

UMS-NEIKEN GROUP BERHAD (650473-V)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
For The First Quarter Ended 31 March 2008

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year Quarter 31 Mar 2008 RM'000 (unaudited)	Preceding Year Corresponding Quarter 31 Mar 2007 RM'000 (unaudited)	Current Year To date 31 Mar 2008 RM'000 (unaudited)	Preceding Year Corresponding Period 31 Mar 2007 RM'000 (unaudited)
Revenue		22,389	25,957	22,389	25,957
Cost of sales		(19,190)	(22,022)	(19,190)	(22,022)
Gross profit		<u>3,199</u>	<u>3,935</u>	<u>3,199</u>	<u>3,935</u>
Other income		248	-	248	-
Selling and distribution expenses		(790)	(1,033)	(790)	(1,033)
Administrative expenses		(860)	(805)	(860)	(805)
Other operating expenses		(743)	(65)	(743)	(65)
Finance costs		(395)	(387)	(395)	(387)
Share of associate profit/(loss)		14	8	14	8
Profit/(loss) before taxation		<u>673</u>	<u>1,653</u>	<u>673</u>	<u>1,653</u>
Income tax expense	B5	(136)	(421)	(136)	(421)
Profit/(loss) after taxation		<u>537</u>	<u>1,232</u>	<u>537</u>	<u>1,232</u>
ATTRIBUTABLE TO:					
Equity holders of the parent		537	1,232	537	1,232
Minority interests		-	-	-	-
Profit after taxation		<u>537</u>	<u>1,232</u>	<u>537</u>	<u>1,232</u>
Earnings per share (sen):					
Basic	B13	0.67	1.54	0.67	1.54
Diluted		N/A	N/A	N/A	N/A

Note:

This is prepared based on the consolidated results of the Group for the financial period ended 31 Mar 2008. The unaudited Condensed Consolidated Income Statement should be read in conjunction with the Group's Audited Financial Statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

UMS-NEIKEN GROUP BERHAD (650473-V)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
As at 31 March 2008

	Note	As at end of current year quarter ended 31 Mar 2008 RM'000 (Unaudited)	Audited 31 Dec 07 RM'000 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Investment in associates		172	155
Property, plant and equipment		18,758	18,650
Investment in shares		-	-
Development expenditure		942	952
Prepaid lease rental		531	554
		<u>20,403</u>	<u>20,311</u>
CURRENT ASSETS			
Inventories		23,322	22,572
Trade receivables		23,798	28,634
Other receivables, prepayments and deposits		1,502	2,079
Amount owing by associates		1,052	901
Amount owing by related parties		9,155	4,215
Tax recoverable		973	853
Fixed deposits with licensed banks		616	1,070
Cash and bank balances		3,331	6,200
		<u>63,749</u>	<u>66,524</u>
TOTAL ASSETS		<u>84,152</u>	<u>86,835</u>
EQUITY AND LIABILITIES			
Share capital		40,000	40,000
Share premium		1,531	1,531
Other reserve		92	92
Exchange fluctuation reserve		(1,577)	(1,271)
Retained profits		8,674	8,137
TOTAL EQUITY		<u>48,720</u>	<u>48,489</u>
NON-CURRENT AND DEFERRED LIABILITIES			
Term loans		-	-
Deferred taxation		1,660	1,662
		<u>1,660</u>	<u>1,662</u>
CURRENT LIABILITIES			
Trade payables		7,929	8,153
Other payables and accruals		1,012	2,341
Amount owing to directors		90	90
Amount owing to a related company		-	1,122
Amount owing to related parties		1,078	11
Short-term borrowings	B9	21,549	22,441
Bank overdrafts	B9	2,112	2,233
Provision for taxation		2	293
		<u>33,772</u>	<u>36,684</u>
TOTAL LIABILITIES		<u>35,432</u>	<u>38,346</u>
TOTAL EQUITY AND LIABILITIES		<u>84,152</u>	<u>86,835</u>
Net Assets per share based on number of shares in issue (RM)		<u>0.61</u>	<u>0.61</u>

UMS-NEIKEN GROUP BERHAD (650473-V)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The First Quarter Ended 31 March 2008

	Attributable to Equity Holders of the Company				Total RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserve RM'000	Retained profits RM'000	
	Non-distributable		Distributable		
			Exchange Fluctuation Reserve RM'000		
12 months period ended 31 December 2007					
At 1 January 2007	40,000	1,531	92	(552)	49,331
Net loss not recognised in the income statement - foreign exchange difference	-	-	-	(719)	(719)
Profit for the financial period	-	-	-	3,264	3,264
Dividend paid	-	-	-	(3,387)	(3,387)
At 31 December 2007	40,000	1,531	92	(1,271)	48,489
3 months period ended 31 March 2008					
At 1 January 2008	40,000	1,531	92	(1,271)	48,489
Net loss not recognised in the income statement - foreign exchange difference	-	-	-	(306)	(306)
Profit for the financial period	-	-	-	537	537
Dividend paid	-	-	-	-	-
At 31 March 2008	40,000	1,531	92	(1,577)	48,720

