

UMS-NEIKEN GROUP BERHAD (650473-V)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Third Quarter Ended 30 September 2016

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year Quarter 30 Sep 2016 RM'000 (unaudited)	Preceding Year Corresponding Quarter 30 Sep 2015 RM'000 (unaudited)	Current Year To date 30 Sep 2016 RM'000 (unaudited)	Preceding Year Corresponding Period 30 Sep 2015 RM'000 (unaudited)
Revenue		15,562	15,197	48,522	45,513
Cost of sales		(10,731)	(10,414)	(33,448)	(32,123)
Gross profit		4,831	4,783	15,074	13,390
Other income		1,728	2,274	2,283	3,839
		6,559	7,057	17,357	17,229
Selling and distribution expenses		(218)	(352)	(563)	(1,137)
Administrative expenses		(2,147)	(2,121)	(4,821)	(5,123)
Other operating expenses		320	(612)	(725)	(1,209)
Finance costs		(78)	(89)	(206)	(264)
Share of (loss)/profit for an associate		(28)	20	34	108
Profit before taxation		4,408	3,903	11,076	9,604
Income tax expense	B6	(842)	(1,107)	(2,745)	(2,621)
Profit after taxation		3,566	2,796	8,331	6,983
Other Comprehensive Income/(Expenses)					
Currency translation difference		68	194	(42)	276
Share of associate's currency translation difference		44	314	(10)	481
Total Comprehensive Income		3,678	3,304	8,279	7,740
PROFIT AFTER TAXATION					
ATTRIBUTABLE TO					
Owners of The Company		3,560	2,792	8,324	6,979
Non-controlling interest		6	4	7	4
TOTAL COMPREHENSIVE INCOME					
ATTRIBUTABLE TO					
Owners of The Company		3,672	3,300	8,272	7,736
Non-controlling interest		6	4	7	4
Earnings per share (sen):					
Basic	B11	4.53	3.55	10.59	8.88
Diluted		N/A	N/A	N/A	N/A

Note:

This is prepared based on the consolidated results of the Group for the financial period ended 30 September 2016. The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's Audited Financial Statements for the

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

	Note	As at end of current year quarter ended 30 Sep 2016 RM'000 (Unaudited)	Audited 31 Dec 2015 RM'000 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Investment in associates		-	3,250
Property, plant and equipment		30,202	23,075
Investment property		10,436	2,296
Prepaid lease rental		381	397
Deferred Tax Assets		101	101
Other Investment		1,063	553
		<u>42,183</u>	<u>29,672</u>
CURRENT ASSETS			
Inventories		18,003	17,793
Trade receivables		20,733	16,926
Other receivables, prepayments and deposits		2,337	2,858
Amount owing by an associate		-	3,392
Amount owing by related parties		11	11
Tax recoverable		282	361
Fixed deposits with licensed banks		14,082	15,587
Cash and bank balances		9,464	8,850
		<u>64,912</u>	<u>65,778</u>
TOTAL ASSETS		<u>107,095</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		(85)	(33)
Retained profits		44,890	38,924
SHAREHOLDERS' EQUITY		<u>85,826</u>	<u>79,912</u>
Non-controlling interest		56	49
TOTAL EQUITY		<u>85,882</u>	<u>79,961</u>
NON-CURRENT AND DEFERRED LIABILITY			
Term loans	B8	10,114	4,935
Deferred taxation		1,629	1,133
		<u>11,743</u>	<u>6,068</u>
CURRENT LIABILITIES			
Trade payables		3,790	3,762
Other payables and accruals		3,218	3,510
Amount owing to directors		22	351
Amount owing to a related company		459	542
Short-term borrowings	B8	636	592
Bank overdrafts	B8	-	-
Dividend payable		-	5
Provision for taxation		1,345	659
		<u>9,470</u>	<u>9,421</u>
TOTAL LIABILITIES		<u>21,213</u>	<u>15,489</u>
TOTAL EQUITY AND LIABILITIES		<u>107,095</u>	<u>95,450</u>
Net Assets per share based on number of shares in issue (RM)		<u>1.09</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.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Third Quarter Ended 30 September 2016

