

**UMS-NEIKEN GROUP BERHAD (650473-V)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For The Second Quarter Ended 30 June 2017

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year Quarter 30 Jun 2017 RM'000 (unaudited)	Preceding Year Corresponding Quarter 30 Jun 2016 RM'000 (unaudited)	Current Year To date 30 Jun 2017 RM'000 (unaudited)	Preceding Year Corresponding Period 30 Jun 2016 RM'000 (unaudited)
Revenue		16,051	17,095	34,666	32,960
Cost of sales		(10,659)	(12,012)	(23,016)	(22,717)
Gross profit		5,392	5,083	11,650	10,243
Other income		320	(60)	1,032	555
		5,712	5,023	12,682	10,798
Selling and distribution expenses		(193)	(295)	(395)	(345)
Administrative expenses		(1,760)	(1,415)	(3,459)	(2,674)
Other operating expenses		(516)	584	(1,443)	(1,045)
Finance costs		(102)	(63)	(184)	(128)
Share of profit for an associate		-	59	-	62
<b>Profit before taxation</b>		3,141	3,893	7,201	6,668
Income tax expense	B6	(871)	(1,153)	(1,942)	(1,903)
<b>Profit after taxation</b>		2,270	2,740	5,259	4,765
<b>Other Comprehensive Income/(Expenses)</b>					
Currency translation difference		(231)	68	(115)	(110)
Share of associate's currency translation difference		-	98	-	(54)
<b>Total Comprehensive Income</b>		2,039	2,906	5,144	4,601
<b>PROFIT AFTER TAXATION</b>					
ATTRIBUTABLE TO					
Owners of The Company		2,271	2,735	5,251	4,764
Non-controlling interest		(1)	5	8	1
<b>TOTAL COMPREHENSIVE INCOME</b>					
ATTRIBUTABLE TO					
Owners of The Company		2,040	2,901	5,136	4,600
Non-controlling interest		(1)	5	8	1
<b>Earnings per share (sen):</b>					
Basic	B11	2.89	3.48	6.68	6.06
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 2017. The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's Audited Financial Statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

**UMS-NEIKEN GROUP BERHAD (650473-V)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2017

	Note	As at end of current year quarter ended 30 Jun 2017 RM'000 (Unaudited)	Audited 31 Dec 2016 RM'000 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		29,348	30,153
Investment property		10,494	10,557
Deferred Tax Assets		106	106
Other Investment		568	564
		<u>40,516</u>	<u>41,380</u>
<b>CURRENT ASSETS</b>			
Inventories		20,133	19,550
Trade receivables		18,243	20,814
Other receivables, prepayments and deposits		2,287	1,737
Amount owing by related parties		12	7
Tax recoverable		278	335
Fixed deposits with licensed banks		17,764	17,136
Cash and bank balances		7,718	8,235
		<u>66,435</u>	<u>67,814</u>
<b>TOTAL ASSETS</b>		<u>106,951</u>	<u>109,194</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		40,000	40,000
Treasury shares		(510)	(510)
Share premium		1,531	1,531
Exchange fluctuation reserve		178	293
Retained profits		49,364	46,471
<b>SHAREHOLDERS' EQUITY</b>		<u>90,563</u>	<u>87,785</u>
Non-controlling interest		64	56
<b>TOTAL EQUITY</b>		<u>90,627</u>	<u>87,841</u>
<b>NON-CURRENT AND DEFERRED LIABILITY</b>			
Term loans	B8	7,842	9,433
Deferred taxation		1,597	1,602
		<u>9,439</u>	<u>11,035</u>
<b>CURRENT LIABILITIES</b>			
Trade payables		3,146	4,119
Other payables and accruals		1,480	3,377
Amount owing to directors		14	350
Amount owing to a related company		379	717
Short-term borrowings	B8	1,187	1,155
Bank overdrafts	B8	-	-
Dividend payable		-	-
Provision for taxation		679	600
		<u>6,885</u>	<u>10,318</u>
<b>TOTAL LIABILITIES</b>		<u>16,324</u>	<u>21,353</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>106,951</u>	<u>109,194</u>
Net Assets per share based on number of shares in issue (RM)		<u>1.15</u>	<u>1.12</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 2016 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 2017

