currency exposures through forward currency contracts or other arrangements. From time to time, there may be borrowings and foreign exchange arrangements or interest rate swap contracts or similar instruments entered into as hedges against changes in interest rates, cash flows or the fair value of the liabilities. These arrangements are not used for trading or speculative purposes.

Notes to the Financial Statements

31 December 2009

38 Financial Instruments (cont'd)

(a) Financial Risk Management Policies and Objectives (cont'd)

(v) Foreign Currency Risk (cont'd)

A 10% strengthening of the following currencies against the Singapore dollar at the reporting date would affect both the income statement and equity by the amounts shown below. A 10% weakening of the following currencies against the Singapore dollar would have had the equal but opposite effect. This analysis assumes that all other variables remain constant.

	Group		Company	
	(Decrease)/Increase			
	Loss after income tax S$'000	Equity S$'000	Loss after income tax S$'000	Equity S$'000
2009				
Chinese renminbi	(2)	(2)	-	-
Japanese yen	500	500	-	-
Euro	2	2	-	-
Hong Kong dollar	-	-	-	-
Malaysian ringgit	701	701	-	-
United States dollar	(2,433)	(2,433)	83	83

	Increase/(Decrease)			
	Profit after income tax S$'000	Equity S$'000	Profit after income tax S$'000	Equity S$'000
2008				
Chinese renminbi	40	40	-	-
Japanese yen	(565)	(565)	-	-
Euro	(1)	(1)	-	-
Hong Kong dollar	-	-	-	-
Malaysian ringgit	(426)	(426)	-	-
United States dollar	2,030	2,030	-	-

Notes to the Financial Statements

31 December 2009

38 Financial Instruments (cont'd)

(a) Financial Risk Management Policies and Objectives (cont'd)

(v) Foreign Currency Risk (cont'd)

The Group's and Company's exposures to foreign currency are as follows:

	Singapore Dollar S$'000	Chinese Renminbi S$'000	Japanese Yen S$'000	Euro S$'000	Hong Kong Dollar S$'000	Malaysian Ringgit S$'000	United States Dollar S$'000	Total S$'000
Group								
2009								
Cash and cash equivalents	4,405	33	-	-	-	1,752	18,488	24,678
Trade and other receivables, and deposits	3,291	6	-	-	-	261	7,490	11,048
Other financial assets	-	-	-	-	-	-	4,891	4,891
Trade and other payables	(7,034)	(18)	(4,999)	(16)	-	(1,067)	(6,541)	(19,675)
Financial liabilities	(12,426)	-	-	-	-	(7,959)	-	(20,385)
	(11,764)	21	(4,999)	(16)	-	(7,013)	24,328	557
2008								
Cash and cash equivalents	4,840	257	40	-	-	696	13,278	19,111
Trade and other receivables, and deposits	2,043	139	-	-	2	1,106	6,356	9,646
Other financial assets	-	-	-	-	-	-	5,075	5,075
Trade and other payables	(14,019)	-	(5,691)	(7)	(4)	(4,209)	(4,408)	(28,338)
Financial liabilities	(10,399)	-	-	-	-	(1,851)	-	(12,250)
	(17,535)	396	(5,651)	(7)	(2)	(4,258)	20,301	(6,756)

	Singapore Dollar S$'000	United States Dollar S$'000	Total S$'000
Company			
2009			
Cash and cash equivalents	90	832	922
2008			
Cash and cash equivalents	345	17	362

Notes to the Financial Statements

31 December 2009

38 Financial Instruments (cont'd)

(a) Financial Risk Management Policies and Objectives (cont'd)

(vi) *Other Business Risks*

There is exposure to a number of risks including the development and marketing of unproven products, the need to maintain adequate financing, better capitalised competitors, dependence on the semiconductor industries, a few major customers and essential personnel. The industries are characterised by rapid technological developments, frequent products introductions, evolving industry standards, changes in customer requirements and short product life cycles. Significant technological changes or the emergence of competitive products with new capabilities could adversely affect the business plan and operating results of the Group.

(b) Fair Value of Financial Instruments

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from discounted cash flow models and option pricing models as appropriate.

The following methods and assumptions are used to estimate the fair values of each class of financial instruments.

(i) *Other financial assets and financial liabilities*

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including cash and cash equivalents, trade and other receivables, short-term borrowings and trade and other payables) approximate their fair values due to the relatively short-term maturity of these financial instruments.

(ii) *Long-term borrowings*

The fair value is calculated based on discounted expected future principal and interest cash flows. The discount rates used are based on market rates for similar instruments at the balance sheet. As at 31 December 2009 and 2008, the carrying amounts of the long-term borrowings approximate its fair values.