	← Attributable to Equity Holders of the Company →						Total RM'000
	← Non-distributable			Exchange Fluctuation Reserve	Distributable Attributable To Owners of The Company		
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	RM'000	RM'000	RM'000	RM'000
9 months period ended 30 September 2015							
At 1 January 2015	40,000	(510)	1,531	(681)	31,417	-	71,757
Treasury Shares	-	-	-	-	-	-	-
Comprehensive Income							
Profit for the financial period	-	-	-	-	6,983	-	6,983
Other Comprehensive Income							
Currency translation difference	-	-	-	276	-	-	276
Share of associate's currency translation difference	-	-	-	481	-	-	481
Total Comprehensive income	-	-	-	757	6,983	-	7,740
Contribution by and distributions to owners of the Company							
- Change in ownership interest in a subsidiary that does not result in loss of control	-	-	-	-	(2)	41	39
- Dividend paid	-	-	-	-	(1,965)	-	(1,965)
At 30 September 2015	40,000	(510)	1,531	76	36,433	41	77,571
9 months period ended 30 September 2016							
At 1 January 2016	40,000	(510)	1,531	(33)	38,924	49	79,961
Comprehensive Income							
Profit for the financial period	-	-	-	-	8,324	7	8,331
Other Comprehensive Expenses							
Currency translation difference	-	-	-	(42)	-	-	(42)
Share of associate's currency translation difference	-	-	-	(10)	-	-	(10)
Total Comprehensive income	-	-	-	(52)	8,324	7	8,279
Contribution by and distributions to owners of the Company							
- Dividend paid	-	-	-	-	(2,358)	-	(2,358)
At 30 September 2016	40,000	(510)	1,531	(85)	44,890	56	85,882

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.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For The Third Quarter Ended 30 September 2016

	Current Year Quarter 30 Sep 2016 RM'000 (unaudited)	Preceding Year Corresponding Quarter 30 Sep 2015 RM'000 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	11,076	9,604
Adjustments for:		
Write back allowance for doubtful debts	(39)	(268)
Allowance for doubtful debts	76	174
Write back for inventories written down	(45)	(136)
Inventories written down	571	237
Bad Debts written off	-	356
Dividends received	(9)	-
Reversal in provision for unrealised profits	-	(117)
Depreciation of property, plant and equipment	1,331	1,259
Depreciation of an investment property	39	-
Gain on deemed disposal of an associate	(983)	-
Gain on disposal of property, plant and equipment	(156)	(54)
Bargain Purchase Gain	(571)	-
Unrealised foreign exchange gain	(101)	(2,364)
Amortisation of prepaid lease rental	16	(67)
Interest expense	207	265
Interest income	(485)	(412)
Share of profit in an associate	(34)	(589)
Operating profit before working capital changes	<u>10,893</u>	<u>7,888</u>
Decrease in Inventories	672	2,182
(Increase)/Decrease in Trade & other receivables	(1,468)	8,674
(Decrease)/Increase in Trade & other payables	(2,277)	230
Increase in amount owing by an associate	-	(276)
Increase in amount owing to related parties	459	148
Decrease in amount owing to a related company	<u>(542)</u>	<u>(675)</u>
Cash inflow from operations	7,737	18,171
Interest paid	(207)	(265)
Net tax paid	<u>(2,002)</u>	<u>(2,071)</u>
Net cash inflow from operating activities	<u>5,528</u>	<u>15,835</u>
CASH FLOWS FOR INVESTING ACTIVITIES		
Repayment from/(Advance to) an associate	-	(437)
Interest received	485	412
Purchase of property, plant and equipment and prepaid lease	(1,721)	(3,138)
Proceeds from disposal of plant and equipment	3,114	53
Purchase of quoted shares	-	(562)
Proceeds from disposal of unquoted shares	-	39
Purchase of unit trust investment	(512)	-
Net cash flow on acquisition of a subsidiary	(4,546)	-
Placement of fixed deposits pledged	(2)	(178)
Net cash outflow for investing activities	<u>(3,182)</u>	<u>(3,811)</u>
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividends paid	(2,363)	(1,965)
Dividends received	9	-
Net repayment of bills payables	-	(765)
Repayment of term loan	(435)	(2,449)
Repayment of hire purchase obligation	(75)	(267)
Repayment by directors	<u>(329)</u>	<u>(309)</u>
Net cash outflow for financing activities	<u>(3,193)</u>	<u>(5,755)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(847)	6,269
EFFECTS OF CHANGES IN FOREIGN EXCHANGE	(46)	757
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE QUARTER	<u>23,243</u>	<u>14,573</u>
CASH AND CASH EQUIVALENTS AT END OF THE QUARTER	<u>22,350</u>	<u>21,599</u>

