

UMS-NEIKEN GROUP BERHAD (650473-V)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The First Quarter Ended 31 March 2011

| | Note | INDIVIDUAL PERIOD | | CUMULATIVE PERIOD | |
|-----------------------------------|------|---|--|---|---|
| | | Current Year Quarter 31 Mar 2011 RM'000 (unaudited) | Preceding Year Corresponding Quarter 31 Mar 2010 RM'000 (unaudited) | Current Year To date 31 Mar 2011 RM'000 (unaudited) | Preceding Year Corresponding Period 31 Mar 2010 RM'000 (unaudited) |
| Revenue | | 16,884 | 14,449 | 16,884 | 14,449 |
| Cost of sales | | (14,066) | (11,787) | (14,066) | (11,787) |
| Gross profit | | 2,818 | 2,662 | 2,818 | 2,662 |
| Other income | | 158 | 189 | 158 | 189 |
| | | 2,976 | 2,851 | 2,976 | 2,851 |
| Selling and distribution expenses | | (515) | (446) | (515) | (446) |
| Administrative expenses | | (1,399) | (1,140) | (1,399) | (1,140) |
| Other operating expenses | | (227) | (375) | (227) | (375) |
| Finance costs | | (57) | (24) | (57) | (24) |
| Share of profit for an associate | | 30 | (1) | 30 | (1) |
| Profit before taxation | | 808 | 865 | 808 | 865 |
| Income tax expense | B5 | (303) | (232) | (303) | (232) |
| Profit after taxation | | 505 | 633 | 505 | 633 |
| Other Comprehensive Income | | | | | |
| Currency translation difference | | (225) | (431) | (225) | (431) |
| Total Comprehensive Income | | 280 | 202 | 280 | 202 |
| ATTRIBUTABLE TO: | | | | | |
| Equity holders of the Company | | 280 | 202 | 280 | 202 |
| Minority interests | | - | - | - | - |
| | | 280 | 202 | 280 | 202 |
| Earnings per share (sen): | | | | | |
| Basic | B13 | 0.63 | 0.79 | 0.63 | 0.79 |
| 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 2011. The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's Audited Financial

UMS-NEIKEN GROUP BERHAD (650473-V)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

| | As at end of current year quarter ended 31 Mar 2011 RM'000 (Unaudited) | Audited 31 Dec 2010 RM'000 (Audited) |
|--|---|---|
| Note | | |
| ASSETS | | |
| NON-CURRENT ASSETS | | |
| Investment in associates | 1,495 | 1,464 |
| Property, plant and equipment | 14,967 | 15,444 |
| Investment in shares | - | - |
| Development expenditure | 275 | 326 |
| Prepaid lease rental | 352 | 395 |
| | <u>17,089</u> | <u>17,629</u> |
| CURRENT ASSETS | | |
| Inventories | 17,286 | 19,661 |
| Trade receivables | 20,151 | 20,072 |
| Other receivables, prepayments and deposits | 1,395 | 1,064 |
| Amount owing by associates | 257 | 230 |
| Amount owing by related parties | 194 | 3 |
| Tax recoverable | 150 | 98 |
| Fixed deposits with licensed banks | 2,712 | 2,697 |
| Cash and bank balances | 6,511 | 6,221 |
| | <u>48,656</u> | <u>50,046</u> |
| TOTAL ASSETS | <u>65,745</u> | <u>67,675</u> |
| EQUITY AND LIABILITIES | | |
| EQUITY | | |
| Share capital | 40,000 | 40,000 |
| Treasury shares | (50) | (49) |
| Share premium | 1,531 | 1,531 |
| Other reserve | 92 | 92 |
| Exchange fluctuation reserve | (2,316) | (2,091) |
| Retained profits | 12,408 | 11,903 |
| TOTAL EQUITY | <u>51,665</u> | <u>51,386</u> |
| NON-CURRENT AND DEFERRED LIABILITY | | |
| Term loans | - | - |
| Deferred taxation | 1,499 | 1,499 |
| | <u>1,499</u> | <u>1,499</u> |
| CURRENT LIABILITIES | | |
| Trade payables | 4,603 | 5,598 |
| Other payables and accruals | 1,555 | 1,736 |
| Amount owing to directors | - | 218 |
| Amount owing to a related company | - | 178 |
| Amount owing to related parties | 741 | 169 |
| Short-term borrowings | B9 5,275 | 6,726 |
| Bank overdrafts | B9 - | 130 |
| Provision for taxation | 407 | 35 |
| | <u>12,581</u> | <u>14,790</u> |
| TOTAL LIABILITIES | 14,080 | 16,289 |
| TOTAL EQUITY AND LIABILITIES | <u>65,745</u> | <u>67,675</u> |
| Net Assets per share based on number of shares in issue (RM) | <u>0.65</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 2010 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 CHANGES IN EQUITY