Notes to the Financial Statements

31 December 2009

38 Financial Instruments (cont'd)

(b) Fair Value of Financial Instruments (cont'd)

(iii) Finance lease obligation

The fair value is determined by discounting the relevant cash flow using the current interest rates for similar instruments at balance sheet date. There are no material differences between the fair value and carrying value.

(iv) Derivatives

The fair values are estimated based on market values of equivalent instruments at the balance sheet date.

39 Subsequent Events

(i) On 22 January 2010, Ultimate Machining Solutions (M) Sdn. Bhd., a company incorporated in Malaysia which is a wholly-owned subsidiary of the Company has acquired 3 ordinary shares of RM1 each fully paid up for a consideration of RM3 in the capital of A1 Metal Sdn. Bhd. (formerly known as Goldstar Metal Trading Sdn. Bhd.).

(ii) On 3 March 2010, the Company made the cancellation of the entire treasury shares of 39,370,957 for the interests and commercial benefit of the Company.

Supplementary Financial Information Disclosures

Required by SGX-ST Listing Manual

1. Interested Person Transactions

The transactions entered into with interested person during the financial year which fall under Rule 907 of the Listing Manual of the SGX-ST are:-

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)	
	2009	2008	2009	2008
	S$'000	S$'000	S$'000	S$'000
Integrated Manufacturing Technologies Pte Ltd				
Sales	8	12	-	-
Subcontractor works	810	642	-	-
Payment on behalf for purchases and services	566	598	-	-
Integrated Manufacturing Technologies Inc.				
Sales	25	33	-	-
Subcontractor works	35	29	-	-
Payment on behalf for purchases and services	147	168	-	-

Note: Transactions above are with companies in which Luong Andy has an equity interest.

Supplementary Financial Information Disclosures

Required by SGX-ST Listing Manual

2. Properties

As required by Rule 1207 (10) of the SGX-ST Listing Manual, the description of properties held by the group are as follows:

Location	Description	Tenure	Net Book Value 2009 S$'000	Net Book Value 2008 S$'000
Lot 3655,3656, 3657, MK, 13, Lorong 1ks Juru 6, Kawasan Perindustrian Ringan Juru, 14100 Simpang Ampat, Pulau Pinang, Malaysia	Office cum factory building	Freehold	2,996	3,119
23 Changi North Crescent Changi North Industrial Estate Singapore 499616	Office cum factory building	30 + 30 years lease commencing 16 August 1997 and ending 16 August 2057	5,886	6,015
25 Changi North Crescent Changi North Industrial Estate Singapore 499617	Leased	30 years lease commencing 1 February 2003 and ending 28 February 2033	3,261	3,398
27 Changi North Crescent Changi North Industrial Estate Singapore 499619	Office cum factory building	30 years lease commencing 16 April 2004 and ending 15 April 2034	3,785	3,942
Lot 684, 702, Mukim 13 Jalan Kebun Kecil 14100 Simpang Ampat Seberang Perai Tengah Pulau Pinang Malaysia	Office cum factory building	Freehold	17,706	17,217

Further Information on Directors

Name of Director	Date of Initial Appointment in UMS Holdings Limited	Date of Last Re-election in UMS Holdings Limited	Present and Past Directorship in other Listed Companies	Other Major Appointments
Soh Gim Teik	15 February 2008	30 April 2009	Advanced Holdings Ltd	-
			BBR Holdings (S) Ltd	-
			Craft Printing International Limited	-
			Heng Long International Ltd	-
			QAF Limited	-
			Sincere Watch Limited (resigned on 7 August 2008 and company delisted from SGX-ST on 8 August 2008)	-
			Novo Group Ltd (resigned on 10 March 2008)	-
N. Sreenivasan	1 March 2008	30 April 2008	Q & M Dental Group (Singapore) Limited – Non Executive Chairman	-
				Managing Director of Straits Law Practice LLC
Neo Ban Chuan	16 July 2008	30 April 2009	-	-
				Managing Director of BC Neo Business Advisory Pte Ltd

Further Information on Directors

Name of Director	Date of Initial Appointment in UMS Holdings Limited	Date of Last Re-election in UMS Holdings Limited	Present and Past Directorship in other Listed Companies	Other Major Appointments
Oh Kean Shen	20 September 2007	30 April 2008	-	- Vice President of the Kenanga Investment Bank Berhad (Penang Branch)
Goh Kah Ling	16 July 2008	30 April 2009	-	-
Luong Andy	1 April 2004	-	Alantac Technology Ltd.	-

Statistics of Shareholdings

As at 22 March 2010

Number of shares:	354,233,327
Class of Equity Shares:	Ordinary Shares
Number of Issued Shares:	354,233,327
Voting Rights:	On show of hands: 1 vote for each member On a poll: 1 vote for each ordinary share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	20	0.77	10,162	0.00
1,000 - 10,000	1,240	47.99	8,442,500	2.38
10,001 - 1,000,000	1,310	50.70	75,162,856	21.22
1,000,001 AND ABOVE	14	0.54	270,617,809	76.40
TOTAL	**2,584**	**100.00**	**354,233,327**	**100.00**

Based on the information provided to the Company as at 22 March 2010, approximately 38.74% of the issued ordinary shares of the Company is held by the public, and therefore, Rule 723 of the Listing Manual is complied with.

