

UMS-NEIKEN GROUP BERHAD (650473-V)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Second Quarter Ended 30 June 2016

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year Quarter 30 Jun 2016 RM'000 (unaudited)	Preceding Year Corresponding Quarter 30 Jun 2015 RM'000 (unaudited)	Current Year To date 30 Jun 2016 RM'000 (unaudited)	Preceding Year Corresponding Period 30 Jun 2015 RM'000 (unaudited)
Revenue		17,095	14,358	32,960	30,316
Cost of sales		(12,012)	(10,469)	(22,717)	(21,709)
Gross profit		5,083	3,889	10,243	8,607
Other income		(60)	657	555	1,565
		5,023	4,546	10,798	10,172
Selling and distribution expenses		(295)	(414)	(345)	(785)
Administrative expenses		(1,415)	(1,657)	(2,674)	(3,002)
Other operating expenses		584	(265)	(1,045)	(597)
Finance costs		(63)	(84)	(128)	(175)
Share of (loss)/profit for an associate		59	96	62	88
Profit before taxation		3,893	2,222	6,668	5,701
Income tax expense	B6	(1,153)	(666)	(1,903)	(1,514)
Profit after taxation		2,740	1,556	4,765	4,187
Other Comprehensive Income/(Expenses)					
Currency translation difference		68	9	(110)	82
Share of associate's currency translation difference		98	119	(54)	167
Total Comprehensive Income		2,906	1,684	4,601	4,436
PROFIT AFTER TAXATION					
ATTRIBUTABLE TO					
Owners of The Company		2,735	1,556	4,764	4,187
Non-controlling interest		5	-	1	-
TOTAL COMPREHENSIVE INCOME					
ATTRIBUTABLE TO					
Owners of The Company		2,901	1,684	4,600	4,436
Non-controlling interest		5	-	1	-
Earnings per share (sen):					
Basic	B11	3.48	1.98	6.06	5.33
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 2016. The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's Audited Financial Statements for the

UMS-NEIKEN GROUP BERHAD (650473-V)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	As at end of current year quarter ended 30 Jun 2016 RM'000 (Unaudited)	Audited 31 Dec 2015 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Investment in associates	3,258	3,250
Property, plant and equipment	23,584	23,075
Investment property	2,274	2,296
Prepaid lease rental	375	397
Deferred Tax Assets	101	101
Other Investment	554	553
	<u>30,146</u>	<u>29,672</u>
CURRENT ASSETS		
Inventories	14,998	17,793
Trade receivables	19,726	16,926
Other receivables, prepayments and deposits	2,764	2,858
Amount owing by associates	3,226	3,392
Amount owing by related parties	7	11
Tax recoverable	323	361
Fixed deposits with licensed banks	16,119	15,587
Cash and bank balances	7,426	8,850
	<u>64,589</u>	<u>65,778</u>
TOTAL ASSETS	<u>94,735</u>	<u>95,450</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	40,000	40,000
Treasury shares	(510)	(510)
Share premium	1,531	1,531
Exchange fluctuation reserve	(197)	(33)
Retained profits	41,330	38,924
SHAREHOLDERS' EQUITY	<u>82,154</u>	<u>79,912</u>
Non-controlling interest	50	49
TOTAL EQUITY	<u>82,204</u>	<u>79,961</u>
NON-CURRENT AND DEFERRED LIABILITY		
Term loans	B8 4,656	4,935
Deferred taxation	1,133	1,133
	<u>5,789</u>	<u>6,068</u>
CURRENT LIABILITIES		
Trade payables	2,841	3,762
Other payables and accruals	1,551	3,510
Amount owing to directors	19	351
Amount owing to a related company	214	542
Short-term borrowings	B8 655	592
Bank overdrafts	B8 -	-
Dividend payable	-	5
Provision for taxation	1,462	659
	<u>6,742</u>	<u>9,421</u>
TOTAL LIABILITIES	<u>12,531</u>	<u>15,489</u>
TOTAL EQUITY AND LIABILITIES	<u>94,735</u>	<u>95,450</u>
Net Assets per share based on number of shares in issue (RM)	<u>1.05</u>	<u>1.02</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 2015 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 2016

