

UMS-NEIKEN GROUP BERHAD (650473-V)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Forth Quarter Ended 31 December 2017

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year Quarter 31 Dec 2017 RM'000 (unaudited)	Preceding Year Corresponding Quarter 31 Dec 2016 RM'000 (unaudited)	Current Year To date 31 Dec 2017 RM'000 (unaudited)	Preceding Year Corresponding Period 31 Dec 2016 RM'000 (unaudited)
Revenue		16,374	17,349	68,150	65,871
Cost of sales		(11,508)	(12,690)	(47,071)	(46,138)
Gross profit		4,866	4,659	21,079	19,733
Other income		(45)	1,248	1,166	3,531
		4,821	5,907	22,245	23,264
Selling and distribution expenses		(265)	(279)	(876)	(842)
Administrative expenses		(2,391)	(2,658)	(8,302)	(7,479)
Other operating expenses		(312)	(494)	(2,139)	(1,219)
Finance costs		(58)	(121)	(307)	(327)
Share of profit for an associate		-	11	-	45
Profit before taxation		1,795	2,366	10,621	13,442
Income tax expense	B6	(688)	(785)	(3,201)	(3,530)
Profit after taxation		1,107	1,581	7,420	9,912
Other Comprehensive Income/(Expenses)					
Currency translation difference		(418)	377	(633)	335
Share of associate's currency translation difference		-	-	-	(9)
Total Comprehensive Income		689	1,958	6,787	10,238
PROFIT AFTER TAXATION ATTRIBUTABLE TO					
Owners of The Company		1,120	1,581	7,414	9,905
Non-controlling interest		(13)	-	6	7
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO					
Owners of The Company		702	1,958	6,781	10,231
Non-controlling interest		(13)	-	6	7
Earnings per share (sen):					
Basic	B11	1.43	2.01	9.43	12.60
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 31 December 2017. The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's Audited Financial Statements for the

UMS-NEIKEN GROUP BERHAD (650473-V)**(Incorporated in Malaysia)****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****As at 31 December 2017**

	Note	As at end of current year quarter ended 31 Dec 2017 RM'000 (Unaudited)	Audited 31 Dec 2016 RM'000 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		28,927	30,153
Investment property		10,172	10,557
Deferred Tax Assets		4	106
Other Investment		551	564
		<u>39,654</u>	<u>41,380</u>
CURRENT ASSETS			
Inventories		20,854	19,550
Trade receivables		19,318	20,814
Other receivables, prepayments and deposits		2,121	1,737
Amount owing by a related company		6	7
Tax recoverable		163	335
Fixed deposits with licensed banks		20,391	17,136
Cash and bank balances		5,507	8,235
		<u>68,360</u>	<u>67,814</u>
TOTAL ASSETS		<u>108,014</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		(340)	293
Retained profits		51,527	46,471
SHAREHOLDERS' EQUITY		<u>92,208</u>	<u>87,785</u>
Non-controlling interest		62	56
TOTAL EQUITY		<u>92,270</u>	<u>87,841</u>
NON-CURRENT AND DEFERRED LIABILITY			
Term loans	B8	3,374	9,433
Deferred taxation		1,571	1,602
		<u>4,945</u>	<u>11,035</u>
CURRENT LIABILITIES			
Trade payables		2,836	4,119
Other payables and accruals		2,874	3,377
Amount owing to directors		437	350
Amount owing to a related company		424	717
Short-term borrowings	B8	3,909	1,155
Bank overdrafts	B8	-	-
Provision for taxation		319	600
		<u>10,799</u>	<u>10,318</u>
TOTAL LIABILITIES		<u>15,744</u>	<u>21,353</u>
TOTAL EQUITY AND LIABILITIES		<u>108,014</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)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Forth Quarter Ended 31 December 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	
<u>12 months period ended 31 December 2017</u>							
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	-	-	-	-	9,905	7	9,912
<u>Other Comprehensive Expenses</u>							
Currency translation difference	-	-	-	335	-	-	335
Share of associate's currency translation difference	-	-	-	(9)	-	-	(9)
Total Comprehensive income	-	-	-	326	9,905	7	10,238
<u>Contribution by and distributions to owners of the Company</u>							
- Dividend paid	-	-	-	-	(2,358)	-	(2,358)
At 31 December 2016	40,000	(510)	1,531	293	46,471	56	87,841
<u>12 months period ended 31 December 2017</u>							
At 1 January 2017	40,000	(510)	1,531	293	46,471	56	87,841
<u>Comprehensive Income</u>							
Profit for the financial period	-	-	-	-	7,414	6	7,420
<u>Other Comprehensive Expenses</u>							
Currency translation difference	-	-	-	(633)	-	-	(633)
Share of associate's currency translation difference	-	-	-	-	-	-	-
Total Comprehensive income	-	-	-	(633)	7,414	6	6,787
<u>Contribution by and distributions to owners of the Company</u>							
- Dividend paid	-	-	-	-	(2,358)	-	(2,358)
At 31 December 2017	40,000	(510)	1,531	(340)	51,527	62	92,270