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	LUONG ANDY	110,130,727	31.09
2	HSBC (SINGAPORE) NOMINEES PTE LTD	57,075,563	16.11
3	UOB KAY HIAN PTE LTD	34,275,419	9.68
4	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	22,544,400	6.36
5	CITIBANK NOMINEES SINGAPORE PTE LTD	17,052,000	4.81
6	UNITED OVERSEAS BANK NOMINEES PTE LTD	11,269,000	3.18
7	DBS VICKERS SECURITIES (S) PTE LTD	3,747,000	1.06
8	OCBC SECURITIES PRIVATE LTD	3,294,000	0.93
9	DBS NOMINEES PTE LTD	2,912,700	0.82
10	MERRILL LYNCH (SINGAPORE) PTE LTD	2,050,000	0.58
11	PHILLIP SECURITIES PTE LTD	1,897,000	0.54
12	TAN POH GHEE	1,615,000	0.46
13	DMG & PARTNERS SECURITIES PTE LTD	1,416,000	0.40
14	OCBC NOMINEES SINGAPORE PTE LTD	1,339,000	0.38
15	NG PENG CHIANG	877,000	0.25
16	LOI POH MUN	702,000	0.20
17	LIM NGEOK KONG	700,000	0.20
18	KIM ENG SECURITIES PTE. LTD.	653,000	0.18
19	TAN CHENG HWEE	606,000	0.17
20	NG HUNG MENG	602,000	0.17
	TOTAL	**274,757,809**	**77.57**

Statistics of Shareholders

As at 22 March 2010

Substantial Shareholders As at 22 March 2010

Name of substantial shareholder	Number of shares registered in the name of substantial shareholder	Number of shares in which substantial shareholder is deemed to have an interest	Total	Percentage (%)
Luong Andy	110,130,727	-	110,130,727	31.09
Baring Asia II Holdings (13) Limited	-	54,045,563	54,045,563	15.26
Quest World Investment Limited	-	32,175,419	32,175,419	9.08
Applied Materials, Inc	-	20,639,400	20,639,400	5.83

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the shareholders of the Company will be held at 25 Changi North Rise, Singapore 498778 on Friday, 30 April 2010 at 10.00 a.m. to transact the following businesses:

ORDINARY BUSINESS:

1. To receive and consider the Directors' Report and Audited Accounts for the financial year ended 31 December 2009 and the Auditors' Report thereon.

Resolution 1

2. To declare a final tax-exempt (one-tier) dividend of 1.0 cent per ordinary share in respect of the financial year ended 31 December 2009.

Resolution 2

3. To re-elect Mr Oh Kean Shen, who is retiring by rotation in accordance with Article 104 of the Company's Articles of Association, as Director of the Company.

   [Mr Oh Kean Shen will, upon re-election as a Director of the Company, remain as a member of the Audit Committee, the Remuneration Committee and the Nominating Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.]

Resolution 3

4. To re-elect Mr N. Sreenivasan, who is retiring in accordance with Article 104 of the Company's Articles of Association, as Director of the Company.

   [Mr N. Sreenivasan will, upon re-election as a Director of the Company, remain as a member of the Audit Committee as well as of the Nominating Committee and a Chairman of the Remuneration Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.]

Resolution 4

5. To approve the payment of Directors' fees of S$216,000 for the financial year ended 31 December 2009. [FY2008: S$217,164]

Resolution 5

6. To re-appoint Messrs Moore Stephens LLP as Independent Auditors and to authorise the Directors to fix their remuneration.