For The First Quarter Ended 31 March 2011

| | Attributable to Equity Holders of the Company | | Non-distributable | | Distributable | | |
|--|---|------------------------|----------------------|----------------------|-------------------------------------|-------------------------|--------------|
| | Share Capital RM'000 | Treasury Shares RM'000 | Share Premium RM'000 | Other Reserve RM'000 | Exchange Fluctuation Reserve RM'000 | Retained profits RM'000 | Total RM'000 |
| 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 |
| 3 months period ended 31 March 2011 | | | | | | | |
| At 1 January 2011 | 40,000 | (49) | 1,531 | 92 | (2,091) | 11,903 | 51,386 |
| Treasury Shares | - | (1) | - | - | - | - | (1) |
| <u>Comprehensive Income</u> | - | - | - | - | - | 505 | 505 |
| Profit for the financial period | - | - | - | - | - | 505 | 505 |
| <u>Other Comprehensive Income</u> | - | - | - | - | (225) | - | (225) |
| Currency translation difference | - | - | - | - | (225) | 505 | 280 |
| Total Comprehensive income | - | - | - | - | (225) | 505 | 280 |
| At 31 March 2011 | 40,000 | (50) | 1,531 | 92 | (2,316) | 12,408 | 51,665 |

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 2010 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 2011

| | Current Year Quarter 31 Mar 2011 RM'000 (unaudited) | Preceding Year Corresponding Quarter 31 Mar 2010 RM'000 (unaudited) |
|--|--|---|
| | Note | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 808 | 865 |
| Adjustments for: | | |
| Write back allowance for doubtful debts | (1) | (56) |
| Write back allowance for slow moving stocks | (78) | (15) |
| Allowance for slow moving stocks | 2 | 285 |
| Provision for unrealised profits | 53 | 2 |
| Amortisation of development expenditure | 51 | 76 |
| Depreciation of property, plant and equipment | 558 | 600 |
| Gain on disposal of property, plant and equipment | - | (6) |
| Unrealised exchange (gain)/loss | (28) | 187 |
| Amortisation of prepaid lease rental | 43 | 54 |
| Interest expense | 57 | 24 |
| Interest income | (18) | (6) |
| Share of profit in an associate | (31) | - |
| Operating profit before working capital changes | 1,416 | 2,010 |
| Decrease in Inventories | 2,398 | 1,304 |
| (Increase)/Decrease in Trade & other receivables | (381) | 1,944 |
| Decrease in Trade & other payables | (1,176) | (1,728) |
| Increase in amount owing by an associate | (27) | (174) |
| Increase in amount owing to related parties | 381 | 668 |
| Decrease in amount owing to a related company | (178) | (292) |
| Cash inflow from operations | 2,433 | 3,732 |
| Interest paid | (57) | (24) |
| Net tax payable/(paid) | 17 | (229) |
| Net cash inflow from operating activities | 2,393 | 3,479 |
| CASH FLOWS FOR INVESTING ACTIVITIES | | |
| (Repayment to)/Advances from an associates | - | - |
| Development expenditure incurred | - | (18) |
| Interest received | 18 | 6 |
| Purchase of property, plant and equipment and prepaid lease | (81) | (134) |
| Proceeds from disposal of plant and equipment | - | 84 |
| Treasury shares buy-back | (1) | - |
| Increase of share capital in an associated company | - | (596) |
| Net cash outflow for investing activities | (64) | (658) |
| CASH FLOWS FOR FINANCING ACTIVITIES | | |
| Net repayment of bills payables | (1,451) | (2,077) |
| Repayment of HP instalments | - | (17) |
| Repayment to directors | (218) | (170) |
| Net cash outflow for financing activities | (1,669) | (2,264) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 660 | 557 |
| EFFECTS OF CHANGES IN FOREIGN EXCHANGE | (225) | (431) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE QUARTER | 8,788 | 7,977 |
| CASH AND CASH EQUIVALENTS AT END OF THE QUARTER | 9,223 | 8,103 |

Note:

This is prepared based on the consolidated results of the Group for the financial year ended 31 March 2011. 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 2010 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 2011

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 2010. 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 2010.

