

UMS-NEIKEN GROUP BERHAD (650473-V)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The First Quarter Ended 31 March 2010

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year Quarter 31 Mar 2010 RM'000 (unaudited)	Preceding Year Corresponding Quarter 31 Mar 2009 RM'000 (unaudited)	Current Year To date 31 Mar 2010 RM'000 (unaudited)	Preceding Year Corresponding Period 31 Mar 2009 RM'000 (unaudited)
Revenue		14,449	13,115	14,449	13,115
Cost of sales		(11,787)	(11,561)	(11,787)	(11,561)
Gross profit		2,662	1,554	2,662	1,554
Other income		189	505	189	505
		2,851	2,059	2,851	2,059
Selling and distribution expenses		(446)	(448)	(446)	(448)
Administrative expenses		(1,140)	(909)	(1,140)	(909)
Other operating expenses		(375)	(307)	(375)	(307)
Finance costs		(24)	(151)	(24)	(151)
Profit/(Loss) from operation		866	244	866	244
Share of profit before taxation of associates		(1)	20	(1)	20
Profit/(loss) before taxation		865	264	865	264
Income tax expense	B5	(232)	16	(232)	16
Profit/(loss) after taxation		633	280	633	280
Other Comprehensive Income					
Currency translation difference		(431)	356	(431)	356
Total Comprehensive Income		202	636	202	636
ATTRIBUTABLE TO:					
Equity holders of the Company		202	636	202	636
Minority interests		-	-	-	-
		202	636	202	636
Earnings per share (sen):					
Basic	B13	0.79	0.35	0.79	0.35
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 March 2010. The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's Audited Financial Statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

UMS-NEIKEN GROUP BERHAD (650473-V)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	As at end of current year quarter ended 31 Mar 2010 RM'000 (Unaudited)	Audited 31 Dec 09 RM'000 (Audited)
Note		
ASSETS		
NON-CURRENT ASSETS		
Investment in associates	1,285	689
Property, plant and equipment	16,816	17,360
Investment in shares	-	-
Development expenditure	518	576
Prepaid lease rental	424	479
	<u>19,043</u>	<u>19,104</u>
CURRENT ASSETS		
Inventories	14,701	16,277
Trade receivables	17,229	19,424
Other receivables, prepayments and deposits	1,603	1,482
Amount owing by associates	208	34
Amount owing by related parties	89	236
Tax recoverable	932	959
Fixed deposits with licensed banks	2,661	3,418
Cash and bank balances	6,282	4,559
	<u>43,705</u>	<u>46,389</u>
TOTAL ASSETS	<u>62,748</u>	<u>65,493</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	40,000	40,000
Share premium	1,531	1,531
Other reserve	92	92
Exchange fluctuation reserve	(1,675)	(1,244)
Retained profits	11,304	10,671
TOTAL EQUITY	<u>51,252</u>	<u>51,050</u>
NON-CURRENT AND DEFERRED LIABILITY		
Deferred taxation	1,740	1,740
	<u>1,740</u>	<u>1,740</u>
CURRENT LIABILITIES		
Trade payables	4,188	5,661
Other payables and accruals	1,682	1,937
Amount owing to directors	-	170
Amount owing to a related company	-	292
Amount owing to related parties	720	199
Short-term borrowings	2,136	4,230
Bank overdrafts	840	-
Provision for taxation	190	214
	<u>9,756</u>	<u>12,703</u>
TOTAL LIABILITIES	<u>11,496</u>	<u>14,443</u>
TOTAL EQUITY AND LIABILITIES	<u>62,748</u>	<u>65,493</u>
Net Assets per share based on number of shares in issue (RM)	<u>0.64</u>	<u>0.64</u>

Note:

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's Audited Financial Statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

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 2010

	Attributable to Equity Holders of the Company			Exchange Fluctuation Reserve RM'000	Distributable	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserve RM'000			
3 months period ended 31 March 2009						
At 1 January 2009	40,000	1,531	92	(783)	9,368	50,208
<u>Comprehensive Income</u>	-	-	-	-	280	280
Profit for the financial period	-	-	-	-	280	280
<u>Other Comprehensive Income</u>	-	-	-	356	-	356
Currency translation difference	-	-	-	356	280	636
Total Comprehensive income	-	-	-	356	280	636
At 31 March 2009	40,000	1,531	92	(427)	9,648	50,844
3 months period ended 31 March 2010						
At 1 January 2010	40,000	1,531	92	(1,244)	10,671	51,050
<u>Comprehensive Income</u>	-	-	-	-	633	633
Profit for the financial period	-	-	-	-	633	633
<u>Other Comprehensive Income</u>	-	-	-	(431)	-	(431)
Currency translation difference	-	-	-	(431)	633	202
Total Comprehensive income	-	-	-	(431)	633	202
At 31 March 2010	40,000	1,531	92	(1,675)	11,304	51,252

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 2009 and the accompanying explanatory notes attached to the interim financial statements.