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)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For The Forth Quarter Ended 31 December 2017

	Note	Current Year Quarter 31 Dec 2017 RM'000 (unaudited)	Preceding Year Corresponding Quarter 31 Dec 2016 RM'000 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		10,621	13,442
Adjustments for:			
Write back allowance for doubtful debts		(120)	(706)
Allowance for doubtful debts		137	83
Write back for inventories written down		(488)	(45)
Inventories written down		377	1,137
Bad Debts written off		59	620
Dividends received		(22)	(9)
Depreciation of property, plant and equipment		2,170	1,955
Depreciation of an investment property		200	93
Assets written off		1	-
Impairment loss on receivables		81	-
Gain on deemed disposal of an associate		-	(972)
Gain on disposal of property, plant and equipment		(8)	(156)
Bargain Purchase Gain		-	(571)
Unrealised foreign exchange loss/(gain)		423	(372)
Amortisation of prepaid lease rental		3	2
Interest expense		307	327
Interest income		(676)	(617)
Share of profit in an associate		-	(45)
Operating profit before working capital changes		<u>13,065</u>	<u>14,166</u>
Increase in Inventories		(1,194)	(1,444)
Decrease/(Increase) in Trade & other receivables		533	(243)
Decrease in Trade & other payables		(1,786)	(1,788)
Increase in amount owing to a related party		-	721
Decrease in amount owing to a related company		(292)	(542)
Cash inflow from operations		<u>10,326</u>	<u>10,870</u>
Interest paid		(307)	(327)
Net tax paid		(3,238)	(3,618)
Net cash inflow from operating activities		<u>6,781</u>	<u>6,925</u>
CASH FLOWS FOR/(FROM) INVESTING ACTIVITIES			
Interest received		676	617
Purchase of property, plant and equipment and prepaid lease		(811)	(2,467)
Proceeds from disposal of plant and equipment		56	3,114
Net cash flow on acquisition of a subsidiary		-	(4,546)
Withdrawal/(Placement) of fixed deposits pledged		424	(43)
Net cash inflow/(outflow) for investing activities		<u>345</u>	<u>(3,325)</u>
CASH FLOWS FOR FINANCING ACTIVITIES			
Dividends paid		(2,358)	(2,363)
Dividends received		22	9
Net drawdown of short term loan		3,036	-
Repayment of term loan		(6,308)	(573)
Repayment of hire purchase obligation		(33)	(100)
Advances to/(Repayment from) directors		87	(1)
Net cash outflow for financing activities		<u>(5,554)</u>	<u>(3,028)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,572	572
EFFECTS OF CHANGES IN FOREIGN EXCHANGE		(621)	319
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE QUARTER		<u>24,134</u>	<u>23,243</u>
CASH AND CASH EQUIVALENTS AT END OF THE QUARTER	A16	<u>25,085</u>	<u>24,134</u>

Note:

This is prepared based on the consolidated results of the Group for the financial period ended 31 December 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
(Company No: 650473-V)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DEC 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)

Amendments to MFRS 107: Disclosure Initiative

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvements to MFRS Standards 2014 – 2016 Cycles: Amendments to MFRS 12: Clarification of the Scope of the Standard

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

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

A2. Changes in Accounting Policies (cont’d)

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

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
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 9: Prepayment Features with Negative Compensation	1 January 2019
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 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018

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

PART A: EXPLANATORY NOTES PERSUANT 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: <ul style="list-style-type: none">• 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	1 January 2018
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

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.

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

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

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 31 December 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 31 December 2017.