The unaudited Condensed Statement of Changes in Equity should be read in conjunction with the Group's Audited Financial Statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

UMS-NEIKEN GROUP BERHAD (650473-V)
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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For The First Quarter Ended 31 March 2008

	Note	Current Year Quarter 31 Mar 2008 RM'000 (unaudited)	Preceding Year Corresponding Quarter 31 Mar 2007 RM'000 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		673	1,653
Adjustments for:			
Allowance for doubtful debts		153	-
Provision for unrealised profit		8	-
Amortisation of development expenditure		88	54
Depreciation of property, plant and equipment		619	378
Unrealised exchange loss		146	-
Amortisation of prepaid lease rental		23	94
Interest expense		322	213
Interest income		(38)	(15)
Share of profit of an associate		(17)	(8)
Operating profit before working capital changes		<u>1,977</u>	<u>2,369</u>
Inventories		(758)	382
Receivables		5,113	(1,950)
Payables		<u>(1,553)</u>	<u>1,738</u>
Cash from operations		4,779	2,539
Interest paid		(322)	(213)
Tax paid		<u>(548)</u>	<u>(550)</u>
Net cash from operating activities		<u>3,909</u>	<u>1,776</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Advances to associates		(151)	371
Development expenditure incurred		(78)	(81)
Interest received		38	15
Purchase of property, plant and equipment and prepaid lease		(727)	(283)
Proceeds from disposal of equipment		-	-
Proceed from disposal of quoted shares		-	-
Repayment by intermediate holding company		-	-
Repayment by related companies		-	-
Advances from/(Repayments to) related parties		<u>(4,940)</u>	<u>108</u>
Net cash from investing activities		<u>(5,858)</u>	<u>130</u>
CASH FLOWS FOR FINANCING ACTIVITIES			
Dividends paid		-	-
Net drawdown/(repayment) of bills payables		(968)	7,354
Repayments to a related company		(1,122)	-
Repayments to related parties		1,067	(3,071)
Hire Purchase Financing		200	-
Repayment of HP instalments		(124)	-
Net drawdown/(repayment) of loans		<u>-</u>	<u>(4,948)</u>
Net cash for financing activities		<u>(947)</u>	<u>(665)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,896)	1,241
EFFECTS OF CHANGES IN FOREIGN EXCHANGE		(306)	(262)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE QUARTER		<u>5,037</u>	<u>1,688</u>
CASH AND CASH EQUIVALENTS AT END OF THE QUARTER	A16	<u>1,835</u>	<u>2,667</u>

Note:

This is prepared based on the consolidated results of the Group for the financial year ended 31 March 2008. The unaudited Condensed Cash Flow Statement should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2008

PART A: EXPLANATORY NOTES PERSUANT TO FINANCIAL REPORTING STANDARD 134 ("FRS 134")

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in compliance with FRS 134 - Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2007.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2007, except for the mandatory adoption of the following revised Financial Reporting Standards ("FRS") effective for the financial period beginning on 1 January 2008 :-

FRS 117	Cash Flow Statements
FRS 112	Incomes Taxes
FRS 118	Revenue
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to FRS 121	The Effects of Changes in Foreign Exchanges Rate <i>Net Investment in a Foreign Operation</i>

The adoption of the above-mentioned FRS does not have any significant financial impact to the Group.

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PART A: EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134 ("FRS 134") (CONT'D)

A2. Changes in Accounting Policies (Cont'd)

The following IC Interpretations have been issued and are effective for financial periods beginning on or after 1 July 2007:-

IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environment Rehabilitation Fund
IC Interpretation 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 ₂₀₀₄ Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

The above IC Interpretations are not applicable as they are not relevant to the Group.

FRS 139 - Financial Instruments: Recognition and Measurement has been issued and the effective date has yet to be determined by Malaysia Accounting Standards Board. This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group will apply this standard when it becomes effective

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PART A: EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134 ("FRS 134") (CONT'D)

A3. Status of audit qualifications

The auditors' report on the financial statements for the financial year ended 31 December 2007 was not subject to any qualification.

A4. Seasonal and Cyclical Factors

The Group's business operations were not materially affected by any major seasonal or cyclical factors.

A5. Nature and Amount of Exceptional and Extraordinary Items

There were no items of unusual nature and/or amount affecting assets, liabilities, equity, net income or cash flow during the current quarter under review.

A6. Changes in Estimates

There was no material changes in estimates used for the preparation of this interim financial report.

A7. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities for the financial quarter under review.