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 2010, except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations.

| FRSs and IC Interpretations (including the Consequential Amendments) | Effective date |
|---|-----------------------|
| FRS 1 (Revised) First-time Adoption of Financial Reporting Standards | 1 July 2010 |
| FRS 3 (Revised) Business Combinations | 1 July 2010 |
| FRS 127 (Revised) Consolidated and Separate Financial Statements | 1 July 2010 |
| Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters | 1 January 2011 |
| Amendments to FRS 1: Additional Exemptions for First-time Adopters | 1 January 2011 |
| Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised) | 1 July 2010 |
| Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions | 1 January 2011 |
| Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary | 1 July 2010 |
| Amendments to FRS 7: Improving Disclosures about Financial Instruments | 1 January 2011 |

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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)

| FRSs and IC Interpretations (including the Consequential Amendments) | Effective date |
|---|-----------------------|
| Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised) | 1 July 2010 |
| Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised) | 1 July 2010 |
| IC Interpretation 4 Determining Whether An Arrangement Contains a Lease | 1 January 2011 |
| IC Interprétation 12 Service Concession Arrangements | 1 July 2010 |
| IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation | 1 July 2010 |
| IC Interpretation 17 Distributions of Non-cash Assets to Owners | 1 July 2010 |
| IC Interpretation 18 Transfers of Assets from Customers | 1 January 2011 |
| Annual Improvements to FRSs (2010) | 1 January 2011 |

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

- (i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.
- (ii) FRS 127 (Revised) requires 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 or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of FRS 127 (Revised) prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting its future transactions or arrangements.

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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 2010 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, save as disclosed below:-

- i) On 16 February 2011, the Company had purchased a total of 1,000 of its issued share capital ("UMSNGB shares") from open market. The total consideration paid for the share buy back of UMSNGB shares, including the transaction costs was RM346.10. The purchase was financed by internally generated fund. The share purchased are being held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act 1965.

As at the date of this report, the total shares bought back amounted to 188,500 UMSNGB shares. None of the treasury held were resold or cancelled during the financial period ended 31 March 2011.

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 | | Preceding Year Corresponding Quarter | |
|-----------|----------------------|---------------|--------------------------------------|---------------|
| | Ended 31.03.2011 | | Ended 31.03.2010 | |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | Revenue | Profit Before | Revenue | Profit Before |
| | RM'000 | Taxation | RM'000 | Taxation |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysia | 13,068 | 1,149 | 10,670 | 872 |
| Hong Kong | 3,800 | (389) | 3,779 | 2 |
| Vietnam | 16 | 48 | - | (9) |
| | <u>16,884</u> | <u>808</u> | <u>14,449</u> | <u>865</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 2011. Up to date of this report, the Hong Kong subsidiary, namely High Project Limited ("HPL"), had injected the balance of approved registered capital amounting to HKD900,200 into High Project Electrical Manufactory (Dongguan) Limited on 12 April 2011. Consequently, the entire approved registered capital of HKD3,000,000 in China subsidiary had been fully subscribed by HPL.

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

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, save as disclosed below,

| | RM'000 |
|--|---------------|
| Corporate guarantee given to licenced banks for credit facilities granted to subsidiaries | 31,700 |

A14. Commitments

The Group has not obtained any foreign exchange contract from a financial institution or capital commitment under quarter review, save as disclosed below,

| | RM'000 |
|---|---------------|
| Approved and contracted for:- Investment in a foreign subsidiary | 350 |

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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 31.03.2011 RM'000 (Unaudited) | Preceding Year Corresponding Quarter 31.03.2010 RM'000 (Unaudited) | Cumulative Current Year to Date 31.03.2011 RM'000 (Unaudited) | Cumulative Preceding Year Corresponding Quarter 31.03.2010 RM'000 (Unaudited) |
|---|--|---|---|--|--|
| Ming Kee Manufactory Limited ("MKK") | Purchase of fuse link, screws, inserts, cables, plug, metalware, etc | 150 | 315 | 150 | 315 |
| MKK | Sales of power cordset | 190 | 41 | 190 | 41 |
| MKK | Office rental | 15 | 16 | 15 | 16 |
| MKK | Business Consultancy fee | 23 | 26 | 23 | 26 |
| Group Talent Ltd ("GTL") | Purchases of fuse | 2 | 17 | 2 | 17 |
| Supeready Elec (Fenghua) Co Ltd ("SE") | Sales of power cordset | 5 | - | 5 | - |
| High Project Electric Wire & Cables Manufactory (Fenghua) Limited ("HPC") | Purchase of power cordset, etc | 43 | 31 | 43 | 31 |
| United MS Cables Mfg Sdn. Bhd. ("UMSC") | Purchase of electrical wire | 534 | 199 | 534 | 199 |

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

A16. Cash and cash equivalents

| | At 31.03.2011 RM'000 (Unaudited) | At 31.03.2010 RM'000 (Unaudited) |
|------------------------------------|--|--|
| Fixed deposits with licensed banks | 2,712 | 2,661 |
| Cash and bank balances | 6,511 | 6,282 |
| Bank overdraft | - | (840) |
| | 9,223 | 8,103 |

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, High Project Electrical Manufactory (Dongguan) 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 | 0.3885 |
| Chinese Renmimbi | 0.4605 |
| United States Dollar | 3.0259 |

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

B1. Review of Performance

| | Individual Quarter | | Year to date | |
|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 31.03.2011 (RM'000) | 31.03.2010 (RM'000) | 31.03.2011 (RM'000) | 31.03.2010 (RM'000) |
| Turnover | 16,884 | 14,449 | 16,884 | 14,449 |
| Profit before taxation | 808 | 865 | 808 | 865 |

The Group achieved revenue of RM16.9 million for the quarter ended 31 March 2011 and financial year to date. This represents an increase of approximately 17% compared to the corresponding quarter in the preceding year and financial year to date. The increase in revenue is mainly due to the higher sales of the home appliances products and improvement in demand for the other segments. Profit before taxation of the Group registered a decrease of 7% as compared to the corresponding quarter and financial year to date in 2010, is mainly due to major material cost increase and further weakening of USD Dollar.

