

UMS-NEIKEN GROUP BERHAD (650473-V)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Second Quarter Ended 30 June 2013

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year Quarter 30 Jun 2013 RM'000 (unaudited)	Preceding Year Corresponding Quarter 30 Jun 2012 RM'000 (unaudited)	Current Year To date 30 Jun 2013 RM'000 (unaudited)	Preceding Year Corresponding Period 30 Jun 2012 RM'000 (unaudited)
Revenue		19,243	21,925	37,729	41,046
Cost of sales		(14,580)	(16,849)	(28,759)	(31,931)
Gross profit		4,663	5,076	8,970	9,115
Other income		454	449	810	859
		5,117	5,525	9,780	9,974
Selling and distribution expenses		(544)	(621)	(1,071)	(1,092)
Administrative expenses		(1,662)	(1,519)	(3,164)	(3,061)
Other operating expenses		(167)	(570)	(473)	(1,237)
Finance costs		(108)	(60)	(135)	(101)
Share of profit for an associate		200	105	147	157
Profit before taxation		2,836	2,860	5,084	4,640
Income tax expense	B6	(892)	(845)	(1,556)	(1,464)
Profit after taxation		1,944	2,015	3,528	3,176
Other Comprehensive (Expenses)/Income					
Currency translation difference		217	282	334	92
Total Comprehensive Income		2,161	2,297	3,862	3,268
PROFIT AFTER TAXATION ATTRIBUTABLE TO Owners of The Company		1,944	2,015	3,528	3,176
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO Owners of The Company		2,161	2,297	3,862	3,268
Earnings per share (sen):					
Basic	B11	2.47	2.53	4.49	3.98
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 June 2013. 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 30 June 2013

	As at end of current year quarter ended 30 Jun 2013 RM'000 (Unaudited)	Audited 31 Dec 2012 RM'000 (Audited)
Note		
ASSETS		
NON-CURRENT ASSETS		
Investment in associates	2,082	1,935
Property, plant and equipment	22,922	11,772
Prepaid lease rental	338	336
Deferred Tax Assets	176	176
Other Investment	1,018	504
	<u>26,536</u>	<u>14,723</u>
CURRENT ASSETS		
Inventories	18,074	17,428
Trade receivables	22,015	23,372
Other receivables, prepayments and deposits	2,154	1,800
Amount owing by associates	2,325	1,365
Amount owing by related parties	5	146
Tax recoverable	340	158
Fixed deposits with licensed banks	6,164	5,989
Cash and bank balances	6,698	7,049
	<u>57,775</u>	<u>57,307</u>
TOTAL ASSETS	<u>84,311</u>	<u>72,030</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	40,000	40,000
Treasury shares	(488)	(487)
Share premium	1,531	1,531
Exchange fluctuation reserve	(1,927)	(2,261)
Retained profits	22,437	20,482
TOTAL EQUITY	<u>61,553</u>	<u>59,265</u>
NON-CURRENT AND DEFERRED LIABILITY		
Term loans	8,738	-
Deferred taxation	1,087	1,087
	<u>9,825</u>	<u>1,087</u>
CURRENT LIABILITIES		
Trade payables	4,508	4,210
Other payables and accruals	1,883	3,271
Amount owing to directors	31	378
Amount owing to a related company	248	275
Amount owing to related parties	73	-
Short-term borrowings	B8 4,631	2,903
Bank overdrafts	B8 390	-
Provision for taxation	1,169	641
	<u>12,933</u>	<u>11,678</u>
TOTAL LIABILITIES	<u>22,758</u>	<u>12,765</u>
TOTAL EQUITY AND LIABILITIES	<u>84,311</u>	<u>72,030</u>
Net Assets per share based on number of shares in issue (RM)	<u>0.78</u>	<u>0.74</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 2012 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 Second Quarter Ended 30 June 2013

