

UMS-NEIKEN GROUP BERHAD (650473-V)**(Incorporated in Malaysia)****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****For The Third Quarter Ended 30 September 2017**

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year 30 Sep 2017 RM'000 (unaudited)	Preceding Year Corresponding Quarter 30 Sep 2016 RM'000 (unaudited)	Current Year To date 30 Sep 2017 RM'000 (unaudited)	Preceding Year Corresponding Period 30 Sep 2016 RM'000 (unaudited)
Revenue		17,110	15,562	51,776	48,522
Cost of sales		(12,547)	(10,731)	(35,563)	(33,448)
Gross profit		4,563	4,831	16,213	15,074
Other income		179	1,728	1,211	2,283
		4,742	6,559	17,424	17,357
Selling and distribution expenses		(216)	(218)	(611)	(563)
Administrative expenses		(2,452)	(2,147)	(5,911)	(4,821)
Other operating expenses		(384)	320	(1,827)	(725)
Finance costs		(65)	(78)	(249)	(206)
Share of profit for an associate		-	(28)	-	34
Profit before taxation		1,625	4,408	8,826	11,076
Income tax expense	B6	(571)	(842)	(2,513)	(2,745)
Profit after taxation		1,054	3,566	6,313	8,331
Other Comprehensive Income/(Expenses)					
Currency translation difference		(100)	68	(215)	(42)
Share of associate's currency translation difference		-	44	-	(10)
Total Comprehensive Income		954	3,678	6,098	8,279
PROFIT AFTER TAXATION					
ATTRIBUTABLE TO					
Owners of The Company		1,043	3,560	6,294	8,324
Non-controlling interest		11	6	19	7
TOTAL COMPREHENSIVE INCOME					
ATTRIBUTABLE TO					
Owners of The Company		943	3,672	6,079	8,272
Non-controlling interest		11	6	19	7
Earnings per share (sen):					
Basic	B11	1.33	4.53	8.01	10.59
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 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 September 2017**

	As at end of current year quarter ended 30 Sep 2017 RM'000 (Unaudited)	Audited 31 Dec 2016 RM'000 (Audited)
Note		
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	29,040	30,153
Investment property	10,415	10,557
Deferred Tax Assets	105	106
Other Investment	566	564
	<u>40,126</u>	<u>41,380</u>
CURRENT ASSETS		
Inventories	19,033	19,550
Trade receivables	17,882	20,814
Other receivables, prepayments and deposits	2,538	1,737
Amount owing by a related company	103	7
Tax recoverable	244	335
Fixed deposits with licensed banks	21,560	17,136
Cash and bank balances	5,556	8,235
	<u>66,916</u>	<u>67,814</u>
TOTAL ASSETS	<u>107,042</u>	<u>109,194</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	40,000	40,000
Treasury shares	(510)	(510)
Share premium	1,531	1,531
Exchange fluctuation reserve	78	293
Retained profits	50,407	46,471
SHAREHOLDERS' EQUITY	<u>91,506</u>	<u>87,785</u>
Non-controlling interest	75	56
TOTAL EQUITY	<u>91,581</u>	<u>87,841</u>
NON-CURRENT AND DEFERRED LIABILITY		
Term loans	3,623	9,433
Deferred taxation	1,594	1,602
	<u>5,217</u>	<u>11,035</u>
CURRENT LIABILITIES		
Trade payables	2,291	4,119
Other payables and accruals	1,795	3,377
Amount owing to directors	27	350
Amount owing to a related company	548	717
Short-term borrowings	5,159	1,155
Bank overdrafts	-	-
Provision for taxation	424	600
	<u>10,244</u>	<u>10,318</u>
TOTAL LIABILITIES	<u>15,461</u>	<u>21,353</u>
TOTAL EQUITY AND LIABILITIES	<u>107,042</u>	<u>109,194</u>
Net Assets per share based on number of shares in issue (RM)	<u>1.17</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)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Third Quarter Ended 30 September 2017