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

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

A9. Segment information

Business Segment

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

	Current Year Quarter Ended 31.12.2017 (Unaudited)		Preceding Year Corresponding Quarter Ended 31.12.2016 (Unaudited)	
	Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000	Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000
- Manufacturing, design & trading of electrical wiring accessories	16,351	1,680	17,172	2,630
- Trading & servicing of home appliances	23	115	177	(264)
	<u>16,374</u>	<u>1,795</u>	<u>17,349</u>	<u>2,366</u>
	Cumulative Current Year to Date Ended 31.12.2017 (Unaudited)		Cumulative Preceding Corresponding Year to Date Ended 31.12.2016 (Unaudited)	
	Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000	Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000
- Manufacturing, design & trading of electrical wiring accessories	67,963	10,566	64,178	14,000
- Trading & servicing of home appliances	187	55	1,693	(558)
	<u>68,150</u>	<u>10,621</u>	<u>65,871</u>	<u>13,442</u>

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

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

A9. Segment information (Cont’d)

Geographical Segment

In determining the geographical segments of the Group, segment revenue is based on the country of operations.

The Group’s financial information analysed by geographical segment is as follows:

	Current Year Quarter Ended 31.12.2017		Preceding Year Corresponding Quarter Ended 31.12.2016	
	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000
- Malaysia	14,147	2,012	15,178	2,294
- Singapore	2,227	(124)	2,079	(345)
- Vietnam	-	(93)	92	417
	<u>16,374</u>	<u>1,795</u>	<u>17,349</u>	<u>2,366</u>
	Cumulative Current Year to Date Ended 31.12.2017		Cumulative Preceding Corresponding Year to Date Ended 31.12.2016	
	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000
- Malaysia	60,884	11,220	63,324	13,032
- Singapore	7,124	(274)	2,453	(411)
- Vietnam	142	(325)	94	821
	<u>68,150</u>	<u>10,621</u>	<u>65,871</u>	<u>13,442</u>

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

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

A10. Revaluation of Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

There was no revaluation of property, plant and equipment during the financial quarter under review.

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

There were no significant events subsequent to 31 December 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
	<hr/>

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

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 31.12.2017 RM'000 (Unaudited)	Preceding Year Corresponding Quarter 31.12.2016 RM'000 (Unaudited)	Cumulative Current Year to Date 31.12.2017 RM'000 (Unaudited)	Cumulative Preceding Corresponding Year to Date 31.12.2016 RM'000 (Unaudited)
Ming Kee Manufactory Limited (“MKK”)	Purchase of fuse link, screws, inserts, cables, plug, metalware, hollow rivet, etc	-	-	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	1,042	844	2,630	2,169
UMSC	Sales of electrical wire	-	-	97	-
UMSC	Sales of electrical accessories, home appliances, etc	(66)	116	50	198
UMSC	Rental of warehouse	6	6	24	24
Neiken Switchgear (S) Pted Ltd (“NSS”)	Sales of electrical wiring accessories	-*	-*	-*	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.

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

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

A16. Cash and cash equivalents

	At 31.12.2017	At 31.12.2016
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Fixed deposits with licensed banks	20,391	17,136
Cash and bank balances	5,507	8,235
	<hr/>	<hr/>
	25,898	25,371
Less: Fixed Deposits pledged with licenced banks	(813)	(1,237)
	<hr/>	<hr/>
	25,085	24,134
	<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 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	4.0475
Singapore Dollar	3.0293

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

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

B1. Review of Performance

	Individual Quarter		Year to date	
	31.12.2017 RM'000 (unaudited)	31.12.2016 RM'000 (unaudited)	31.12.2017 RM'000 (unaudited)	31.12.2016 RM'000 (unaudited)
Revenue	16,374	17,349	68,150	65,871
Profit before taxation	1,795	2,366	10,621	13,442

The Group achieved revenue of RM16.4 million for the quarter ended 31 December 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 a drop in export sales.

The Group achieved cumulative revenue of RM68.1 million for the financial year ended 31 December 2017, representing an increase of approximately 3% as compared to the preceding financial year to date. This is mainly due to higher sales in the electrical wiring accessories segment with the inclusion of revenue from Singapore subsidiary, to offset the weak demand in home appliance and export sales.

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 losses suffered by the subsidiaries in Vietnam and Singapore, less favourable foreign exchange movement and absent of the one-off gain on deemed disposal of an associate and bargain purchase gain recorded of approximately RM1.5m in total 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	
	31.12.2017 RM'000 (unaudited)	30.09.2017 RM'000 (unaudited)
Revenue	16,374	17,110
Profit before taxation	1,795	1,625

The Group achieved revenue of approximately RM16.4 million for the current quarter under review as compared to RM17.1 million in the immediate preceding quarter, registering a decrease of approximately 4%, mainly due to drop in export sales demand.