	Attributable to Equity Holders of the Company					Total RM'000
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Non-distributable Other Reserve RM'000	Distributable Exchange Fluctuation Reserve RM'000	
6 months period ended 30 June 2012						
At 1 January 2012	40,000	(50)	1,531	92	(1,998)	54,757
Treasury Shares	-	(27)	-	-	-	(27)
Comprehensive Income Profit for the financial period	-	-	-	-	-	3,176
Other Comprehensive Income Currency translation difference	-	-	-	-	92	92
Total Comprehensive Income	-	-	-	-	92	3,268
Contribution by and distributions to owners of the Company - Dividend paid	-	-	-	-	-	(1,197)
At 30 June 2012	40,000	(77)	1,531	92	(1,906)	56,801
6 months period ended 30 June 2013						
At 1 January 2013	40,000	(487)	1,531	-	(2,261)	59,265
Treasury Shares	-	(1)	-	-	-	(1)
Comprehensive Income Profit for the financial period	-	-	-	-	-	3,528
Other Comprehensive Expenses Currency translation difference	-	-	-	-	334	334
Total Comprehensive Income	-	-	-	-	334	3,862
Contribution by and distributions to owners of the Company - Dividend paid	-	-	-	-	-	(1,573)
At 30 June 2013	40,000	(488)	1,531	-	(1,927)	61,553

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 2012 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 Second Quarter Ended 30 June 2013

	Current Year Quarter 30 Jun 2013 RM'000 (unaudited)	Preceding Year Corresponding Quarter 30 Jun 2012 RM'000 (unaudited)
	Note	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,084	4,640
Adjustments for:		
Write back allowance for doubtful debts	(17)	(75)
Allowance for doubtful debts	39	82
Write back for inventories written down	(40)	(64)
inventories written down	58	297
Deposits written off	-	49
Reversal in provision for unrealised profits	(34)	(86)
Amortisation of development expenditure	-	34
Depreciation of property, plant and equipment	693	998
impairment losses on plant & machinery	-	289
impairment losses on stocks	-	258
Write back for impairment losses on stocks	(48)	-
Gain on disposal of property, plant and equipment	(102)	(127)
Unrealised exchange gain	(291)	(349)
Amortisation of prepaid lease rental	(2)	4
Interest expense	135	101
Interest income	(154)	(71)
Share of profit in an associate	(147)	(157)
Operating profit before working capital changes	<u>5,174</u>	<u>5,823</u>
(Increase)/Decrease in inventories	(581)	951
Decrease/(Increase) in Trade & other receivables	1,271	(911)
Decrease in Trade & other payables	(1,090)	(1,948)
Increase in amount owing by an associate	(114)	(104)
Increase in amount owing to related parties	214	264
Decrease in amount owing to a related company	<u>(27)</u>	<u>(487)</u>
Cash inflow from operations	4,847	3,588
Interest paid	(135)	(101)
Net tax paid	<u>(1,210)</u>	<u>(532)</u>
Net cash inflow from operating activities	<u>3,502</u>	<u>2,955</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Advance to an associate	(846)	(7)
Development expenditure incurred	-	(1)
Interest received	154	71
Purchase of property, plant and equipment and prepaid lease	(12,035)	(821)
Proceeds from disposal of plant and equipment	294	203
Purchase of unit trust investment	(514)	-
Treasury shares buy-back	(1)	(27)
Decrease in cash & cash equivalents pledged with licenced banks	<u>(175)</u>	<u>-</u>
Net cash outflow from investing activities	<u>(13,123)</u>	<u>(582)</u>
CASH FLOWS FOR/(FROM) FINANCING ACTIVITIES		
Dividends paid	(1,573)	(1,197)
Net repayment of bills payables	1,736	43
Term loan financing	8,800	-
Repayment of TL instalments	(62)	-
Hire Purchase Financing	-	100
Repayment of HP instalments	(8)	(42)
Repayment to directors	<u>(347)</u>	<u>(186)</u>
Net cash outflow for/(from) financing activities	<u>8,546</u>	<u>(1,282)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,075)	1,091
EFFECTS OF CHANGES IN FOREIGN EXCHANGE	334	92
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE QUARTER	<u>7,049</u>	<u>8,017</u>
CASH AND CASH EQUIVALENTS AT END OF THE QUARTER	<u>6,308</u>	<u>9,200</u>
	A16	

Note:

This is prepared based on the consolidated results of the Group for the financial period ended 30 June 2013. 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 2012 and the accompanying explanatory notes attached to the interim financial statements.