A8. Dividends Paid

There were no dividends paid during the financial period under review

A9. Segment information

Business Segment

The principal businesses of the Group are designing, manufacturing and trading of electrical wiring accessories which are substantially within a single business segment, and therefore, segmental reporting is deemed not necessary.

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PART A: EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134 ("FRS 134") (CONT'D)

A9. Segment information (Cont'd)

Geographical Segment

In determining the geographical segments of the Group, segment revenue is based on the country of operations.

The Group's financial information analysed by geographical segment is as follows:

	Current Year Quarter Ended 31.03.2008 (Unaudited)		Preceding Year Corresponding Quarter Ended 31.03.2007 (Unaudited)	
	Revenue RM'000	(Unaudited) Profit Before Taxation RM'000	Revenue RM'000	(Unaudited) Profit Before Taxation RM'000
Malaysia	12,578	748	10,295	1,210
Hong Kong	9,811	(175)	15,662	516
Vietnam	-	100	-	(73)
	<u>22,389</u>	<u>673</u>	<u>25,957</u>	<u>1,653</u>

A10. Revaluation of Property, Plant and Equipment

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

There was no revaluation of property, plant and equipment during the financial quarter under review.

A11. Significant Events Subsequent to the End of the Financial Period

There were no significant events subsequent to 31 March 2008 and up to date of this report.

A12. Effect of Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter under review.

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PART A: EXPLANATORY NOTES PERSUANT TO FINANCIAL REPORTING STANDARD 134 ("FRS 134") (CONT'D)

A13. Contingent Liabilities and Contingent Assets

There were no contingent liabilities and contingent assets as of the end of the financial period to date.

A14. Commitments

The Group has obtained a foreign exchange contract from a financial institution amounting to approximately RM643,188.

A15. Significant Related Party Transactions

Details of the recurrent related party transactions ("RRPT"), which had been entered into in the ordinary course of business and have been established under terms that were mutually agreed between the parties, are as follows :-

Transaction parties	Nature of transaction	Current Year Quarter 31.03.2008 RM'000 (Unaudited)	Preceding Year Corresponding Quarter 31.03.2007 RM'000 (Unaudited)	Cumulative Current Year to Date 31.03.2008 RM'000 (Unaudited)	Cumulative Preceding Year Corresponding Quarter 31.03.2007 RM'000 (Unaudited)
Ming Kee Manufactory Limited ("MKK")	Purchase of fuse link, screws, inserts, cables, plug, metalware, etc	374	751	374	751
MKK	Sales of power cordset, pvc, compound, etc	7	74	7	74
MKK	Office rental	38	21	38	21
MKK	Business Consultancy fee	60	60	60	60
High Project Electric Wire & Cables Manufactory (Fenghua) Limited ("HPC")	Purchase of cable reel, power cordset, ect	5,194	9,832	5,194	9,832
United MS Cables Mfg Sdn. Bhd. ("UMSC")	Purchase of electrical wire	273	-	273	-

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PART A: EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134 ("FRS 134") (CONT'D)

A16. Cash and cash equivalents

	At 31.3.2008 RM'000 (Unaudited)	At 31.3.2007 RM'000 (Unaudited)
Fixed deposits with licensed banks	616	3,274
Cash and bank balances	3,331	1,722
Bank overdraft	(2,112)	(2,329)
	<u>1,835</u>	<u>2,667</u>

A17. Translation of Foreign Currency Financial Statements

For consolidation purposes, all foreign currency monetary assets and liabilities and the financial statements of the Group's foreign subsidiaries, High Project Limited and Neiken Switchgear (VN) Co. Ltd had been translated at the exchange rates ruling at the balance sheet date.

The applicable closing foreign exchange rates used (expressed on the basis on one unit of foreign currency to Ringgit Malaysia equivalent) in the translation of foreign currency monetary assets and liabilities and the financial statements of the foreign subsidiaries are as follows:-

	RM
Hong Kong Dollar	0.4123
United States Dollar	3.1875

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PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of Performance

The Group achieved revenue of RM22.4 million for the quarter ended 31 March 2008. This represents a decrease of approximately 14% compared to the corresponding quarter in the preceding year. However, profit before taxation of the Group registered a decrease of 51% compared to the corresponding quarter in 2007. The drop in the profit before taxation is mainly due to the following reasons :-

- (i) the loss suffered by the Hong Kong subsidiary as a result of the drop in the revenue of the subsidiary by about 37%;
- (ii) foreign exchange loss suffered due to the strengthening of RM against USD;
- (iii) general allowance for doubtful debts made in respect of overdue accounts, in line with the policy adopted by the Group with effect from this quarter.

B2. Comment on Material Changes in the Profit Before Taxation for the Quarter Reported on as Compared With Immediate Preceding Quarter

The Group achieved revenue of approximately RM22.4 million for the current quarter under review as compared to RM25.9 million in the previous quarter, registering a decrease of approximately 13.5%.