Resolution 6

7. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

Notice of Annual General Meeting

SPECIAL BUSINESS:

To consider, and if thought fit, to pass with or without any modifications, the following resolutions as Ordinary Resolutions:-

8. **Authority to allot and issue shares up to fifty per centum (50%) of the issued shares in the capital of the Company**

"That authority be and is hereby given to the Directors to:

(a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST") for the purpose of determining the aggregate number of shares that may be issued under paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:-

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent consolidation or subdivision of shares;

Notice of Annual General Meeting

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in General Meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

[Explanatory Note (i)] **Resolution 7**

9. **Authority to offer and grant options and / or grant awards and to allot and issue shares, pursuant to the UMS Share Option Scheme, the UMS Performance Share Plan and UMS Restricted Share Plan**

"That approval be and is hereby given to the Directors of the Company to:

(a) offer and grant options in accordance with the provisions of the UMS Share Option Scheme (the "Share Option Scheme") and/or to grant awards in accordance with the provisions of the UMS Performance Share Plan (the "Performance Share Plan") and/or the UMS Restricted Share Plan (the "Restricted Share Plan") (the Share Option Scheme, the Performance Share Plan and the Restricted Share Plan, together the "Share Plans"); and

(b) allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Share Option Scheme and/or such number of fully paid shares as may be required to be issued pursuant to the vesting of awards under the Performance Share Plan and/or the Restricted Share Plan,

provided that the aggregate number of ordinary shares to be issued pursuant to the Share Plans shall not exceed 15% of the total number of issued shares in the capital of the Company from time to time."

[Explanatory Note (ii)] **Resolution 8**

Explanatory Notes:

(i) Resolution 7 is to authorise the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding in total 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, with a sub-limit of 20% for issues other than on a pro rata basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time that Resolution 7 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 7 is passed, and (b) any subsequent consolidation or subdivision of shares.

Notice of Annual General Meeting

(ii) Resolution 8 is to authorise the Directors of the Company to offer and grant options and/or grant awards and to issue ordinary shares in the capital of the Company pursuant to the UMS Share Option Scheme, UMS Performance Share Plan and UMS Restricted Share Plan (collectively the "Share Plans"). The grant of options and awards under the respective Share Plans will be made in accordance with their respective provisions. The aggregate number of ordinary shares which may be issued pursuant to the Share Plans is limited to 15% of the total number of issued shares in the capital of the Company (excluding ordinary shares held in treasury) from time to time.

Notice of Annual General Meeting

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 14 May 2010, for the purpose of determining members' entitlements to the final exempt (one-tier) dividend (the "Final Dividend") to be proposed at the Annual General Meeting of the Company to be held on 30 April 2010.

Duly completed registrable transfers in respect of the shares in the Company received up to the close of business at 5:00 p.m. on 13 May 2010 by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 will be registered to determine members' entitlements to the Final Dividend. Members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with shares in the Company as at 5:00 p.m. on 13 May 2010 will be entitled to such proposed Final Dividend.

The proposed Final Dividend, if approved at the Annual General Meeting will be paid on 27 May 2010.

BY ORDER OF THE BOARD

Shirley Lim Guat Hua
Company Secretary

Singapore: 15 April 2010

Notes:

1. A member of the Company entitled to attend and vote at the above Meeting may appoint not more than two proxies to attend and vote instead of him.

2. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.

3. If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 23 Changi North Crescent, Singapore 499616 not less than 48 hours before the time set for the Annual General Meeting.

PROXY FORM
ANNUAL GENERAL MEETING

UMS Holdings Limited
(Incorporated in the Republic of Singapore)
(Registration No: 200100340R)

IMPORTANT

1. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I / We ____

of ____

being a member/members of UMS Holdings Limited (the "Company"), hereby appoint

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at 25 Changi North Rise, Singapore 498778 on Friday, 30 April 2010 at 10.00 a.m. and at any adjournment thereof.

(Please indicate with an "√" in the spaces provided whether you wish your votes(s) to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

No.	Resolutions	For	Against
	Ordinary Business		
1	To receive and consider Directors' and Auditors' Reports and Audited Accounts for the financial year ended 31 December 2009		
2	To declare a final tax-exempt (one-tier) dividend		
3	To re-elect Mr Oh Kean Shen as Director		
4	To re-elect Mr N. Sreenivasan as Director		
5	To approve directors' fees for the year ended 31 December 2009		
6	To re-appoint Auditors and authorise the directors to fix their remuneration		
	Special Business		
7	To authorise the directors to allot and issue shares		
8	To authorise the directors to offer and grant options and/or grant awards and to allot and issue shares, pursuant to the UMS Share Option Scheme, UMS Performance Share Plan and UMS Restricted Share Plan		

Dated this __________ day of ____________ 2010

Total number of Shares held

IMPORTANT: PLEASE READ NOTES OVERLEAF

____
Signature(s) of member(s) or common seal

PROXY FORM
ANNUAL GENERAL MEETING

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Singapore Companies Act, Cap. 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.

5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore.

6. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 23 Changi North Crescent, Singapore 499616 not less than 48 hours before the time set for the Annual General Meeting.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

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UMS GROUP

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Singapore 499616
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