	← Attributable to Equity Holders of the Company →		← Exchange Fluctuation Reserve →		← Distributable Attributable To Owners of The Company →		Total RM'000
	Share Capital RM'000	Non-distributable Treasury Shares RM'000	Share Premium RM'000	RM'000	RM'000	Non-Controlling Interest RM'000	
6 months period ended 30 June 2015							
At 1 January 2015	40,000	(510)	1,531	(681)	31,417	-	71,757
Treasury Shares	-	-	-	-	-	-	-
<u>Comprehensive Income</u>	-	-	-	-	4,187	-	4,187
Profit for the financial period	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-	-	-
Currency translation difference	-	-	-	82	-	-	82
Share of associate's currency translation difference	-	-	-	167	-	-	167
Total Comprehensive income	-	-	-	249	4,187	-	4,436
<u>Contribution by and distributions to owners of the Company</u>	-	-	-	-	(1,965)	-	(1,965)
- Dividend paid	-	-	-	-	-	-	-
At 30 June 2015	40,000	(510)	1,531	(432)	33,639	-	74,228
6 months period ended 30 June 2016							
At 1 January 2016	40,000	(510)	1,531	(33)	38,924	49	79,961
<u>Comprehensive Income</u>	-	-	-	-	4,764	1	4,765
Profit for the financial period	-	-	-	-	-	-	-
Other Comprehensive Expenses	-	-	-	-	-	-	-
Currency translation difference	-	-	-	(110)	-	-	(110)
Share of associate's currency translation difference	-	-	-	(54)	-	-	(54)
Total Comprehensive income	-	-	-	(164)	4,764	1	4,601
<u>Contribution by and distributions to owners of the Company</u>	-	-	-	-	(2,358)	-	(2,358)
- Dividend paid	-	-	-	-	-	-	-
At 30 June 2016	40,000	(510)	1,531	(197)	41,330	50	82,204

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 2015 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 CASH FLOW
For The Second Quarter Ended 30 June 2016

	Current Year Quarter 30 Jun 2016 RM'000 (unaudited)	Preceding Year Corresponding Quarter 30 Jun 2015 RM'000 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,668	5,701
Adjustments for:		
Write back allowance for doubtful debts	(39)	(47)
Allowance for doubtful debts	61	96
Write back for inventories written down	(45)	(85)
Inventories written down	343	182
Dividends received	(9)	-
Reversal in provision for unrealised profits	-	(164)
Depreciation of property, plant and equipment	866	840
Depreciation of an investment property	22	-
Gain on disposal of property, plant and equipment	(100)	(50)
Unrealised exchange loss/(gain)	505	(725)
Amortisation of prepaid lease rental	22	(14)
Interest expense	129	175
Interest income	(270)	(285)
Share of loss/(profit) in an associate	(8)	(256)
Operating profit before working capital changes	8,145	5,368
Decrease in Inventories	2,500	3,253
(Increase)/Decrease in Trade & other receivables	(3,233)	5,137
Decrease in Trade & other payables	(2,880)	(825)
Decrease/(Increase) in amount owing by an associate	114	(236)
Increase in amount owing to related parties	218	261
Decrease in amount owing to a related company	(542)	(675)
Cash inflow from operations	4,322	12,282
Interest paid	(129)	(175)
Net tax paid	(1,063)	(1,217)
Net cash inflow from operating activities	3,130	10,890
CASH FLOWS FOR INVESTING ACTIVITIES		
Repayment from/(Advance to) an associate	52	(155)
Interest received	270	285
Purchase of property, plant and equipment and prepaid lease	(1,308)	(2,521)
Proceeds from disposal of plant and equipment	132	50
Purchase of unit trust investment	(10)	-
Placement of fixed deposits pledged	(12)	(110)
Net cash outflow for investing activities	(876)	(2,449)
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividends paid	(2,363)	(1,965)
Dividends received	9	-
Net repayment of bills payables	-	(765)
Repayment of term loan	(266)	(2,334)
Repayment of hire purchase obligation	(50)	(167)
Repayment to directors	(332)	(309)
Net cash outflow for financing activities	(3,002)	(5,540)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(748)	2,901
EFFECTS OF CHANGES IN FOREIGN EXCHANGE	(130)	249
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE QUARTER	23,243	14,573
CASH AND CASH EQUIVALENTS AT END OF THE QUARTER	22,365	17,723