	← 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	Non-Controlling Interest RM'000	
9 months period ended 30 September 2016							
At 1 January 2016	40,000	(510)	1,531	(33)	38,924	49	79,961
Treasury Shares	-	-	-	-	-	-	-
<u>Comprehensive Income</u>							
Profit for the financial period	-	-	-	-	8,335	(4)	8,331
<u>Other Comprehensive Expenses</u>							
Currency translation difference	-	-	-	(42)	-	-	(42)
Share of associate's currency translation difference	-	-	-	(10)	-	-	(10)
Total Comprehensive income	-	-	-	(52)	8,335	(4)	8,279
<u>Contribution by and distributions to owners of the Company</u>							
- Dividend paid	-	-	-	-	(2,358)	-	(2,358)
At 30 September 2016	40,000	(510)	1,531	(85)	44,901	45	85,882
9 months period ended 30 September 2017							
At 1 January 2017	40,000	(510)	1,531	293	46,471	56	87,841
<u>Comprehensive Income</u>							
Profit for the financial period	-	-	-	-	6,294	19	6,313
<u>Other Comprehensive Expenses</u>							
Currency translation difference	-	-	-	(215)	-	-	(215)
Share of associate's currency translation difference	-	-	-	-	-	-	-
Total Comprehensive income	-	-	-	(215)	6,294	19	6,098
<u>Contribution by and distributions to owners of the Company</u>							
- Dividend paid	-	-	-	-	(2,358)	-	(2,358)
At 30 September 2017	40,000	(510)	1,531	78	50,407	75	91,581

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.

UMS-NEIKEN GROUP BERHAD (650473-V)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For The Third Quarter Ended 30 September 2017

	Current Year Quarter 30 Sep 2017 RM'000 (unaudited)	Preceding Year Corresponding Quarter 30 Sep 2016 RM'000 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	8,826	11,076
Adjustments for:		
Write back allowance for doubtful debts	(117)	(39)
Allowance for doubtful debts	61	76
Write back for inventories written down	(387)	(45)
Inventories written down	389	571
Bad Debts written off	59	-
Dividends received	(22)	(9)
Depreciation of property, plant and equipment	1,625	1,331
Depreciation of an investment property	151	39
Gain on deemed disposal of an associate	-	(983)
Gain on disposal of property, plant and equipment	(5)	(156)
Bargain Purchase Gain	-	(571)
Unrealised foreign exchange loss/(gain)	641	(101)
Amortisation of prepaid lease rental	2	16
Interest expense	249	207
Interest income	(478)	(485)
Share of profit in an associate	-	(34)
Operating profit before working capital changes	10,994	10,893
Decrease in Inventories	515	672
Decrease/(Increase) in Trade & other receivables	1,485	(1,468)
Decrease in Trade & other payables	(3,410)	(2,277)
Increase in amount owing to a related party	-	459
Decrease in amount owing to a related company	(265)	(542)
Cash inflow from operations	9,319	7,737
Interest paid	(249)	(207)
Net tax paid	(2,604)	(2,002)
Net cash inflow from operating activities	6,466	5,528
CASH FLOWS (FROM)/FOR INVESTING ACTIVITIES		
Interest received	478	485
Purchase of property, plant and equipment and prepaid lease	(573)	(1,721)
Proceeds from disposal of plant and equipment	54	3,114
Purchase of unit trust investment	-	(512)
Net cash flow on acquisition of a subsidiary	-	(4,546)
Withdrawal/(Placement) of fixed deposits pledged	431	(2)
Net cash inflow/(outflow) for investing activities	390	(3,182)
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividends paid	(2,358)	(2,363)
Dividends received	22	9
Net drawdown/(repayment) of short term loan	4,284	-
Repayment of term loan	(6,057)	(435)
Repayment of hire purchase obligation	(33)	(75)
Repayment by directors	(323)	(329)
Net cash outflow for financing activities	(4,465)	(3,193)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,391	(847)
EFFECTS OF CHANGES IN FOREIGN EXCHANGE	(216)	(46)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE QUARTER	24,134	23,243
CASH AND CASH EQUIVALENTS AT END OF THE QUARTER	26,309	22,350

Note:

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPT 2017

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 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 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
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
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
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

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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)

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
Annual Improvements to MFRS Standards 2014 – 2016 Cycles: • Amendments to MFRS 12: Clarification of the Scope of Standard	1 January 2017
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 September 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 September 2017.