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

| | Individual Quarter | |
|------------------------|------------------------|------------------------|
| | 31.03.2011 (RM'000) | 31.12.2010 (RM'000) |
| Turnover | 16,884 | 17,630 |
| Profit before taxation | 808 | 915 |

The Group achieved revenue of approximately RM16.88 million for the current quarter under review as compared to RM17.63 million in the previous quarter, registering a decrease of approximately 4%.

Profit before taxation of the Group for the current quarter under review was dropped from RM0.915m in the previous quarter to RM0.808m was due to major material cost increase and lower sales.

B3. Current Year Prospects

The Board expects the performance for the current year remain to be challenging, due to upward pressure on the prices of raw materials and the uncertainty in the US Dollar movement which affect the export sales. The Group will continue to mitigate the risk by aligning the selling price, explore new range of trading products as well as intensify the home appliances in the local market 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 31.03.2011 RM'000 (Unaudited) | Preceding Year Corresponding Quarter 31.03.2010 RM'000 (Unaudited) | Cumulative Current Year to Date 31.03.2011 RM'000 (Unaudited) | Cumulative Preceding Year Corresponding Quarter 31.03.2010 RM'000 (Unaudited) |
|------------------------|---|---|--|---|
| Current tax Expense | 303 | 232 | 303 | 232 |

Tax expense for the financial quarter ended 31 March 2011 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 year to date higher than the statutory rate, is mainly due to higher depreciation over claimable capital allowance incurred by the subsidiaries in Malaysia.

B6. Unquoted Investments and/or Properties

There were no purchases or disposal of unquoted investments and/or properties in the quarter ended 31 March 2011.

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 |
|---------------|--|
| Bill payables | 5,275 |

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 company which wholly owned, namely United MS Electrical Mfg (M) Sdn Bhd, had sued 4 parties for the infringement of the trademark owned by the Group. On 2nd September 2010, pursuant to a settlement, the High Court ordered 4 defendants to compensate the subsidiary an amount of RM60,000 in total and make an apology for the infringement of trademark in a local newspaper. The matter is now pending the advertisement of the notice the apology by the 4 defendants.

UMS-NEIKEN GROUP BERHAD*(Company No: 650473-V)**(Incorporated in Malaysia)***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 2011 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 31.03.2011 (Unaudited) | Preceding Year Corresponding Quarter 31.03.2010 (Unaudited) | Cumulative Current Year to Date 31.03.2011 (Unaudited) | Preceding Year Corresponding Quarter 31.03.2010 (Unaudited) |
|--|---|---|--|---|
| Profit attributable to Equity holders of parent (RM'000) | <u>505</u> | <u>633</u> | <u>505</u> | <u>633</u> |
| Weighted average number of ordinary shares of RM0.50 each in issue | <u>79,811</u> | <u>80,000</u> | <u>79,811</u> | <u>80,000</u> |
| Basic Earnings Per Share based on the weighted average number of shares in issue (sen) | <u>0.63</u> | <u>0.79</u> | <u>0.63</u> | <u>0.79</u> |

The Company has an ESOS scheme in place. At the end of the financial period, there are 415,000 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.

UMS-NEIKEN GROUP BERHAD*(Company No: 650473-V)**(Incorporated in Malaysia)***PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS (CONT'D)****B14. Disclosure of realised and unrealised profits (Cont'd)**

The breakdown of the retained profits of the group as at 31 March 2011, into realised and unrealised profits, are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements*, as issued by the Malaysian Institute of Accountants, is as follows:-

| | As at financial period ended 31.03.2011 RM'000 (unaudited) | As at financial year ended 31.12.2010 RM'000 (audited) |
|--|---|---|
| Total retained earnings of the Group | | |
| - Realised | 34,845 | 34,255 |
| - Unrealised | (2,753) | (2,697) |
| | <hr/> 32,092 | <hr/> 31,558 |
| Less: Consolidation adjustments | (19,685) | (19,655) |
| | <hr/> | <hr/> |
| Total retained earnings as per condensed consolidated statement of changes in equity | <hr/> 12,407 | <hr/> 11,903 |

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

B15. 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.

B16. 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 24 May 2011.