

UMS-NEIKEN GROUP BERHAD (650473-V)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

For The Third Quarter Ended 30 September 2009

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year 30 Sept 2009 RM'000 (unaudited)	Preceding Year Corresponding Quarter 30 Sept 2008 RM'000 (unaudited)	Current Year To date 30 Sept 2009 RM'000 (unaudited)	Preceding Year Corresponding Period 30 Sept 2008 RM'000 (unaudited)
Revenue		17,051	28,497	45,557	77,884
Cost of sales		(13,872)	(24,415)	(37,620)	(65,938)
Gross profit		3,179	4,082	7,937	11,946
Other income		231	823	784	1,628
Selling and distribution expenses		(456)	(919)	(1,257)	(3,050)
Administrative expenses		(1,003)	(951)	(2,884)	(2,762)
Other operating expenses		(309)	(720)	(830)	(1,695)
Finance costs		(66)	(378)	(278)	(1,077)
Share of associate profit/(loss)		26	1	56	7
Profit/(loss) before taxation		1,602	1,938	3,528	4,997
Income tax expense	B5	(378)	(487)	(698)	(1,249)
Profit/(loss) after taxation		1,224	1,451	2,830	3,748
ATTRIBUTABLE TO:					
Equity holders of the parent		1,224	1,451	2,830	3,748
Minority interests		-	-	-	-
Profit after taxation		1,224	1,451	2,830	3,748
Earnings per share (sen):					
Basic	B13	1.53	1.81	3.54	4.69
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 30 September 2009. 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 2008 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 30 September 2009

	Note	As at end of current year quarter ended 30 Sept 2009 RM'000 (Unaudited)	Audited 31 Dec 08 RM'000 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Investment in associates		258	190
Property, plant and equipment		17,864	19,575
Investment in shares		-	-
Development expenditure		784	870
Prepaid lease rental		489	566
		<u>19,395</u>	<u>21,201</u>
CURRENT ASSETS			
Inventories		17,893	23,951
Trade receivables		21,063	24,148
Other receivables, prepayments and deposits		1,113	1,171
Amount owing by associates		10	710
Amount owing by related parties		3,577	3,222
Tax recoverable		759	1,746
Fixed deposits with licensed banks		2,443	637
Cash and bank balances		3,921	5,575
		<u>50,779</u>	<u>61,160</u>
TOTAL ASSETS		<u>70,174</u>	<u>82,361</u>
EQUITY AND LIABILITIES			
Share capital		40,000	40,000
Share premium		1,531	1,531
Other reserve		92	92
Exchange fluctuation reserve		(1,052)	(783)
Retained profits		11,358	9,368
TOTAL EQUITY		<u>51,929</u>	<u>50,208</u>
NON-CURRENT AND DEFERRED LIABILITIES			
Term loans		-	-
Deferred taxation		1,950	1,950
		<u>1,950</u>	<u>1,950</u>
CURRENT LIABILITIES			
Trade payables		6,045	9,027
Other payables and accruals		1,064	1,836
Amount owing to directors		-	56
Amount owing to a related company		-	550
Amount owing to related parties		544	-
Short-term borrowings	B9	7,007	17,045
Bank overdrafts	B9	1,170	1,689
Provision for taxation		465	-
		<u>16,295</u>	<u>30,203</u>
TOTAL LIABILITIES		<u>18,245</u>	<u>32,153</u>
TOTAL EQUITY AND LIABILITIES		<u>70,174</u>	<u>82,361</u>
Net Assets per share based on number of shares in issue (RM)		<u>0.65</u>	<u>0.63</u>

UMS-NEIKEN GROUP BERHAD (650473-V)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Third Quarter Ended 30 September 2009

	Attributable to Equity Holders of the Company				Total RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserve RM'000	Exchange Fluctuation Reserve RM'000	
9 months period ended 30 September 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	-	-	-	551	551
Profit for the financial period	-	-	-	-	3,748
Dividend paid	-	-	-	-	(829)
At 30 September 2008	40,000	1,531	92	(720)	51,959
9 months period ended 30 September 2009					
At 1 January 2009	40,000	1,531	92	(783)	50,208
Net loss not recognised in the income statement - foreign exchange difference	-	-	-	(269)	(269)
Profit for the financial period	-	-	-	-	2,830
Dividend paid	-	-	-	-	(840)
At 30 September 2009	40,000	1,531	92	(1,052)	51,929

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 2008 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 Third Quarter Ended 30 September 2009