	← Attributable to Equity Holders of the Company →		← Exchange Fluctuation Reserve →		← Distributable To Owners of The Company →		Non-Controlling Interest RM'000	Total RM'000
	Share Capital RM'000	Non-distributable Treasury Shares RM'000	Share Premium RM'000	RM'000	RM'000	RM'000		
<b>6 months period ended 30 June 2016</b>								
At 1 January 2016	40,000	(510)	1,531	(33)	38,924	49		79,961
Treasury Shares	-	-	-	-	-	-	-	-
Comprehensive Income Profit for the financial period	-	-	-	-	4,769	(4)		4,765
Other Comprehensive Expenses Currency translation difference	-	-	-	(110)	-	-		(110)
Share of associate's currency translation difference	-	-	-	(54)	-	-		(54)
Total Comprehensive income	-	-	-	(164)	4,769	(4)		4,601
<b>Contribution by and distributions to owners of the Company</b>								
- Dividend paid	-	-	-	-	(2,358)	-		(2,358)
At 30 June 2016	40,000	(510)	1,531	(197)	41,335	45		82,204
<b>6 months period ended 30 June 2017</b>								
At 1 January 2017	40,000	(510)	1,531	293	46,471	56		87,841
Comprehensive Income Profit for the financial period	-	-	-	-	5,251	8		5,259
Other Comprehensive Expenses Currency translation difference	-	-	-	(115)	-	-		(115)
Share of associate's currency translation difference	-	-	-	-	-	-		-
Total Comprehensive income	-	-	-	(115)	5,251	8		5,144
<b>Contribution by and distributions to owners of the Company</b>								
- Dividend paid	-	-	-	-	(2,358)	-		(2,358)
At 30 June 2017	40,000	(510)	1,531	178	49,364	64		90,627

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 2016 and the accompanying explanatory notes attached to the interim financial statements.

\* This represent minority interest of RM11 held by third party.

**UMS-NEIKEN GROUP BERHAD (650473-V)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

For The Second Quarter Ended 30 June 2017

	Note	Current Year Quarter 30 Jun 2017 RM'000 (unaudited)	Preceding Year Corresponding Quarter 30 Jun 2016 RM'000 (unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		7,201	6,668
Adjustments for:			
Write back allowance for doubtful debts		(114)	(39)
Allowance for doubtful debts		50	61
Write back for inventories written down		(341)	(45)
Inventories written down		361	343
Bad Debts written off		49	-
Dividends received		(22)	(9)
Depreciation of property, plant and equipment		1,106	866
Depreciation of an investment property		101	22
Gain on disposal of property, plant and equipment		(6)	(100)
Unrealised foreign exchange loss		654	505
Amortisation of prepaid lease rental		2	22
Interest expense		184	129
Interest income		(295)	(270)
Share of profit in an associate		-	(8)
Operating profit before working capital changes		8,930	8,145
(Increase)/Decrease in Inventories		(603)	2,500
Decrease/(Increase) in Trade & other receivables		1,382	(3,233)
Decrease in Trade & other payables		(2,870)	(2,880)
Decrease in amount owing by an associate		-	114
Increase in amount owing to related parties		374	218
Decrease in amount owing to related companies		(2,577)	(542)
Cash inflow from operations		4,636	4,322
Interest paid		(184)	(129)
Net tax paid		(1,811)	(1,063)
Net cash inflow from operating activities		2,641	3,130
<b>CASH FLOWS (FROM)/FOR INVESTING ACTIVITIES</b>			
Repayment from an associate		-	52
Interest received		295	270
Purchase of property, plant and equipment and prepaid lease		(359)	(1,308)
Proceeds from disposal of plant and equipment		24	132
Purchase of unit trust investment		-	(10)
Repayment by a related company		1,860	-
Placement of fixed deposits pledged		7	(12)
Net cash inflow/(outflow) for investing activities		1,827	(876)
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>			
Dividends paid		(2,358)	(2,363)
Dividends received		22	9
Repayment of term loan		(1,526)	(266)
Repayment of hire purchase obligation		(33)	(50)
Repayment by directors		(336)	(332)
Net cash outflow for financing activities		(4,231)	(3,002)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		237	(748)
<b>EFFECTS OF CHANGES IN FOREIGN EXCHANGE</b>		(119)	(130)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE QUARTER</b>		24,134	23,243
<b>CASH AND CASH EQUIVALENTS AT END OF THE QUARTER</b>	A16	24,252	22,365

