

UMS-NEIKEN GROUP BERHAD (650473-V)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

For The Forth Quarter Ended 31 December 2008

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year 31 Dec 2008 RM'000 (unaudited)	Preceding Year Corresponding Quarter 31 Dec 2007 RM'000 (unaudited)	Current Year To date 31 Dec 2008 RM'000 (unaudited)	Preceding Year Corresponding Period 31 Dec 2007 RM'000 (audited)
Revenue		21,777	29,117	99,661	106,544
Cost of sales		(20,092)	(26,551)	(86,030)	(92,351)
Gross profit		1,685	2,566	13,631	14,193
Other income		(124)	544	1,504	748
Selling and distribution expenses		(497)	(447)	(3,547)	(3,319)
Administrative expenses		(2,321)	(2,143)	(5,083)	(4,670)
Other expenses		(902)	(758)	(2,597)	(1,284)
Finance costs		(301)	(333)	(1,378)	(1,306)
Share of associate profit		28	34	35	59
Profit before taxation		(2,432)	(537)	2,565	4,421
Income tax expense	B5	744	75	(505)	(1,157)
Profit after taxation		(1,688)	(462)	2,060	3,264
ATTRIBUTABLE TO:					
Equity holders of the parent		(1,688)	(462)	2,060	3,264
Minority interests		-	-	-	-
Profit after taxation		(1,688)	(462)	2,060	3,264
Earnings per share (sen):					
Basic	B13	(2.11)	(0.58)	2.58	4.08
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 December 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 December 2008

	As at end of current year quarter ended 31 Dec 2008 RM'000 (Unaudited)	Audited 31 Dec 07 RM'000 (Audited)
Note		
ASSETS		
NON-CURRENT ASSETS		
Investment in associates	190	155
Property, plant and equipment	19,575	18,650
Investment in shares	-	-
Development expenditure	870	952
Prepaid lease rental	566	554
	<u>21,201</u>	<u>20,311</u>
CURRENT ASSETS		
Inventories	23,951	22,572
Trade receivables	24,148	28,634
Other receivables, prepayments and deposits	1,171	2,079
Amount owing by associates	710	901
Amount owing by related parties	3,222	4,215
Tax recoverable	1,745	853
Fixed deposits with licensed banks	637	1,070
Cash and bank balances	5,575	6,200
	<u>61,159</u>	<u>66,524</u>
TOTAL ASSETS	<u>82,360</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	(783)	(1,271)
Retained profits	9,368	8,137
TOTAL EQUITY	<u>50,208</u>	<u>48,489</u>
NON-CURRENT AND DEFERRED LIABILITIES		
Hire purchase payables	78	-
Deferred taxation	1,950	1,662
	<u>2,028</u>	<u>1,662</u>
CURRENT LIABILITIES		
Trade payables	7,251	8,153
Other payables and accruals	1,891	2,341
Amount owing to directors	-	90
Amount owing to a related company	550	1,122
Amount owing to related parties	1,776	11
Short-term borrowings	16,967	22,441
Bank overdrafts	1,689	2,233
Provision for taxation	-	293
	<u>30,124</u>	<u>36,684</u>
TOTAL LIABILITIES	<u>32,152</u>	<u>38,346</u>
TOTAL EQUITY AND LIABILITIES	<u>82,360</u>	<u>86,835</u>
Net Assets per share based on number of shares in issue (RM)	<u>0.63</u>	<u>0.61</u>

UMS-NEIKEN GROUP BERHAD (650473-V)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Fourth Quarter Ended 31 December 2008

	Attributable to Equity Holders of the Company				Total RM'000	
	Share Capital RM'000	Share Premium RM'000	Other Reserve RM'000	Distributable		
	Non-distributable			Exchange Fluctuation Reserve RM'000	Retained profits RM'000	
12 months period ended 31 December 2007						
At 1 January 2007	40,000	1,531	92	(552)	8,260	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)	8,137	48,489
12 months period ended 31 December 2008						
At 1 January 2008	40,000	1,531	92	(1,271)	8,137	48,489
Net loss not recognised in the income statement - foreign exchange difference	-	-	-	488	-	488
Profit for the financial period	-	-	-	-	2,060	2,060
Dividend paid	-	-	-	-	(829)	(829)
At 31 December 2008	40,000	1,531	92	(783)	9,368	50,208