UMS-NEIKEN GROUP BERHAD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013

PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD 134 (“MFRS 134”)

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in compliance with MFRS 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 2012. 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 2012.

A2. Changes in Accounting Policies

The audited financial statements of the Group for the financial year ended 31 December 2012 were prepared in accordance with MFRS. The significant accounting policies adopted in preparing these Condensed Report are consistent with those of the audited financial statements for the year ended 31 December 2012, except for the adoption of the following new Malaysia Financial Reporting Standards (“MFRSs”), Amendment to MFRSs and IC Interpretation.

MFRSs, Amendment to MFRSs and IC Interpretations

MFRS 10 : Consolidated Financial Statements

MFRS 11 : Joint Arrangement

MFRS 12 : Disclosures of Interest in Other Entities

MFRS 13 : Fair Value Measurement

MFRS 119 : Employee Benefits

MFRS 127 : Separate Financial Statements

MFRS 128 : Investment in Associates and Joint Ventures

Amendments to MFRS 7: Disclosure - Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance

Amendments to MFRS101 : Presentation of Items of Other Comprehensive Income

IC Interpretation 20 : Stripping Costs in the Production Phase of a Surface Mine

Annual Improvements 2012

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

A2. Changes in Accounting Policies (cont'd)

At date of authorization of these interim financial statements, the following MFRSs, Amendment to MFRSs and IC Interpretation was issued but not yet effective and have not been applied by the Group.

MFRSs, Amendment to MFRSs and IC Interpretations	Effective for annual periods beginning on or after
MFRS 9 : Financial Instruments	1 January 2015
Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
Amendments to MFRS 10, MFRS 12 and MFRS 12: Investment Entities	1 January 2014
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014

A3. Status of audit qualifications

The auditors' report on the financial statements for the financial year ended 31 December 2012 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.

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PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD 134 (“MFRS 134”) (CONT’D)

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 for the purchases of the Company’s own shares as disclosed below:-

Date	No of shares purchased	Total consideration paid (RM)
03.06.2013	1,000	489.14
Share Buyback for the quarter ended	<u>1,000</u>	<u>489.14</u>
	No of shares purchased	Total consideration paid (RM)
At 1 January 2013	1,350,900	487,496.53
Share Buyback for the financial period	1,000	489.14
At 30 June 2013	<u>1,351,900</u>	<u>487,985.67</u>

The purchases were 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 number of treasury shares held is 1,351,900 UMSNGB shares. None of the treasury shares held were resold or cancelled during the financial period ended 30 June 2013.

A8. Dividends Paid

There were no dividends paid during the financial period under review.

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

A9. Segment information

Business Segment

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

	Current Year Quarter Ended 30.06.2013 (Unaudited)		Preceding Year Corresponding Quarter Ended 30.06.2012 (Unaudited)	
	Revenue RM'000	Profit Before Taxation RM'000	Revenue RM'000	Profit Before Taxation RM'000
	Manufacturing, design & trading of electrical wiring accessories	17,200	2,799	19,531
Trading & servicing of home appliances	2,043	37	2,394	67
	<u>19,243</u>	<u>2,836</u>	<u>21,925</u>	<u>2,860</u>

	Cumulative Current Year to Date Ended 30.06.2013 (Unaudited)		Cumulative Preceding Corresponding Year to Date Ended 30.06.2012 (Unaudited)	
	Revenue RM'000	Profit Before Taxation RM'000	Revenue RM'000	Profit Before Taxation RM'000
	Manufacturing, design & trading of electrical wiring accessories	33,873	5,053	37,180
Trading & servicing of home appliances	3,856	34	3,866	(15)
	<u>37,729</u>	<u>5,084</u>	<u>41,046</u>	<u>4,640</u>

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PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD 134 ("MFRS 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 30.06.2013		Preceding Year Corresponding Quarter Ended 30.06.2012	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Revenue RM'000	Profit Before Taxation RM'000	Revenue RM'000	Profit Before Taxation RM'000
Malaysia	15,684	3,236	16,695	2,659
Hong Kong	3,559	(240)	5,230	143
Vietnam	-	(160)	-	58
	<u>19,243</u>	<u>2,836</u>	<u>21,925</u>	<u>2,860</u>

	Cumulative Current Year to Date Ended 30.06.2013		Cumulative Preceding Corresponding Year to Date Ended 30.06.2012	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Revenue RM'000	Profit Before Taxation RM'000	Revenue RM'000	Profit Before Taxation RM'000
Malaysia	31,154	5,736	31,502	4,507
Hong Kong	6,575	(489)	9,544	19
Vietnam	-	(163)	-	114
	<u>37,729</u>	<u>5,084</u>	<u>41,046</u>	<u>4,640</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.