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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 30.09.2017		Preceding Year Corresponding Quarter Ended 30.09.2016	
	(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	17,113	1,660	15,345	4,493
- Trading & servicing of home appliances	(3)	(35)	217	(85)
	<u>17,110</u>	<u>1,625</u>	<u>15,562</u>	<u>4,408</u>
	Cumulative Current Year to Date Ended 30.09.2017		Cumulative Preceding Corresponding Year to Date Ended 30.09.2016	
	(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	51,612	8,885	47,006	11,370
- Trading & servicing of home appliances	164	(59)	1,516	(294)
	<u>51,776</u>	<u>8,826</u>	<u>48,522</u>	<u>11,076</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 30.09.2017 (Unaudited)		Preceding Year Corresponding Quarter Ended 30.09.2016 (Unaudited)	
	Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000	Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000
- Malaysia	15,466	2,303	15,189	4,332
- Singapore	1,502	(125)	374	(197)
- Vietnam	142	(553)	(1)	273
	<u>17,110</u>	<u>1,625</u>	<u>15,562</u>	<u>4,408</u>
	Cumulative Current Year to Date Ended 30.09.2017 (Unaudited)		Cumulative Preceding Corresponding Year to Date Ended 30.09.2016 (Unaudited)	
	Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000	Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000
- Malaysia	46,737	9,208	48,146	10,869
- Singapore	4,897	(150)	374	(197)
- Vietnam	142	(232)	2	404
	<u>51,776</u>	<u>8,826</u>	<u>48,522</u>	<u>11,076</u>

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PART A: EXPLANATORY NOTES PERSUANT 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 2017.

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	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 30.09.2017 RM'000 (Unaudited)	Preceding Year Corresponding Quarter 30.09.2016 RM'000 (Unaudited)	Cumulative Current Year to Date 30.09.2017 RM'000 (Unaudited)	Cumulative Preceding Year to Date 30.09.2016 RM'000 (Unaudited)
Ming Kee Manufactory Limited (“MKK”)	Purchase of fuse link, screws, inserts, cables, plug, metalware, hollow rivet, etc	-	36	2	195
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	613	687	1,588	1,325
UMSC	Sales of electrical wire	97	-	97	-
UMSC	Sales of electrical accessories, home appliances, etc	-	74	116	82
UMSC	Rental of warehouse	6	6	18	18
Neiken Switchgear (S) Pted Ltd (*NSS”)	Sales of electrical wiring accessories	-*	70	-*	504

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 PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD 134 (“MFRS 134”) (CONT’D)

A16. Cash and cash equivalents

	At 30.09.2017 RM'000 (Unaudited)	At 30.09.2016 RM'000 (Unaudited)
Fixed deposits with licensed banks	21,560	14,082
Cash and bank balances	5,556	9,464
	<hr/>	<hr/>
	27,116	23,546
Less: Fixed Deposits pledged with licenced banks	(807)	(1,196)
	<hr/>	<hr/>
	26,309	22,350

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:-

	RM
United States Dollar	4.2220
Singapore Dollar	3.1083

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

B1. Review of Performance

	Individual Quarter		Year to date	
	30.09.2017 RM'000 (unaudited)	30.09.2016 RM'000 (unaudited)	30.09.2017 RM'000 (unaudited)	30.09.2016 RM'000 (unaudited)
Revenue	17,110	15,562	51,766	48,522
Profit before taxation	1,625	4,408	8,826	11,076

The Group achieved revenue of RM17.1 million for the quarter ended 30 September 2017. This represents an increase of approximately 10% as compared to the corresponding quarter in the preceding year. This higher revenue is mainly due to the inclusion of the revenue of Singapore subsidiary and improved export sales demand.

The Group achieved cumulative revenue of RM51.8 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 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 registered a decrease for the current quarter and financial year to date as compared to 2016, mainly due to the one-off loss making by Vietnam subsidiary which was impacted by the transfer of operation to the Malaysia subsidiary, less favourable foreign exchange movement and lastly the absence of the one-off gain on deemed disposal of an associate and bargain purchase gain of a subsidiary acquisition recorded of approximately RM1.55m in total in the corresponding quarter in the preceding year.