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 Forth Quarter Ended 31 December 2008

	Current Year Quarter 31 Dec 2008 RM'000 (unaudited)	Preceding Year Corresponding Quarter 31 Dec 2007 RM'000 (audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,565	4,421
Adjustments for:		
Allowance for doubtful debts/(write-back)	380	(108)
Bad Debts written off	506	126
Amortisation of development expenditure	359	434
Depreciation of property, plant and equipment	2,687	2,341
Gain on disposal of property, plant and equipment	(30)	(159)
Loss on disposal of investment	-	2
Unrealised exchange (gain)/loss	(808)	385
Amortisation of prepaid lease rental	(12)	14
Interest expense	1,090	890
Interest income	(93)	(50)
Share of profit of an associate	(35)	(59)
Operating profit before working capital changes	<u>6,609</u>	<u>8,237</u>
Inventories	(1,379)	(4,288)
Receivables	5,316	(7,242)
Payables	<u>(1,352)</u>	<u>7,049</u>
Cash from operations	9,194	3,756
Interest paid	(1,090)	(890)
Tax paid	<u>(1,401)</u>	<u>(1,871)</u>
Net cash from operating activities	<u>6,703</u>	<u>995</u>
CASH FLOWS FOR INVESTING ACTIVITIES		
Advances to associates	191	(358)
Development expenditure incurred	(278)	(311)
Interest received	93	50
Purchase of property, plant and equipment and prepaid lease	(3,650)	(3,833)
Proceeds from disposal of equipment	68	203
Proceeds from disposal of quoted shares	-	1
Repayment by/(to) directors	(90)	90
Repayment by intermediate holding company	-	-
Repayment by related companies	-	-
Advances from/(Repayments to) related parties	2,758	(413)
Net cash for investing activities	<u>(908)</u>	<u>(4,571)</u>
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Dividends paid	(829)	(3,387)
Net (repayment)/drawdown of bills payables	(5,343)	9,713
Repayments to a related company	(572)	1,004
Repayments to related parties	-	-
Hire Purchase Financing	250	470
Repayment of HP instalments	(303)	(726)
Net drawdown/(repayment) of loans	-	-
Net cash (for)/from financing activities	<u>(6,797)</u>	<u>7,074</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,002)	3,498
EFFECTS OF CHANGES IN FOREIGN EXCHANGE	488	(149)
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	<u>4,523</u>	<u>5,037</u>

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Note:

This is prepared based on the consolidated results of the Group for the financial year ended 31 December 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 DEC 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 107	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 relevant to the Group's operation except for IC Interpretation 8 which does not have any material impact to the Group upon its initial application.

FRS 139 - Financial Instruments: Recognition and Measurement has been issued and are effective for the financial periods beginning on or after 1 January 2010. 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 PERSUANT 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 PERSUANT 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 31.12.2008		Preceding Year Corresponding Quarter Ended 31.12.2007	
	(Unaudited) Revenue RM'000	(Unaudited) Profit Before Taxation RM'000	(Unaudited) Revenue RM'000	(Unaudited) Profit Before Taxation RM'000
Malaysia	10,211	(1,512)	14,121	(368)
Hong Kong	11,393	(603)	14,996	145
Vietnam	173	(317)	-	(314)
	<u>21,777</u>	<u>(2,432)</u>	<u>29,117</u>	<u>(537)</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 December 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 PURSUANT 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 RM3.6 million.

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 31.12.2008 RM'000 (Unaudited)	Preceding Year Corresponding Quarter 31.12.2007 RM'000 (Unaudited)	Cumulative Current Year to Date 31.12.2008 RM'000 (Unaudited)	Cumulative Preceding Year Corresponding Quarter 31.12.2007 RM'000 (Unaudited)
Ming Kee Manufactory Limited ("MKK")	Purchase of fuse link, screws, inserts, cables, plug, metalware, etc	317	612	1,116	2,761
MKK	Sales of power cordset, pvc, compound, etc	35	38	145	149
MKK	Office rental	17	16	63	64
MKK	Business Consultancy fee	27	26	103	105
High Project Electric Wire & Cables Manufactory (Fenghua) Limited ("HPC")	Purchase of cable reel, power cordset, ect	5,427	8,115	23,943	31,668
United MS Cables Mfg Sdn. Bhd. ("UMSC")	Purchase of electrical wire	167	348	1,950	1,230