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Note:

This is prepared based on the consolidated results of the Group for the financial period ended 30 September 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPT 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: Investment Entities – Applying the Consolidation Exception

Amendments to MFRS 101: 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: Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 – 2014 Cycle

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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 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
MFRS 16 Leases	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transaction	1 January 2018
Amendments to MFRS 10 and MFRS 128: 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.

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PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD 134 (“MFRS 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. 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 September 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 September 2016.

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PART A: EXPLANATORY NOTES PERSUANT 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 30.09.2016		Preceding Year Corresponding Quarter Ended 30.09.2015	
	(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	15,345	4,493	14,274	4,005
- Trading & servicing of home appliances	217	(85)	923	(102)
	<u>15,562</u>	<u>4,408</u>	<u>15,197</u>	<u>3,903</u>
	Cumulative Current Year to Date Ended 30.09.2016		Cumulative Preceding Corresponding Year to Date Ended 30.09.2015	
	(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	47,006	11,370	42,274	9,724
- Trading & servicing of home appliances	1,516	(294)	3,239	(120)
	<u>48,522</u>	<u>11,076</u>	<u>45,513</u>	<u>9,604</u>

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PART A: EXPLANATORY NOTES PERSUANT 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 30.09.2016		Preceding Year Corresponding Quarter Ended 30.09.2015	
	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000
- Malaysia	15,189	4,332	15,193	3,741
- Singapore	374	(197)	-	-
- Vietnam	(1)	273	4	162
	<u>15,562</u>	<u>4,408</u>	<u>15,197</u>	<u>3,903</u>
	Cumulative Current Year to Date Ended 30.09.2016		Cumulative Preceding Corresponding Year to Date Ended 30.09.2015	
	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000
- Malaysia	48,146	10,869	45,505	9,529
- Singapore	374	(197)	-	-
- Vietnam	2	404	8	75
	<u>48,522</u>	<u>11,076</u>	<u>45,513</u>	<u>9,604</u>

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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 September 2016.

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, other than the following.

On 15 September 2016, our wholly-owned subsidiary, United MS Electrical MFG. (M) Sdn. Bhd. (“**UMSE**”) had entered into a Sale of Share Agreement (“**SSA**”) with Choo Chiang Holdings Limited (“**CCH**”) for the proposed acquisition of 500,000 ordinary shares of SGD1.00 each, representing 50% equity in Neiken Switchgear (S) Pte. Ltd. (“**NSS**”) for a cash consideration of SGD1,405,381.00 (or equivalent to RM4,245,000 approximately) [“**Proposed Acquisition**”]. Prior to the proposed acquisition, NSS was treated as an associate as the Group has a 50% equity interest in NSS.

Following completion of the Proposed Acquisition, NSS became a wholly-owned subsidiary of UMSE. The name was subsequently changed to Neiken Electric (S) Pte Ltd on 18 October 2016.

The proposed acquisition of the remaining equity interest in NSS from CCH resulted in a deemed disposal of an associate with a gain of approximately RM983,000 and bargain purchase gain of approximately RM571,000 on subsidiary acquisition being recorded upon completion on 15 September 2016.