Profit before taxation of the Group for the current quarter under review decreased from RM1.653 million in the previous quarter to RM0.673 million for the current quarter.

B3. Current Year Prospects

The Board expects the performance for this year to continue to be challenging, due to upward pressure on cost materials, freight, unfavourable foreign exchange and overall increase in operating overheads. The Group will continue to explore opportunities to enhance its margin & capitalise on further on brands.

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PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS (CONT'D)

B4. Variance of Actual Profit and Forecast Profit of the Group

The disclosure requirements for explanatory notes for the variance of actual profit and forecast profit and for the shortfall in profit guarantee are not applicable.

B5. Income Tax Expense

	Current Year Quarter 31.12.2008 RM'000 (Unaudited)	Preceding Year Corresponding Quarter 31.03.2007 RM'000 (Unaudited)	Cumulative Current Year to Date 31.03.2008 RM'000 (Unaudited)	Cumulative Preceding Year Corresponding Quarter 31.03.2007 RM'000 (Unaudited)
Current tax Expense	<u>136</u>	<u>421</u>	<u>136</u>	<u>421</u>

Tax expense for the financial quarter ended 31 March 2008 is derived based on management's best estimate of the tax rate for the year.

The Group's effective tax rate for the current quarter is 20% compared to the corresponding quarter of 25%. The lower effective tax rate for the current quarter is mainly due to the loss suffered by the Hong Kong subsidiary.

B6. Unquoted Investments and/or Properties

There were no purchases or disposal of unquoted investments and/or properties in the quarter ended 31 March 2008.

B7. Quoted and marketable investments

There was not investment or disposal of quoted and marketable securities during the current quarter under review.

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PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS (CONT'D)

B8. Status of Corporate Proposals

There were no corporate proposals announced during the financial quarter under review.

B9. Group borrowings

The Group's borrowings as at the end of the reporting quarter are as follows:

	Short-Term (Secured) RM'000
Bank overdraft of USD173,252	552
Bank overdraft of HKD1,694,811	699
Bank overdraft	861
Bill payables	14,453
Trust receipts and bankers' acceptance of HKD15,322,026	6,318
Trust receipts and bankers' acceptance of USD153,192	488
Hire purchase payables	290
Total	<u>23,661</u>

There are no long-term borrowings at the end of the reporting quarter.

B10. Off balance sheet financial instrument

There are no financial instruments with off balance sheet risk as at the date of this report.

B11. Changes in material litigation

Neither UMSN nor any of its subsidiary companies are engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or any of its subsidiaries and the Board is not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or any of its subsidiaries.

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PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS (CONT'D)

B12. Dividends

The Board of Directors is pleased to recommend a first and final gross dividend of 2.8% less 26% tax per ordinary share in respect of the financial year ended 31 December 2007, subject to approval of shareholders at the forthcoming annual general meeting of the Company. The entitlement and payment dates shall be announced in due course.

The Board does not recommend any interim dividend in respect of the financial year ending 31 December 2008 during this quarter.

B13. Basic earnings per share

The basic earnings per share for the current quarter and cumulative year to date are computed as follow:-

	Current Year Quarter 31.03.2008 (Unaudited)	Preceding Year Corresponding Quarter 31.03.2007 (Unaudited)	Cumulative Current Year to Date 31.03.2008 (Unaudited)	Preceding Year Corresponding Quarter 31.03.2007 (Unaudited)
Profit attributable to Equity holders of parent (RM'000)	<u>537</u>	<u>1,232</u>	<u>537</u>	<u>1,232</u>
Weighted average number of ordinary shares of RM0.50 each in issue	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>
Basic Earnings Per Share based on the weighted average number of shares in issue (sen)	<u>0.67</u>	<u>1.54</u>	<u>0.67</u>	<u>1.54</u>

The Company has an ESOS scheme in place. At the end of the financial period, there are 500,000 options granted to employees pursuant to the ESOS scheme. Diluted earnings per share are not disclosed herein as the options granted are deemed anti-dilutive.

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PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS (CONT'D)

B14. Disclosure In Relation To Any Agreement, Arrangement, Joint Venture Or Collaboration For The Purpose Of Bidding For Or Securing A Project Or Contract

There were no agreements, arrangement, joint venture or collaboration for the purpose of bidding for or securing a project or contract entered by the Company during the financial period under review.

B15. Authorisation for issue

The first quarterly report was authorised for issue by the Board of Directors in accordance with the resolution of the directors on 22 May 2008.

By order of the Board
UMS-NEIKEN GROUP BERHAD
Mah Li Chen
Company Secretary (MAICSA 7022751)
Kuala Lumpur
22 May 2008