**Note:**

This is prepared based on the consolidated results of the Group for the financial period ended 30 June 2017. 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 2016 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 2017**

**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, 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 2016. 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 2016.

**A2. Changes in Accounting Policies**

The audited financial statements of the Group for the financial year ended 31 December 2016 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 2016, 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 PERSUANT 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.

<b>MFRSs and IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
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
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transaction	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	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
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles: • Amendments to MFRS 12: Clarification of the Scope of Standard	1 January 2017

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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)**

<b>MFRSs and IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
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Annual Improvements to MFRS Standards 2014 – 2016 Cycles:

- Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters
- Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value

January 2018

**A3. Status of audit qualifications**

The auditors’ report on the financial statements for the financial year ended 31 December 2016 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 2017	1,404,200	509,805.28
Share Buyback for the financial period	-	-
At 30 June 2017	<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 127 of the Companies Act 2016.

**A8. Dividend Paid**

There was no dividend paid during the 3 month period ended 30 June 2017.



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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 30.06.2017		Preceding Year Corresponding Quarter Ended 30.06.2016	
	(Unaudited)	(Unaudited) Profit/(Loss) Before Taxation	(Unaudited)	(Unaudited) Profit/(Loss) Before Taxation
	Revenue RM’000	RM’000	Revenue RM’000	RM’000
- Manufacturing, design & trading of electrical wiring accessories	15,994	3,113	16,750	4,087
- Trading & servicing of home appliances	57	28	345	(194)
	<u>16,051</u>	<u>3,141</u>	<u>17,095</u>	<u>3,893</u>
	Cumulative Current Year to Date Ended 30.06.2017		Cumulative Preceding Corresponding Year to Date Ended 30.06.2016	
	(Unaudited)	(Unaudited) Profit/(Loss) Before Taxation	(Unaudited)	(Unaudited) Profit/(Loss) Before Taxation
	Revenue RM’000	RM’000	Revenue RM’000	RM’000
- Manufacturing, design & trading of electrical wiring accessories	34,499	7,225	31,661	6,877
- Trading & servicing of home appliances	167	(24)	1,299	(209)
	<u>34,666</u>	<u>7,201</u>	<u>32,960</u>	<u>6,668</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 30.06.2017		Preceding Year Corresponding Quarter Ended 30.06.2016	
	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000
- Malaysia	14,388	3,223	17,098	3,967
- Singapore	1,663	(129)	-	-
- Vietnam	-	47	(3)	(74)
	<u>16,051</u>	<u>3,141</u>	<u>17,095</u>	<u>3,893</u>
	Cumulative Current Year to Date Ended 30.06.2017		Cumulative Preceding Corresponding Year to Date Ended 30.06.2016	
	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000
- Malaysia	31,271	6,905	32,957	6,538
- Singapore	3,395	(25)	-	-
- Vietnam	-	321	3	130
	<u>34,666</u>	<u>7,201</u>	<u>32,960</u>	<u>6,668</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 June 2017.