UMS-NEIKEN GROUP BERHAD (650473-V)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For The First Quarter Ended 31 March 2010

	Current Year Quarter 31 Mar 2010 RM'000 (unaudited)	Preceding Year Corresponding Quarter 31 Mar 2009 RM'000 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	865	264
Adjustments for:		
Write back allowance for doubtful debts	(56)	-
Allowance for doubtful debts	-	37
Write back allowance for slow moving stocks	(15)	-
Allowance for slow moving stocks	285	-
Provision for unrealised profit	2	(151)
Amortisation of development expenditure	76	90
Depreciation of property, plant and equipment	600	688
Gain on disposal of property, plant and equipment	(6)	-
Unrealised exchange loss/(gain)	187	(221)
Amortisation of prepaid lease rental	54	18
Interest expense	24	151
Interest income	(6)	(5)
Share of loss/(profit) in an associate	-	(27)
Operating profit before working capital changes	<u>2,010</u>	<u>845</u>
Inventories	1,304	5,025
Receivables	1,944	9,128
Payables	<u>(1,728)</u>	<u>(5,240)</u>
Cash inflow from operations	3,530	9,758
Interest paid	(24)	(151)
Net tax paid	<u>(229)</u>	<u>486</u>
Net cash inflow from operating activities	<u>3,277</u>	<u>10,093</u>
CASH FLOWS FOR INVESTING ACTIVITIES		
(Repayment to)/Advances from an associates	(174)	428
Development expenditure incurred	(18)	(61)
Interest received	6	5
Purchase of property, plant and equipment and prepaid lease	(134)	(246)
Proceeds from disposal of equipment	84	-
Refund for purchase of property land	-	-
Repayment to directors	(170)	(56)
Advances from/(Repayments to) related parties	668	(1,022)
Increase of share capital in associated company	<u>(596)</u>	<u>-</u>
Net cash outflow for investing activities	<u>(334)</u>	<u>(952)</u>
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividends paid	-	-
Net repayment of bills payables	(2,077)	(10,827)
Repayments to a related company	(292)	(550)
Hire Purchase Financing	-	-
Repayment of HP instalments	<u>(17)</u>	<u>(29)</u>
Net cash outflow for financing activities	<u>(2,386)</u>	<u>(11,406)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	557	(2,265)
EFFECTS OF CHANGES IN FOREIGN EXCHANGE	(431)	356
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE QUARTER	<u>7,977</u>	<u>4,523</u>
CASH AND CASH EQUIVALENTS AT END OF THE QUARTER	<u>8,103</u>	<u>2,614</u>

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Note:

This is prepared based on the consolidated results of the Group for the financial year ended 31 March 2010. The unaudited Condensed Statement of Cash Flow should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2010

PART A: EXPLANATORY NOTES PURSUANT 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 2009. 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 2009.

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 2009, except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations.

FRSs/IC Interpretations	Effective date
FRS 7 Financial Instruments: Disclosures	1 January 2010
FRS 8 Operating Segments	1 July 2009
Revised FRS 101 (2009) Presentation of Financial Statements	1 January 2010
Revised FRS 123 (2009) Borrowing Costs	1 January 2010
Revised FRS 139 (2010) Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 7, FRS 139 and IC Interpretation 9	1 January 2010

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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)

IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13 Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
Annual Improvements to FRSs (2009)	1 January 2010

The above FRSs, IC Interpretations and amendments do not have significant impact on the financial statements of the Group, except as follows:

The revised FRS 101 (2009) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. The adoption of this revised standard will only impact the form and content of the presentation of the Group's financial statements.

A3. Status of audit qualifications

The auditors' report on the financial statements for the financial year ended 31 December 2009 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.

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

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.

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 31.03.2010		Preceding Year Corresponding Quarter Ended 31.03.2009	
	(Unaudited) Revenue RM'000	(Unaudited) Profit Before Taxation RM'000	(Unaudited) Revenue RM'000	(Unaudited) Profit Before Taxation RM'000
Malaysia	10,670	872	8,107	138
Hong Kong	3,779	2	4,946	231
Vietnam	-	(9)	62	(105)
	<u>14,449</u>	<u>865</u>	<u>13,115</u>	<u>264</u>

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

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 2010 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.

A14. Commitments

The Group has not obtained any foreign exchange contract from a financial institution under quarter review.