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	37,222

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

A14. Commitments

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

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 30.09.2016 RM'000 (Unaudited)	Preceding Year Corresponding Quarter 30.09.2015 RM'000 (Unaudited)	Cumulative Current Year to Date 30.09.2016 RM'000 (Unaudited)	Cumulative Preceding Year to Date 30.09.2015 RM'000 (Unaudited)
Ming Kee Manufactory Limited ("MKK")	Purchase of fuse link, screws, inserts, cables, plug, metalware, hollow rivet, etc	36	10	195	10
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	687	163	1,325	1,358
UMSC	Sales of electrical accessories, home appliances, etc	74	2	82	18
UMSC	Rental of warehouse	6	6	18	12
Neiken Switchgear (S) Pted Ltd ("NSS")	Sales of electrical wiring accessories	70	277	504	848

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

A16. Cash and cash equivalents

	At 30.09.2016 RM'000 (Unaudited)	At 30.09.2015 RM'000 (Unaudited)
Fixed deposits with licensed banks	14,082	13,934
Cash and bank balances	9,464	8,934
	<hr/>	<hr/>
	23,546	22,868
Less: Fixed Deposits pledged with licenced banks	(1,196)	(1,269)
	<hr/>	<hr/>
	22,350	21,599
	<hr/>	<hr/>

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 and Neiken Switchgear (S) Pte 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
United States Dollar	4.1355
Singapore Dollar	3.0293

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

B1. Review of Performance

	Individual Quarter		Year to date	
	30.09.2016 RM'000 (unaudited)	30.09.2015 RM'000 (unaudited)	30.09.2016 RM'000 (unaudited)	30.09.2015 RM'000 (unaudited)
Revenue	15,562	15,197	48,522	45,513
Profit before taxation	4,408	3,903	11,076	9,604

The Group achieved revenue of RM15.6 million for the quarter ended 30 September 2016. This represents a marginal increase of approximately 2% as compared to the corresponding quarter in the preceding year. This higher revenue is mainly due to the inclusion of the revenue of the newly acquired Singapore subsidiary. Profit before taxation of the Group registered an increase of approximately 13% for the current quarter compared to 2015, mainly due to the gain on deemed disposal of an associate of approximately RM983,000 and bargain purchase gain of a subsidiary acquisition of approximately RM571,000, which offset by the lower unrealised foreign exchange movement.

The Group achieved cumulative revenue of RM48.5 million for the financial period to date, representing an increase of approximately 7% as compared to the preceding financial year to date. This is mainly due to the improvement in domestic market for electrical wiring accessories segment which surpassed the drop in the demand of home appliance segment.

Profit before taxation of the Group for the financial year to date registered an increase of approximately 15% as compared to corresponding period in the preceding year. This is mainly due to higher profit margin in line of higher sale in the domestic market and the gain as disclosed in note A12.

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

	Individual Quarter	
	30.09.2016 RM'000 (unaudited)	30.06.2016 RM'000 (unaudited)
Revenue	15,562	17,095
Profit before taxation	4,408	3,893

The Group achieved revenue of approximately RM15.6 million for the current quarter under review as compared to RM17.1 million in the previous quarter, registering a decrease of approximately 9%, mainly due to the weaker performance in the domestic demand for the wiring accessories segment.

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

B2. Comment on Material Changes in the Profit Before Taxation for the Quarter Reported on as Compared With Immediate Preceding Quarter (cont'd)

Profit before taxation of the Group for the current quarter under review increased, compared to the immediate preceding quarter, mainly due to the gain as disclosed in note A12.

B3. Current Year Prospects

The Group remained cautiously optimistic on the performance for the rest of financial year. The Group's performance has remained resilient despite challenges, both in the local and export markets. The continued and prolonged weakness of RM against USD will auger well for the export of the Group's products. The Group is currently actively engaging in the management and consolidation of the business operations of NSS to realise its potential in the future.

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.