**A12. Effect of Changes in the Composition of the Group**

On 5 June 2017, the Company and its wholly-owned subsidiary named United MS Electrical Mfg (M) Sdn Bhd (“UMSE”) had jointly acquired the entire issued and paid up share capital of UMS Neiken Manufacturing Indonesia PT (“UMSN PT”) (Company No: 09.01.1.27.55811) comprising 1,000,000 ordinary shares at IDR13,325 each in UMS PT.

UMS PT was incorporated on 15 May 2017, is presently unpaid and dormant. Its intended principal activities are manufacturing and trading electrical wires, housing or flexible wires or cables and electrical wiring accessories or devices.

**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,

	<b>RM’000</b>
Corporate guarantee given to licenced banks for credit facilities granted to subsidiaries	28,000

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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 30.06.2017 RM'000 (Unaudited)	Preceding Year Corresponding Quarter 30.06.2016 RM'000 (Unaudited)	Cumulative Current Year to Date 30.06.2017 RM'000 (Unaudited)	Cumulative Preceding Corresponding Year to Date 30.06.2016 RM'000 (Unaudited)
Ming Kee Manufactory Limited (“MKK”)	Purchase of fuse link, screws, inserts, cables, plug, metalware, hollow rivet, etc	2	116	2	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	661	388	975	638
UMSC	Sales of electrical accessories, home appliances, etc	-	-	116	8
UMSC	Rental of warehouse	6	6	12	12
Neiken Switchgear (S) Pted Ltd (“NSS”)	Sales of electrical wiring accessories	-*	176	-*	433

\* NSS is no longer regarded as a related party as it had become a wholly owned subsidiary of the Group with effect from 15 September 2016.

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

**A16. Cash and cash equivalents**

	<b>At 30.06.2017</b> <b>RM'000</b> <b>(Unaudited)</b>	<b>At 30.06.2016</b> <b>RM'000</b> <b>(Unaudited)</b>
Fixed deposits with licensed banks	17,764	16,119
Cash and bank balances	7,718	7,426
	<hr/>	<hr/>
	25,482	23,545
Less: Fixed Deposits pledged with licenced banks	(1,230)	(1,180)
	<hr/>	<hr/>
	<b>24,252</b>	<b>22,365</b>

**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, Neiken Switchgear (VN) Co. Ltd and Neiken Electric (S) Pte Ltd (formerly known as Neiken Switchgear (S) Pte Ltd) have 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:-

	<b>RM</b>
United States Dollar	4.2940
Singapore Dollar	3.1188

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

**B1. Review of Performance**

	Individual Quarter		Year to date	
	30.06.2017 RM'000 (unaudited)	30.06.2016 RM'000 (unaudited)	30.06.2017 RM'000 (unaudited)	30.06.2016 RM'000 (unaudited)
Revenue	16,051	17,095	34,666	32,960
Profit before taxation	3,141	3,893	7,201	6,668

The Group achieved revenue of RM16.1 million for the quarter ended 30 June 2017. This represents a decrease of approximately 6% as compared to the corresponding quarter in the preceding year. This lower revenue is mainly due to the lower sales demand for electrical wiring accessories segment after the sales offer in the preceding quarter, despite the inclusion of the revenue of Singapore subsidiary. Profit before taxation of the Group registered a decrease for the current quarter compared to 2016, mainly due to lower profit margin in line of lower sales demand and less favourable foreign exchange movement.

However, the Group achieved cumulative revenue of RM34.7 million for the financial period to date, representing an increase of approximately 5% as compared to the preceding financial year to date. This is mainly due to higher sales in the electrical wiring accessories segment especially the inclusion of revenue from Singapore subsidiary, which 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 8% 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	
	30.06.2017 RM'000 (unaudited)	31.03.2017 RM'000 (unaudited)
Revenue	16,051	18,615
Profit before taxation	3,141	4,060

The Group achieved revenue of approximately RM16.1 million for the current quarter under review as compared to RM18.6 million in the immediate preceding quarter, registering a decrease of approximately 14%, mainly due to the lower demand in local sales of electrical wiring accessories segment.