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

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

There were no significant events subsequent to 30 June 2013 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, save as disclosed below,

	RM'000
Corporate guarantee given to licenced banks for credit facilities granted to subsidiaries	33,500

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:-	
- Acquisition of a piece of leasehold land	1,832

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PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD 134 ("MFRS 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 30.06.2013 RM'000 (Unaudited)	Preceding Year Corresponding Quarter 30.06.2012 RM'000 (Unaudited)	Cumulative Current Year to Date 30.06.2013 RM'000 (Unaudited)	Cumulative Preceding Corresponding Year to Date 30.06.2012 RM'000 (Unaudited)
Ming Kee Manufactory Limited ("MKK")	Purchase of fuse link, screws, inserts, cables, plug, metalware, hollow rivet, etc	69	253	361	489
MKK	Sales of power cordset	14	11	21	26
MKK	Office rental	(15)	15	-	30
MKK	Business Consultancy fee	(23)	24	-	47
Supeready Elec (Fenghua) Co Ltd ("SE")	Sales of power cordset	4	2	8	6
Group Talent Ltd ("GTL")	Purchases of fuse	52	-	52	-
High Project Electric Wire & Cables Manufactory (Fenghua) Limited ("HPC")	Purchase of power cordset, trailing socket, cables, drum reel, etc	567	122	646	553
United MS Cables Mfg Sdn. Bhd. ("UMSC")	Purchase of electrical wire	376	522	1,331	561
UMSC	Sales of electrical accessories, home appliances, etc	42	-	43	113
UMSC	Sales of machinery, equipment	141	-	141	-
Cico Electrical Industries Sdn. Bhd. ("CICO")	Sales of machinery & equipment	-	-	75	-

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PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD 134 (“MFRS 134”) (CONT’D)

A16. Cash and cash equivalents

	At 30.06.2013 RM'000 (Unaudited)	At 30.06.2012 RM'000 (Unaudited)
Fixed deposits with licensed banks	6,164	2,513
Cash and bank balances	6,698	7,092
Bank overdrafts	(390)	(405)
	12,472	9,200

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 reporting 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	0.4097
Chinese Renminbi	0.5172
United States Dollar	3.1785

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

B1. Review of Performance

	Individual Quarter		Year to date	
	30.06.2013 (RM'000)	30.06.2012 (RM'000)	30.06.2013 (RM'000)	30.06.2012 (RM'000)
Revenue	19,243	21,925	37,729	41,046
Profit before taxation	2,836	2,860	5,084	4,640

The Group achieved a revenue of RM19.2 million for the quarter ended 30 June 2013 and RM37.7m for the financial year to date. This represents a decrease of approximately 12% and 8% respectively as compared to the corresponding quarter in the preceding year and financial year to date. The decrease in revenue is mainly due to lower sales in the power cord set segment of the Hong Kong subsidiary.

The profit before taxation of the Group registered a decrease of approximately 1% as compared to the corresponding quarter which is in line with the lower sales and start-up losses incurred on the resumption of Vietnam manufacturing subsidiary.

However, the profit before taxation of the Group registered an increase of approximately 10% for the financial year to date, mainly due to higher profit margin, no foreign workers levy fee deduction, lower impairment losses and depreciation incurred which mitigated the adverse effect of minimum wages being implemented.

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

	Individual Quarter	
	30.06.2013 (RM'000)	31.03.2013 (RM'000)
Revenue	19,243	18,486
Profit before taxation	2,836	2,248

The Group achieved revenue of approximately RM19.24 million for the current quarter under review as compared to RM18.49 million in the previous quarter, registering an increase of approximately 4%.

Profit before taxation of the Group for the current quarter under review increased mainly due to higher profit margin and no foreign workers levy fees deduction.