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

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
		31.03.2010 RM'000 (Unaudited)	31.03.2009 RM'000 (Unaudited)	31.03.2010 RM'000 (Unaudited)	31.03.2009 RM'000 (Unaudited)
Ming Kee Manufactory Limited ("MKK")	Purchase of fuse link, screws, inserts, cables, plug, metalware, etc	315	223	315	223
MKK	Sales of power cordset	41	56	41	56
MKK	Office rental	16	18	16	18
MKK	Business Consultancy fee	26	28	26	28
Group Talent Ltd ("GTL")	Purchases of fuse	17	-	17	-
High Project Electric Wire & Cables Manufactory (Fenghua) Limited ("HPC")	Purchase of power cordset, cable reel, etc	31	1,152	31	1,152
United MS Cables Mfg Sdn. Bhd. ("UMSC")	Purchase of electrical wire	199	190	199	190

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

A16. Cash and cash equivalents

	At 31.03.2010 RM'000 (Unaudited)	At 31.03.2009 RM'000 (Unaudited)
Fixed deposits with licensed banks	2,661	1,348
Cash and bank balances	6,282	2,246
Bank overdraft	(840)	(980)
	<u>8,103</u>	<u>2,614</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	0.4216
United States Dollar	3.2730

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

B1. Review of Performance

	Individual Quarter		Year to date	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Turnover	14,449	13,115	14,449	13,115
Profit before taxation	865	264	865	264

The Group achieved revenue of RM14.4 million for the quarter ended 31 March 2010 and for the financial year to date. This represents an increase of approximately 10% compared to the corresponding quarter in the preceding year and the financial year to date. The increase in revenue is mainly due to the recovery in demand from the global economic crisis. The profit before taxation of the Group registered an increase of approximately 228% as compared to the corresponding quarter in 2009 and the financial year to date, in line with the increase in sales revenue and improvement in the gross profit margin.

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

	Individual Quarter	
	31.03.2010	30.12.2009
	(RM'000)	(RM'000)
Turnover	14,449	16,987
(Loss)/Profit before taxation	865	(1,158)

The Group achieved revenue of approximately RM14.45 million for the current quarter under review as compared to RM16.99 million in the previous quarter, registering a decrease of approximately 15%.

Profit before taxation of the Group for the current quarter under review was improved from loss before taxation of RM1.158m in the previous quarter to RM0.865m was due to better profit margin and lower write-off of obsolete inventories.

B3. Current Year Prospects

The Board expects the performance for this year to remain to be challenging, due to continuous uneven recovery in the global economy as well as fluctuating movement in the exchange rate of the US dollar. The Group will continue to mitigate the risk by aligning the capacity to the level of demand as well as diversification of its product range to enhance the profit margin and market share.

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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 31.03.2010 RM'000 (Unaudited)	Preceding Year Corresponding Quarter 31.03.2009 RM'000 (Unaudited)	Cumulative Current Year to Date 31.03.2010 RM'000 (Unaudited)	Cumulative Preceding Year Corresponding Quarter 31.03.2009 RM'000 (Unaudited)
Current tax Expense	232	(16)	232	(16)

Tax expense for the financial quarter ended 31 March 2010 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 current year to date approximate to the statutory tax rate

B6. Unquoted Investments and/or Properties

There were no purchases or disposal of unquoted investments and/or properties in the quarter ended 31 March 2010.

B7. Quoted and marketable investments

There were no 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 overdrafts	840
Bill payables	2,075
Hire purchase payables	61
Total	<u><u>2,976</u></u>

There are no foreign currency borrowings at the end of the reporting quarter.

B10. Derivatives financial instrument

There are no derivatives financial instruments as at the date of this report.

B11. Changes in material litigation

A subsidiary has initiated legal actions in high court against Ultiglobal Electrical Sdn Bhd, Pang Chun Hsiung and Soo Yoke Eng & Boo Pang for the infringement of the Group's trademark. The group is seeking damages from the defendants for the infringement. The case is now fixed for case management on June 30, 2010 and hearing for the trial on September 1-3, 2010. The directors are of the view that the subsidiary has a fair chance of succeeding on its claims against the defendants

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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 2010 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 31.03.2010 (Unaudited)	Preceding Year Corresponding Quarter 31.03.2009 (Unaudited)	Cumulative Current Year to Date 31.03.2010 (Unaudited)	Preceding Year Corresponding Quarter 31.03.2009 (Unaudited)
Profit attributable to Equity holders of parent (RM'000)	633	280	633	280
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)	0.79	0.35	0.79	0.35

The Company has an ESOS scheme in place. At the end of the financial period, there are 445,000 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 issued by the Board of Directors in accordance with the resolution of the directors on 25 May 2010.