Profit before taxation of the Group for the current quarter under review decreased, compared to the immediate preceding quarter, mainly due to the lower profit margin in line with the lower sale demand.

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

**B3. Current Year Prospects**

Despite the satisfactory performance achieved for the first half of 2017, the Group expects the performance for the rest of the year to remain challenging due to the inflationary pressure on input cost, shortage of foreign workers and weakness in the local demand. The Group will monitor the situation and where necessary will take mitigating actions to reduce the impact of the above on its operations and results. The Group is undertaking review to streamline operations between Malaysia and Vietnam to reduce costs. The Group is also reviewing the feasibility of relocation of operations to enable the employment of locals to reduce the dependency on foreign workers.

**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 30.06.2017 RM'000 (unaudited)	Preceding Year Corresponding Quarter 30.06.2016 RM'000 (unaudited)	Cumulative Current Year to Date 30.06.2017 RM'000 (unaudited)	Cumulative Preceding Corresponding Year to Date 30.06.2016 RM'000 (unaudited)
Profit before taxation is arrived at after charging/(crediting):-				
Allowance for trade receivables	36	32	50	61
Amortisation of prepaid lease payments	1	(8)	2	22
Bad debts written off	-	-	49	-
Depreciation of property, plant and equipment	516	445	1,106	866
Depreciation of investment property	50	11	101	22
Interest expenses	102	63	184	128
Inventories written down	236	126	361	343
Loss/(Gain) on foreign exchange				
- unrealised	128	(856)	654	505
- realised	(57)	265	(566)	(32)
Gain on disposal of plant and equipment	-	-	(6)	(100)
Interest income	(148)	(136)	(295)	(270)
Writeback for inventory written down	(66)	(26)	(341)	(45)
Writeback of allowance for trade receivables	(33)	-	(114)	(39)

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.



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

**B6. Income Tax Expense**

	Current Year Quarter 30.06.2017 RM'000 (Unaudited)	Preceding Year Corresponding Quarter 30.06.2016 RM'000 (Unaudited)	Cumulative Current Year to Date 30.06.2017 RM'000 (Unaudited)	Cumulative Preceding Corresponding Year to Date 30.06.2016 RM'000 (Unaudited)
Current tax Expense	871	1,153	1,942	1,903

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 are higher than statutory rate, mainly due to higher non-tax deductible expenses and non-availability of group relief for losses suffered by 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:

	Secured RM'000	Unsecured RM'000	Total RM'000
<b><u>Ringgit Malaysia</u></b>			
Term loan - short term	645	-	645
Term loan - long term	3,000	-	3,000
	3,645	-	3,645
<b><u>Singapore Dollar</u></b>			
Term loan - short term	543	-	543
Term loan - long term	4,841	-	4,841
	9,029	-	9,029

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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 2017 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 30.06.2017 (Unaudited)	Preceding Year Corresponding Quarter 30.06.2017 (Unaudited)	Cumulative Current Year to Date 30.06.2017 (Unaudited)	Preceding Corresponding Year to Date 30.06.2017 (Unaudited)
Profit attributable to Equity holders of parent (RM'000):	<u>2,271</u>	<u>2,735</u>	<u>5,251</u>	<u>4,764</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>2.89</u>	<u>3.48</u>	<u>6.68</u>	<u>6.06</u>

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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 2017, 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:-

	<b>As at financial period ended 30.06.2017 RM'000 (unaudited)</b>	<b>As at financial year ended 31.12.2016 RM'000 (audited)</b>
Total retained earnings of the Group		
- Realised	65,881	62,531
- Unrealised	(1,661)	(1,142)
	<u>64,220</u>	<u>61,389</u>
Less: Consolidation adjustments	<u>(14,856)</u>	<u>(14,918)</u>
Total retained earnings as per condensed consolidated statement of changes in equity	<u>49,364</u>	<u>46,471</u>

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 24 August 2017.