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

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 increased, compared to the immediate preceding quarter, mainly due to the preceding quarter one-off loss incurred by the Vietnam subsidiary.

B3. Current Year Prospects

In 2017, the Group managed to sustain a satisfactory performance despite the challenges from unfavourable foreign exchange movement, and the weak performance of the Vietnam and Singapore subsidiaries. The drop in export sales was mitigated by improvement in the local market where the Group embarked on competitive pricing strategy to boost sales.

The Group expects 2018 to be challenging due to the following reasons:-

- (i) margin compression for export sales arising from the continued weakness of the US Dollar compared to Ringgit Malaysia in the first quarter of 2018;
- (ii) increase in operational costs with the implementation of foreign worker levy to be borne by employer with effective from January 2018.

The Group will seek to remain competitive through various initiatives including but not limited to investment to automate and modernise its production lines. The Group will also be focused to turnaround the performance of its overseas subsidiaries, especially Singapore.

B4. Variance of Actual Profit and Forecast Profit of the Group

The disclosure requirements for explanatory notes for the variance of actual profit and forecast profit and for the shortfall in profit guarantee are not applicable

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

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

B5. Profit for The Period

	Current Year Quarter 31.12.2017 RM'000 (unaudited)	Preceding Year Corresponding Quarter 31.12.2016 RM'000 (unaudited)	Cumulative Current Year to Date 31.12.2017 RM'000 (unaudited)	Cumulative Preceding Corresponding Year to Date 31.12.2016 RM'000 (unaudited)
Profit before taxation is arrived at after charging/(crediting):-				
Allowance for trade receivables	76	7	137	83
Amortisation of prepaid lease payments	1	2	3	2
Assets written off	1	-	1	-
Bad debts written off	-	620	59	620
Depreciation of property, plant and equipment	545	596	2,170	1,955
Depreciation of investment property	49	40	200	93
Interest expenses	58	120	307	327
Inventories written down	(12)	566	377	1,137
Loss/(Gain) on foreign exchange				
- unrealised	(218)	(271)	423	(372)
- realised	371	(786)	(151)	(819)
Loss/(Gain) on disposal of plant and equipment	(3)	-	(8)	(156)
Gain on deemed disposal of an investment	-	11	-	(972)
Bargain purchase gain	-	-	-	(571)
Interest income	(198)	(132)	(676)	(617)
Writeback for inventory written down	(101)	-	(488)	(45)
Writeback of allowance for trade receivables	(3)	(667)	(120)	(706)

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

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

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

B6. Income Tax Expense

	Current Year Quarter 31.12.2017 RM'000 (Unaudited)	Preceding Year Corresponding Quarter 31.12.2016 RM'000 (Unaudited)	Cumulative Current Year to Date 31.12.2017 RM'000 (Unaudited)	Cumulative Preceding Corresponding Year to Date 31.12.2016 RM'000 (Unaudited)
Current tax Expense	688	785	3,201	3,530

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	655	-	655
Term loan - long term	2,654	-	2,654
	<hr/>	<hr/>	<hr/>
<u>Singapore Dollar</u>			
Short Term Loan	3,309	-	3,309
Term loan - short term	3,036	-	3,036
Term loan - long term	218	-	218
Term loan - long term	720	-	720
	<hr/>	<hr/>	<hr/>
	7,283	-	7,283
	<hr/>	<hr/>	<hr/>

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

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

B9. Material litigation

Neither UMSN nor any of its subsidiary companies are engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or any of its subsidiaries and the Board is not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or any of its subsidiaries

B10. Dividends

The Board of Directors has proposed a single tier interim dividend of 3.0 sen per ordinary share in respect of the financial year ended 31 December 2017, to be paid on 30 March 2018. This single tier interim dividend was approved by the Board of Directors on 27 February 2018.

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 31.12.2017 (Unaudited)	Preceding Year Corresponding Quarter 31.12.2016 (Unaudited)	Cumulative Current Year to Date 31.12.2017 (Unaudited)	Preceding Corresponding Year to Date 31.12.2016 (Unaudited)
Profit attributable to Equity holders of parent (RM'000):	<u>1,120</u>	<u>1,581</u>	<u>7,414</u>	<u>9,905</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>1.43</u>	<u>2.01</u>	<u>9.43</u>	<u>12.60</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 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.

B13. Authorisation for issue

The forth quarterly report was authorised for issued by the Board of Directors in accordance with the resolution of the directors on 27 February 2018.