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

	Individual Quarter	
	30.09.2017 RM'000 (unaudited)	30.06.2017 RM'000 (unaudited)
Revenue	17,110	16,051
Profit before taxation	1,625	3,141

The Group achieved revenue of approximately RM17.1 million for the current quarter under review as compared to RM16.1 million in the immediate preceding quarter, registering an increase of approximately 7%, mainly due to the improved export sales demand.

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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)

However, profit before taxation of the Group for the current quarter under review decreased, compared to the immediate preceding quarter, mainly due to the one-off loss incurred by the Vietnam subsidiary for the transfer of operation to the Malaysia subsidiary and lower profit margin incurred by core manufacturing subsidiary in Malaysia.

B3. Current Year Prospects

Despite facing the challenges that arose from unfavourable foreign exchange movement, upward input cost and shortage of workers supply which affected the sales performance, the Group remains optimistic as various strategies undertaken by the Group, including but not limited to the streamlining of operations between Vietnam and Malaysia, recruitment of locals to replace reliance on foreign labours, were just completed. This should put the Group on a sound foundation for the Group to achieve a product cost competitive edge in the near future. In addition, the Group is also reviewing the feasibility of investing in automation and modernisation of its current manufacturing operation to realise its potential in improving sales performance and better profit margin.

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 30.09.2017 RM'000 (unaudited)	Preceding Year Corresponding Quarter 30.09.2016 RM'000 (unaudited)	Cumulative Current Year to Date 30.09.2017 RM'000 (unaudited)	Cumulative Preceding Corresponding Year to Date 30.09.2016 RM'000 (unaudited)
Profit before taxation is arrived at after charging/(crediting):-				
Allowance for trade receivables	11	15	61	76
Amortisation of prepaid lease payments	-	(6)	2	16
Bad debts written off	10	-	59	-
Depreciation of property, plant and equipment	519	465	1,625	1,331
Depreciation of investment property	50	39	151	39
Interest expenses	65	78	249	207
Inventories written down	28	228	389	571
Loss/(Gain) on foreign exchange				
- unrealised	(13)	(606)	641	(101)
- realised	44	(1)	(522)	(33)
Loss/(Gain) on disposal of plant and equipment	1	(56)	(5)	(156)
Gain on deemed disposal of an investment	-	(983)	-	(983)
Bargain purchase gain	-	(571)	-	(571)
Interest income	(183)	(215)	(478)	(485)
Writeback for inventory written down	(46)	-	(387)	(45)
Writeback of allowance for trade receivables	(3)	-	(117)	(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 30.09.2017 RM'000 (Unaudited)	Preceding Year Corresponding Quarter 30.09.2016 RM'000 (Unaudited)	Cumulative Current Year to Date 30.09.2017 RM'000 (Unaudited)	Cumulative Preceding Corresponding Year to Date 30.09.2016 RM'000 (Unaudited)
Current tax Expense	571	842	2,513	2,745

The tax expense is derived based on management's best estimate of the tax rate for the year.

The Group's effective tax rates 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
<u>Ringgit Malaysia</u>			
Term loan - short term	652	-	652
Term loan - long term	2,828	-	2,828
<u>Singapore Dollar</u>			
Short Term Loan	4,284	-	4,284
Term loan - short term	223	-	223
Term loan - long term	795	-	795
	8,782	-	8,782

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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 30.09.2017 (Unaudited)	Preceding Year Corresponding Quarter 30.09.2016 (Unaudited)	Cumulative Current Year to Date 30.09.2017 (Unaudited)	Preceding Corresponding Year to Date 30.09.2016 (Unaudited)
Profit attributable to Equity holders of parent (RM'000):	<u>1,043</u>	<u>3,560</u>	<u>6,294</u>	<u>8,324</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>1.33</u>	<u>4.53</u>	<u>8.01</u>	<u>10.59</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 September 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:-

	As at financial period ended 30.09.2017 RM'000 (unaudited)	As at financial year ended 31.12.2016 RM'000 (audited)
Total retained earnings of the Group		
- Realised	66,664	62,531
- Unrealised	(1,649)	(1,142)
	65,015	61,389
Less: Consolidation adjustments	(14,608)	(14,918)
	50,407	46,471

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 22 November 2017.