Note:

This is prepared based on the consolidated results of the Group for the financial period ended 30 June 2016. 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 2015 and the accompanying explanatory notes attached to the interim financial statements.

UMS-NEIKEN GROUP BERHAD
(Company No: 650473-V)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

PART A: EXPLANATORY NOTES PERSUANT 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, IAS 34 - 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 2015. 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 2015.

A2. Changes in Accounting Policies

The audited financial statements of the Group for the financial year ended 31 December 2015 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 2015, except for the adoption of the following new Malaysia Financial Reporting Standards (“MFRSs”), Amendment to MFRSs and IC Interpretation.

MFRSs and IC Interpretations (Including The Consequential Amendments)

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception

Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants

Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 – 2014 Cycle

UMS-NEIKEN GROUP BERHAD
(Company No: 650473-V)
(Incorporated in Malaysia)

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 and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 10 and MFRS 128 (2011): Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendment to MFRS 15: Effective Date of MFRS15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’	1 January 2018
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

A3. Status of audit qualifications

The auditors’ report on the financial statements for the financial year ended 31 December 2015 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.

UMS-NEIKEN GROUP BERHAD
(Company No: 650473-V)
(Incorporated in Malaysia)

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. Details of the treasury shares held are set out below:-

	No of shares purchased	Total consideration paid (RM)
At 1 January 2016	1,404,200	509,805.28
Share Buyback for the financial period	-	-
At 30 June 2016	<u>1,404,200</u>	<u>509,805.28</u>

The purchases were financed by internally generated funds. The share purchased are being held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act 1965.

A8. Dividend Paid

There was no dividend paid during the 3 month period ended 30 June 2016.

UMS-NEIKEN GROUP BERHAD
(Company No: 650473-V)
(Incorporated in Malaysia)

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 30.06.2016		Preceding Year Corresponding Quarter Ended 30.06.2015	
	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000
- Manufacturing, design & trading of electrical wiring accessories	16,750	4,087	13,325	2,269
- Trading & servicing of home appliances	345	(194)	1,033	(47)
	<u>17,095</u>	<u>3,893</u>	<u>14,358</u>	<u>2,222</u>
	Cumulative Current Year to Date Ended 30.06.2016		Cumulative Preceding Corresponding Year to Date Ended 30.06.2015	
	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000
- Manufacturing, design & trading of electrical wiring accessories	31,661	6,877	27,998	5,719
- Trading & servicing of home appliances	1,299	(209)	2,318	(18)
	<u>32,960</u>	<u>6,668</u>	<u>30,316</u>	<u>5,701</u>

UMS-NEIKEN GROUP BERHAD
(Company No: 650473-V)
(Incorporated in Malaysia)

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 30.06.2016		Preceding Year Corresponding Quarter Ended 30.06.2015	
	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000
- Malaysia	17,098	3,967	14,357	2,274
- Vietnam	(3)	(74)	1	(52)
	<u>17,095</u>	<u>3,893</u>	<u>14,358</u>	<u>2,222</u>
	Cumulative Current Year to Date Ended 30.06.2016		Cumulative Preceding Corresponding Year to Date Ended 30.06.2015	
	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000
- Malaysia	32,957	6,538	30,312	5,788
- Vietnam	3	130	4	(87)
	<u>32,960</u>	<u>6,668</u>	<u>30,316</u>	<u>5,701</u>

UMS-NEIKEN GROUP BERHAD
(Company No: 650473-V)
(Incorporated in Malaysia)

**PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING
STANDARD 134 (“MFRS 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 30 June 2016 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	37,128
	<hr/>

A14. Commitments

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

UMS-NEIKEN GROUP BERHAD
(Company No: 650473-V)
(Incorporated in Malaysia)

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 30.06.2016 RM'000 (Unaudited)	Preceding Year Corresponding Quarter 30.06.2015 RM'000 (Unaudited)	Cumulative Current Year to Date 30.06.2016 RM'000 (Unaudited)	Cumulative Preceding Corresponding Year to Date 30.06.2015 RM'000 (Unaudited)
Ming Kee Manufactory Limited (“MKK”)	Purchase of fuse link, screws, inserts, cables, plug, metalware, hollow rivet, etc	116	-	159	-
High Project Electric Wire & Cables Manufactory (Fenghua) Limited (“HPC”)	Purchase of power cordset, trailing socket, cables, drum reel, etc	-	-	440	-
United MS Cables Mfg Sdn. Bhd. (“UMSC”)	Purchase of electrical wire	388	905	638	1,184
UMSC	Sales of electrical accessories, home appliances, etc	-	2	8	2
UMSC	Rental of warehouse	6	6	12	6
Neiken Switchgear (S) Pted Ltd (“NSS”)	Sales of electrical wiring accessories	176	281	433	571

UMS-NEIKEN GROUP BERHAD
(Company No: 650473-V)
(Incorporated in Malaysia)

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

A16. Cash and cash equivalents

	At 30.06.2016 RM'000 (Unaudited)	At 30.06.2015 RM'000 (Unaudited)
Fixed deposits with licensed banks	16,119	12,477
Cash and bank balances	7,426	6,447
	<hr/> 23,545	<hr/> 18,924
Less: Fixed Deposits pledged with licenced banks	(1,180)	(1,201)
	<hr/> 22,365	<hr/> 17,723

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 subsidiary, 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:-

United States Dollar	RM 4.0315
----------------------	---------------------

UMS-NEIKEN GROUP BERHAD
(Company No: 650473-V)
(Incorporated in Malaysia)

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

B1. Review of Performance

	Individual Quarter		Year to date	
	30.06.2016 RM'000 (unaudited)	30.06.2015 RM'000 (unaudited)	30.06.2016 RM'000 (unaudited)	30.06.2015 RM'000 (unaudited)
Revenue	17,095	14,358	32,960	30,316
Profit before taxation	3,893	2,222	6,668	5,701

The Group achieved revenue of RM17.1 million for the quarter ended 30 June 2016. This represents an increase of approximately 19% as compared to the corresponding quarter in the preceding year. This higher revenue is mainly due to higher sales demand for the electrical wiring accessories segment especially in the domestic market segment. Profit before taxation of the Group registered an increase of approximately 75% for the current quarter compared to 2015, mainly due to higher profit margin in line of higher sales revenue and favourable exchange movement of USD against MYR.

The Group achieved cumulative revenue of RM33.0 million for the financial period to date, representing an increase of approximately 9% as compared to the preceding financial year to date. This is mainly due to higher sales in the electrical wiring accessories segment, which more than offset the weak performance of the home appliance segment.

Profit before taxation of the Group for the financial year to date registered an increase of approximately 17% as compared to corresponding period in the preceding year. This is mainly due to the improvement in the profit margin arising from higher sales.

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

	Individual Quarter	
	30.06.2016 RM'000 (unaudited)	31.03.2016 RM'000 (unaudited)
Revenue	17,095	15,865
Profit before taxation	3,893	2,775

The Group achieved revenue of approximately RM17.1 million for the current quarter under review as compared to RM15.9 million in the previous quarter, registering an increase of approximately 8%, mainly due to the improvement in the domestic demand for the wiring accessories segment.

Profit before taxation of the Group for the current quarter under review increased, compared to the immediate preceding quarter, mainly due to higher profit margin in line of the improved sales and favourable exchange movement.