	Current Year Quarter 30 Sept 2009 RM'000 (unaudited)	Preceding Year Corresponding Quarter 30 Sept 2008 RM'000 (unaudited)
	Note	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,528	4,997
Adjustments for:		
Allowance/(write back) for doubtful debts	(128)	253
Bad debts written off	37	-
Provision for unrealised loss/(profit)	(169)	181
Amortisation of development expenditure	270	274
Depreciation of property, plant and equipment	2,035	1,922
Gain on disposal of property, plant and equipment	-	(50)
Unrealised exchange loss/(gain)	(183)	(1,055)
Amortisation of prepaid lease rental	77	(14)
Interest expense	278	810
Interest income	(14)	(82)
Share of profit of an associate	(68)	(13)
Operating profit before working capital changes	5,663	7,223
Inventories	6,227	(3,579)
Receivables	3,417	(4,958)
Payables	(3,754)	1,031
Cash from operations	11,553	(283)
Interest paid	(278)	(810)
Tax paid	754	(1,223)
Net cash from operating activities	12,029	(2,316)
CASH FLOWS FOR INVESTING ACTIVITIES		
Advances to associates	700	(168)
Development expenditure incurred	(184)	(209)
Interest received	14	82
Purchase of property, plant and equipment and prepaid lease	(791)	(2,441)
Proceeds from disposal of equipment	-	58
Refund for purchase of property land	467	-
Repayment to director	(56)	(90)
Advances from/(Repayments to) related parties	189	(1,621)
Net cash for investing activities	339	(4,389)
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividends paid	(840)	(829)
Net drawdown/(repayment) of bills payables	(9,971)	3,708
Repayments to a related company	(550)	(1,122)
Hire Purchase Financing	-	250
Repayment of HP instalments	(67)	(274)
Net cash for financing activities	(11,428)	1,733
NET DECREASE IN CASH AND CASH EQUIVALENTS	940	(4,972)
EFFECTS OF CHANGES IN FOREIGN EXCHANGE	(269)	551
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE QUARTER	4,523	5,037
CASH AND CASH EQUIVALENTS AT END OF THE QUARTER	5,194	616

Note:

This is prepared based on the consolidated results of the Group for the financial year ended 30 September 2009. The unaudited Condensed Cash Flow Statement should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPT 2009

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 2008. 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 2008.

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 2008.

The Group has not adopted the following FRSs and IC Interpretations that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group:

- (i) FRS issued and effective for financial periods beginning on or after 1 July 2009:

FRS 8 Operating Segments

FRS 8 replaces FRS 114₂₀₀₄ Segment Reporting and requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard only impacts the form and content of disclosures presented in the financial statements of the Group. This FRS is expected to have no material impact on the financial statements of the Group upon its initial application.

- (ii) FRSs issued and effective for financial periods beginning on or after 1 January 2010:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 101 (Revised 2009)	Presentation of Financial Statements
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement

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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)

FRS 4 is not relevant to the Group's operations. The possible impacts of applying FRS 7 and FRS 139 on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given in these standards.

The adoption of FRS 101 (Revised 2009) will only impact the form and content of the presentation of the Group financial statements in the next financial year. There will be no financial impact on the financial statements upon the adoption of this standard.

The possible impact of FRS 123 on the financial statements upon its initial application is not disclosed as the existing accounting policies of the Group and the Company are consistent with the requirements under this new standard.

(iii) Amendments issued and effective for financial periods beginning on or after 1 January 2010:-

Amendments to FRS 1 and FRS 127	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Vesting Conditions and Cancellations
Amendments to FRS 7, FRS132, FRS139 and IC Interpretation 9	Improvements to Accounting for Financial Instruments
Amendments of FRSs	Annual Improvements to FRSs (2009)

The possible impacts of amendments to FRS7, FRS 132, FRS 139 and IC Interpretation 9 on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given in these standards.

The Annual Improvements to FRSs (2009) is expected to have no material impact on the financial statements of the Group upon their initial application.

The other amendments are not relevant to the Group's operations.

(iv) IC Interpretations issued and effective for financial periods beginning on or after 1 January 2010:

IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2: Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

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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 above IC Interpretations are not relevant to the Group's operations except for IC Interpretation 10. IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.

A3. Status of audit qualifications

The auditors' report on the financial statements for the financial year ended 31 December 2008 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

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

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.

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 30.09.2009 (Unaudited)		Preceding Year Corresponding Quarter Ended 30.09.2008 (Unaudited)	
	Revenue RM'000	(Unaudited) Profit Before Taxation RM'000	Revenue RM'000	(Unaudited) Profit Before Taxation RM'000
Malaysia	12,228	1,302	13,220	1,823
Hong Kong	4,823	437	14,474	(16)
Vietnam	-	(137)	803	131
	<u>17,051</u>	<u>1,602</u>	<u>28,497</u>	<u>1,938</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 30 September 2009 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.

A13. Contingent Liabilities and Contingent Assets

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

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

A14. Commitments

The Group has no commitments as of the end of the financial period to date.