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

A16. Cash and cash equivalents

	At 31.12.2008 RM'000 (Unaudited)	At 31.12.2007 RM'000 (Audited)
Fixed deposits with licensed banks	637	1,070
Cash and bank balances	5,575	6,200
Bank overdraft	(1,689)	(2,233)
	<u>4,523</u>	<u>5,037</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	0.4470
United States Dollar	3.4640

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

B1. Review of Performance

The Group achieved revenue of RM21.8 million for the quarter ended 31 December 2008. This represents a decrease of approximately 25% compared to the corresponding quarter in the preceding year, which caused the Group to suffer higher loss as compared to the corresponding quarter in 2007. The increase in loss is mainly due to the following reasons:

- (i) the drop in demand as a result of the slump in the overall global and local economies brought on by the financial crisis;
- (ii) allowance for doubtful debts;
- (iii) redundancy costs associated with retrenchment as well as costs related to the temporary cessation of the Vietnam factory operations; and
- (iv) loss in foreign exchange suffered by the Hong Kong subsidiary due to the weakening of Sterling Pound.

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 RM21.8 million for the current quarter under review as compared to RM28.5 million in the immediate preceding quarter, registering a decrease of approximately 24%.

Profit before taxation of the Group for the current quarter under review however decreased from RM1.94 million in the immediate preceding quarter to a loss of RM2.43 million for the current quarter. The reasons for the loss suffered are explained in paragraph B1 above.

B3. Current Year Prospects

The Board expects the performance for this year to be challenging, due to external factors such as the continuing weakness and slowdown in the global and local economies which have adversely affected demand for the Group's products. The Group has rationalised operations to align the capacity with the drop in demand, and will continue to monitor and contain costs to ensure the sustainability of operations.

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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 31.12.2007 RM'000 (Unaudited)	Cumulative Current Year to Date 31.12.2008 RM'000 (Unaudited)	Cumulative Preceding Year Corresponding Quarter 31.12.2007 RM'000 (Audited)
Current tax Expense	(744)	(75)	505	1,157

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

The effective tax rate of the Group for the current quarter and current quarter to date is lower than the statutory tax rate prevailing due to the write-back of over-provision of priors' taxation.

B6. Unquoted Investments and/or Properties

There were no purchases or disposal of unquoted investments and/or properties in the current quarter under review and current financial year to date.

B7. Quoted and marketable investments

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

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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
Short-term (Secured):-	
Bank overdraft of USD183,880	637
Bank overdraft	1,052
Bill payables	11,721
Trust receipts and bankers' acceptance of HKD11,002,933	4,918
Trust receipts and bankers' acceptance of USD70,848	245
Hire purchase payables	83
	<hr/>
	18,656
Long-term (Secured):-	
Hire purchase payables	78
	<hr/>
	18,734
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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 1.4 sen less 25% tax per ordinary share in respect of the financial year ended 31 December 2008, 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.

B13. Earnings per share ("EPS")

Basic EPS

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

	Current Year Quarter 31.12.2008 (Unaudited)	Preceding Year Corresponding Quarter 31.12.2007 (Unaudited)	Cumulative Current Year to Date 31.12.2008 (Unaudited)	Preceding Year Corresponding Quarter 31.12.2007 (Audited)
(Loss)/profit attributable to the equity holders of the parent (RM'000)	(1,688)	(462)	2,060	3,264
Number of ordinary shares of RM0.50 each in issue	80,000	80,000	80,000	80,000
Basic (loss)/earnings per share based on the number of shares in issue (sen)	(2.11)	(0.58)	2.58	4.08

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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 third quarterly report was authorised for issued by the Board of Directors in accordance with the resolution of the directors on 26 February 2009.

By order of the Board
UMS-NEIKEN GROUP BERHAD
Mah Li Chen
Company Secretary (MAICSA 7022751)
Kuala Lumpur
26 February 2009