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

B5. Profit for The Period

	Current Year Quarter 30.09.2016 RM'000 (unaudited)	Preceding Year Corresponding Quarter 30.09.2015 RM'000 (unaudited)	Cumulative Current Year to Date 30.09.2016 RM'000 (unaudited)	Cumulative Preceding Corresponding Year to Date 30.09.2015 RM'000 (unaudited)
Profit before taxation is arrived at after charging/(crediting):-				
Allowance for trade receivables	15	78	76	174
Amortisation of prepaid lease payments	(6)	(53)	16	(67)
Bad debts written off	-	356	-	356
Depreciation of property, plant and equipment	493	419	1,359	1,259
Depreciation of investment property	53	-	53	-
Interest expenses	78	90	207	265
Inventories written down	228	55	571	237
Gain on foreign exchange - unrealised	(606)	(1,639)	(101)	(2,364)
- realised	(1)	(267)	(33)	(497)
Gain on disposal of plant and equipment	(56)	(4)	(156)	(54)
Gain on deemed disposal of an investment	(983)	-	(983)	-
Bargain purchase gain	(571)	-	(571)	-
Interest income	(215)	(127)	(485)	(412)
Writeback for inventory written down	-	(51)	(45)	(136)
Writeback of allowance for trade receivables	-	(221)	(39)	(268)

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
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(Incorporated in Malaysia)

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

B6. Income Tax Expense

	Current Year Quarter 30.09.2016 RM'000 (Unaudited)	Preceding Year Corresponding Quarter 30.09.2015 RM'000 (Unaudited)	Cumulative Current Year to Date 30.09.2016 RM'000 (Unaudited)	Cumulative Preceding Corresponding Year to Date 30.09.2015 RM'000 (Unaudited)
Current tax Expense	842	1,107	2,745	2,621

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 is lower than statutory rate, mainly due to the gain on deemed disposal of an associate and bargain purchase gain on acquisition of a subsidiary in Singapore which are not taxable.

However, the Group's effective tax rate for the year to date is similar as statutory rate, mainly due to the higher incurrence of non-tax deductible expenses which is offset by the non-taxable income gain on deemed disposal of an associate and bargain purchase gain on acquisition of a subsidiary in Singapore.

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:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Ringgit Malaysia</u>			
Hire purchase payable	-	58	58
Term loan - short term	578	-	578
Term loan - long term	4,504	-	4,504
	<hr/>	<hr/>	<hr/>
<u>Singapore Dollar</u>			
Term loan - long term	5,082	58	5,140
	5,610	-	5,610
	<hr/>	<hr/>	<hr/>
	10,692	58	10,750
	<hr/>	<hr/>	<hr/>

UMS-NEIKEN GROUP BERHAD
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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 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 30.09.2016 (Unaudited)	Preceding Year Corresponding Quarter 30.09.2015 (Unaudited)	Cumulative Current Year to Date 30.09.2016 (Unaudited)	Preceding Corresponding Year to Date 30.09.2015 (Unaudited)
Profit attributable to Equity holders of parent (RM'000):	<u>3,560</u>	<u>2,792</u>	<u>8,324</u>	<u>6,979</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>4.53</u>	<u>3.55</u>	<u>10.59</u>	<u>8.88</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 September 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 30.09.2016 RM'000 (unaudited)	As at financial year ended 31.12.2015 RM'000 (audited)
Total retained earnings of the Group		
- Realised	59,505	51,193
- Unrealised	722	999
	<hr/> 60,227	<hr/> 52,192
Total retained earnings of an Associate		
- Realised	-	2,050
- Unrealised	-	-
	<hr/> 60,227	<hr/> 54,242
Less: Consolidation adjustments	<hr/> (15,337)	<hr/> (15,318)
Total retained earnings as per condensed consolidated statement of changes in equity	<hr/> <hr/> 44,890	<hr/> <hr/> 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 third quarterly report was authorised for issued by the Board of Directors in accordance with the resolution of the directors on 23 November 2016.