B3. Current Year Prospects

The continuing volatility in the US, EU and China economies presents uncertain and difficult operating environment. The weak performance by Hong Kong subsidiary and imposition of minimum wages in Malaysia continue to have negative impact on the Group. Due to these factors, the Board expects the business and profits for the rest of the year to remain challenging.

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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. Profit for The Period

	Current Year Quarter 30.06.2013 (unaudited)	Preceding Year Corresponding Quarter 30.06.2012 (unaudited)	Cumulative Current Year to Date 30.06.2013 (unaudited)	Cumulative Preceding Corresponding Year to Date 30.06.2012 (unaudited)
Profit before taxation is arrived at after charging/(crediting):-				
Allowance for trade receivables	-	81	39	82
Amortisation of development expenditure	-	17	-	34
Amortisation of prepaid lease payments	(3)	(11)	(2)	4
Depreciation of property, plant and equipment	363	451	693	998
Deposit written off	-	-	-	49
Impairment losses on plant and equipment	-	(32)	-	289
Impairment losses on inventories	-	258	-	258
Interest expenses	108	60	135	101
Inventories written down	38	201	58	297
(Gain)/Loss on foreign exchange				
- unrealized	(249)	(206)	(291)	(349)
- realized	(51)	26	(19)	11
Gain on disposal of plant and equipment	(61)	(100)	(102)	(127)
Interest income	(72)	(40)	(154)	(71)
Writeback for inventory written down	(16)	(24)	(40)	(64)
Writeback of allowance for trade receivables	(15)	(21)	(17)	(75)
Writeback of impairment losses on inventories	-	-	(48)	-

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

B5. Profit for The Period (Cont'd)

Saved as disclosed above and note 6 of Part A, the other items as required under Appendix 9B, Part A (16) of the Bursa Listing requirement are not applicable.

B6. Income Tax Expense

	Current Year Quarter 30.06.2013 RM'000 (Unaudited)	Preceding Year Corresponding Quarter 30.06.2012 RM'000 (Unaudited)	Cumulative Current Year to Date 30.06.2013 RM'000 (Unaudited)	Cumulative Preceding Corresponding Year to Date 30.06.2012 RM'000 (Unaudited)
Current tax Expense	892	845	1,556	1,464

Tax expense for the financial quarter ended 30 June 2013 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 is higher than the statutory rate, mainly due to higher depreciation over capital allowances and losses incurred by some subsidiaries.

B7. Status of Corporate Proposals

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

B8. Group borrowings

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

	Short-Term (Secured) RM'000
Bank overdrafts	390
Bill payables	4,631
Term loan	8,738
Total	<u>13,759</u>

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

UMS-NEIKEN GROUP BERHAD
(Company No: 650473-V)
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PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS (CONT'D)

B9. 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.

B10. Dividends

The Board does not recommend any interim dividend in respect of the financial year ending 30 June 2013 during this quarter.

B11. 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 30.06.2013 (Unaudited)	Preceding Year Corresponding Quarter 30.06.2012 (Unaudited)	Cumulative Current Year to Date 30.06.2013 (Unaudited)	Preceding Corresponding Year to Date 30.06.2012 (Unaudited)
Profit attributable to Equity holders of parent (RM'000)	1,944	2,015	3,528	3,176
Weighted average number of ordinary shares of RM0.50 each in issue	78,652	79,730	78,652	79,758
Basic Earnings Per Share based on the weighted average number of shares in issue (sen)	2.47	2.53	4.49	3.98

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

B12. Disclosure of realised and unrealised profits

The breakdown of the retained profits of the group as at 30 June 2013, 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 30.06.2013 RM'000 (unaudited)	As at financial year ended 31.12.2012 RM'000 (audited)
Total retained earnings of the Group		
- Realised	41,884	39,477
- Unrealised	(612)	(550)
	41,272	38,927
Total retained earnings of an Associate		
- Realised	797	656
- Unrealised	(8)	(9)
	42,061	39,574
Less: Consolidation adjustments	(19,624)	(19,092)
Total retained earnings as per condensed consolidated statement of changes in equity	22,437	20,482

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.

B13. 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.

B14. Authorisation for issue

The second quarterly report was authorised for issued by the Board of Directors in accordance with the resolution of the directors on 28 August 2013.