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	Preceding Year Corresponding Quarter	Cumulative Current Year to Date	Cumulative Preceding Year Corresponding Quarter
		30.09.2009 RM'000 (Unaudited)	30.09.2008 RM'000 (Unaudited)	30.09.2009 RM'000 (Unaudited)	30.09.2008 RM'000 (Unaudited)
Ming Kee Manufactory Limited ("MKK")	Purchase of fuse link, screws, inserts, cables, plug, metalware, etc	338	275	886	799
MKK	Sales of power cordset, pvc, compound, etc	10	74	81	110
MKK	Office rental	17	16	51	46
MKK	Business Consultancy fee	27	26	82	76
Group Talent Ltd ("GTL")	Purchases of fuse	11	-	47	-
Supeready Elec (Fenghua) Co Ltd ("SE")	Sales of power cordset	2	-	7	-
Uni-Channel Enterprise Sdn Bhd	Sales of fan products	193	-	205	-
High Project Electric Wire & Cables Manufactory (Fenghua) Limited ("HPC")	Purchase of cable reel, power cordset, ect	58	7,923	1,792	18,516
United MS Cables Mfg Sdn. Bhd. ("UMSC")	Purchase of electrical wire	200	946	569	1,783

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

A16. Cash and cash equivalents

	At 30.9.2009 RM'000 (Unaudited)	At 30.9.2008 RM'000 (Unaudited)
Fixed deposits with licensed banks	2,443	631
Cash and bank balances	3,921	3,356
Bank overdraft	(1,170)	(3,371)
	<u>5,194</u>	<u>616</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	0.4483
United States Dollar	3.4745

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

B1. Review of Performance

	Individual Quarter		Cumulative Year to date	
	30.09.2009 (RM'000)	30.09.2008 (RM'000)	30.09.2009 (RM'000)	30.09.2008 (RM'000)
Turnover	17,051	28,497	45,557	77,884
Profit before taxation	1,602	1,938	3,528	4,997

The Group achieved revenue of RM17.1 million for the quarter ended 30 September 2009 and RM45.6m for the financial year to date. This represents a decrease of approximately 40% compared to the corresponding quarter in the preceding year and 42% for the financial year to date. The drop in revenue is mainly due to the drop in demand as a result of the global economic crisis, as well as the cessation of the cable reel business by Hong Kong subsidiary. Profit before taxation of the Group registered a decrease of 17% compared to the corresponding quarter in 2008 and 29% for the financial year to date, in line with the drop in revenue which affected profit margin, higher operation cost for new range of products and less favourable foreign exchange movement against US dollar.

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

	Individual Quarter	
	30.09.2009 (RM'000)	30.06.2009 (RM'000)
Turnover	17,051	15,391
Profit before taxation	1,602	1,662

The Group achieved revenue of approximately RM17.1 million for the current quarter under review as compared to RM15.4 million in the previous quarter, registering an increase of approximately 11%.

Profit before taxation of the Group for the current quarter under review reduced from profit before taxation of RM1.662 million in the previous quarter to RM1.602 million for the current quarter due to lower profit margin.

B3. Current Year Prospects

The Board expects the performance for this year to remain to be challenging, due to the continuing slow global economic recovery and less favourable exchange movement of the US dollar which affecting the production output efficiency. However, the Group will continue to mitigate the risk by aligning the capacity to the level of demand as well as explore more opportunities to enhance its profit margin, market share and diversification of more range of products in local and export market.

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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 30.09.2009 RM'000 (Unaudited)	Preceding Year Corresponding Quarter 30.09.2008 RM'000 (Unaudited)	Cumulative Current Year to Date 30.09.2009 RM'000 (Unaudited)	Cumulative Preceding Year Corresponding Quarter 30.09.2008 RM'000 (Unaudited)
Current tax Expense	<u>378</u>	<u>487</u>	<u>698</u>	<u>1,249</u>

Tax expense for the financial quarter ended 30 September 2009 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 and financial year to date are lower than the prevailing statutory tax rate is mainly due to the higher reinvestment allowance claims incurred by Malaysia manufacturing subsidiary

B6. Unquoted Investments and/or Properties

There were no purchases or disposal of unquoted investments and/or properties in the quarter ended 30 September 2009.

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	1,170
Bill payables	6,913
Hire purchase payables	94
Total	<u>8,177</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 does not recommend any interim dividend in respect of the financial year ending 31 December 2009 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 30.09.2009 (Unaudited)	Preceding Year Corresponding Quarter 30.09.2008 (Unaudited)	Cumulative Current Year to Date 30.09.2009 (Unaudited)	Preceding Year Corresponding Quarter 30.09.2008 (Unaudited)
Profit attributable to Equity holders of parent (RM'000)	1,224	1,451	2,830	3,748
Weighted average number of ordinary shares of RM0.50 each in issue	80,000	80,000	80,000	80,000
Basic Earnings Per Share based on the weighted average number of shares in issue (sen)	1.53	1.81	3.54	4.69

The Company has an ESOS scheme in place. At the end of the financial period, there are 455,000 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 third quarterly report was authorised for issued by the Board of Directors in accordance with the resolution of the directors on 25 November 2009.