UMS-NEIKEN GROUP BERHAD
(Company No: 650473-V)
(Incorporated in Malaysia)

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

B3. Current Year Prospects

The performance of the Group for the period under review has remained resilient despite the current economic climate and the movement of foreign currencies. We are cautiously optimistic on our performance moving forward as we believe there is sustainable demand from the local market. We will however remain vigilant on the economic indicators and will be prudent in managing our costs.

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.

UMS-NEIKEN GROUP BERHAD
(Company No: 650473-V)
(Incorporated in Malaysia)

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

B5. Profit for The Period

	Current Year Quarter 30.06.2016 RM'000 (unaudited)	Preceding Year Corresponding Quarter 30.06.2015 RM'000 (unaudited)	Cumulative Current Year to Date 30.06.2016 RM'000 (unaudited)	Cumulative Preceding Corresponding Year to Date 30.06.2015 RM'000 (unaudited)
Profit before taxation is arrived at after charging/(crediting):-				
Allowance for trade receivables	32	-	61	96
Amortisation of prepaid lease payments	(8)	1	22	(14)
Depreciation of property, plant and equipment	445	421	866	840
Interest expenses	64	84	129	175
Inventories written down	126	82	343	182
(Gain)/Loss on foreign exchange				
- unrealized	(856)	(283)	505	(725)
- realized	265	(67)	(32)	(230)
Gain on disposal of plant and equipment	-	-	(100)	(50)
Interest income	(136)	(131)	(270)	(285)
Writeback for inventory written down	(26)	54	(45)	(85)
Writeback of allowance for trade receivables	-	(27)	(39)	(47)

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.

UMS-NEIKEN GROUP BERHAD
(Company No: 650473-V)
(Incorporated in Malaysia)

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

B6. Income Tax Expense

	Current Year Quarter 31.03.2016 RM'000 (Unaudited)	Preceding Year Corresponding Quarter 31.03.2015 RM'000 (Unaudited)	Cumulative Current Year to Date 31.03.2016 RM'000 (Unaudited)	Cumulative Preceding Corresponding Year to Date 31.03.2015 RM'000 (Unaudited)
Current tax Expense	1,153	666	1,903	1,514

The tax expense 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 cumulative year to date is higher than statutory rate, mainly due to the higher incurrence of non-tax deductible expenses.

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:

	RM'000
Hire purchase creditor	83
Term loan – short term	572
Term loan – long term	4,656
Total	<u>5,311</u>

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

UMS-NEIKEN GROUP BERHAD
(Company No: 650473-V)
(Incorporated in Malaysia)

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 31 December 2016 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 30.06.2016 (Unaudited)	Preceding Year Corresponding Quarter 30.06.2015 (Unaudited)	Cumulative Current Year to Date 30.06.2016 (Unaudited)	Preceding Corresponding Year to Date 30.06.2015 (Unaudited)
Profit attributable to Equity holders of parent (RM'000):	<u>2,735</u>	<u>1,566</u>	<u>4,764</u>	<u>4,187</u>
Weighted average number of ordinary shares of RM0.50 each in issue	<u>78,596</u>	<u>78,596</u>	<u>78,596</u>	<u>78,596</u>
Basic Earnings Per Share based on the weighted average number of shares in issue (sen)	<u>3.48</u>	<u>1.98</u>	<u>6.06</u>	<u>5.33</u>

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. Disclosure of realised and unrealised profits

The breakdown of the retained profits of the group as at 30 June 2016, 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 30.06.2016 RM'000 (unaudited)	As at financial year ended 31.12.2015 RM'000 (audited)
Total retained earnings of the Group		
- Realised	54,092	51,193
- Unrealised	442	999
	54,534	52,192
Total retained earnings of an Associate		
- Realised	2,065	2,050
- Unrealised	-	-
	56,599	54,242
Less: Consolidation adjustments	(15,269)	(15,318)
Total retained earnings as per condensed consolidated statement of changes in equity	41,330	38,924

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 25 August 2016.