

UMS-NEIKEN GROUP BERHAD (650473-V)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The First Quarter Ended 31 March 2018

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year Quarter 31 Mar 2018 RM'000 (unaudited)	Preceding Year Corresponding Quarter 31 Mar 2017 RM'000 (unaudited)	Current Year To date 31 Mar 2018 RM'000 (unaudited)	Preceding Year Corresponding Period 31 Mar 2017 RM'000 (unaudited)
Revenue		16,233	18,615	16,233	18,615
Cost of sales		(12,177)	(12,357)	(12,177)	(12,357)
Gross profit		4,056	6,258	4,056	6,258
Other income		393	712	393	712
		4,449	6,970	4,449	6,970
Selling and distribution expenses		(199)	(202)	(199)	(202)
Administrative expenses		(1,702)	(1,699)	(1,702)	(1,699)
Other operating expenses		(925)	(927)	(925)	(927)
Finance costs		(63)	(82)	(63)	(82)
Profit before taxation		1,560	4,060	1,560	4,060
Income tax expense	B6	(495)	(1,071)	(495)	(1,071)
Profit after taxation		1,065	2,989	1,065	2,989
Other Comprehensive Income/(Expenses)					
Currency translation difference		(409)	116	(409)	116
Total Comprehensive Income		656	3,105	656	3,105
PROFIT AFTER TAXATION					
ATTRIBUTABLE TO					
Owners of The Company		1,064	2,980	1,064	2,980
Non-controlling interest		1	9	1	9
TOTAL COMPREHENSIVE INCOME					
ATTRIBUTABLE TO					
Owners of The Company		655	3,096	655	3,096
Non-controlling interest		1	9	1	9
Earnings per share (sen):					
Basic	B11	1.35	3.79	1.35	3.79
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 March 2018. 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 31 March 2018

	As at end of current year quarter ended 31 Mar 2018 RM'000 (Unaudited)	Audited 31 Dec 2017 RM'000 (Audited)
Note		
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	28,760	28,928
Investment property	9,929	10,172
Deferred Tax Assets	4	4
Other Investment	537	551
	<u>39,230</u>	<u>39,655</u>
CURRENT ASSETS		
Inventories	20,237	20,854
Trade receivables	18,543	19,318
Other receivables, prepayments and deposits	2,352	2,122
Amount owing by a related company	8	6
Tax recoverable	15	163
Fixed deposits with licensed banks	19,558	20,391
Cash and bank balances	5,232	5,507
	<u>65,945</u>	<u>68,361</u>
TOTAL ASSETS	<u>105,175</u>	<u>108,016</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	41,531	40,000
Treasury shares	(510)	(510)
Share premium	-	1,531
Exchange fluctuation reserve	(749)	(340)
Retained profits	50,234	51,528
SHAREHOLDERS' EQUITY	<u>90,506</u>	<u>92,209</u>
Non-controlling interest	64	63
TOTAL EQUITY	<u>90,570</u>	<u>92,272</u>
NON-CURRENT AND DEFERRED LIABILITY		
Term loans	3,126	3,374
Deferred taxation	1,568	1,571
	<u>4,694</u>	<u>4,945</u>
CURRENT LIABILITIES		
Trade payables	3,104	2,836
Other payables and accruals	1,897	2,874
Amount owing to directors	97	437
Amount owing to a related company	825	424
Short-term borrowings	3,837	3,909
Provision for taxation	151	319
	<u>9,911</u>	<u>10,799</u>
TOTAL LIABILITIES	<u>14,605</u>	<u>15,744</u>
TOTAL EQUITY AND LIABILITIES	<u>105,175</u>	<u>108,016</u>
Net Assets per share based on number of shares in issue (RM)	<u>1.15</u>	<u>1.17</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 2017 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 First Quarter Ended 31 March 2018

	Attributable to Equity Holders of the Company					Total RM'000
	Share Capital RM'000	Treasury Shares RM'000	Non-distributable Share Premium RM'000	Exchange Fluctuation Reserve RM'000	Distributable Retained Profits Attributable To Owners of The Company RM'000	
3 months period ended 31 March 2017						
At 1 January 2017	40,000	(510)	1,531	293	46,471	56
Comprehensive Income Profit for the financial period	-	-	-	-	2,980	9
Other Comprehensive Expenses Currency translation difference	-	-	-	116	-	-
Total Comprehensive income	-	-	-	116	2,980	9
<u>Contribution by and distributions to owners of the Company</u>	-	-	-	-	(2,358)	-
- Dividend paid	-	-	-	-	-	-
At 31 March 2017	40,000	(510)	1,531	409	47,093	65
3 months period ended 31 December 2018						
At 1 January 2018	40,000	(510)	1,531	(340)	51,528	63
Comprehensive Income Profit for the financial period	-	-	-	-	1,064	1
Other Comprehensive Expenses Currency translation difference	-	-	-	(409)	-	-
Total Comprehensive income	-	-	-	(409)	1,064	1
<u>Contribution by and distributions to owners of the Company</u>	-	-	-	-	(2,358)	-
- Dividend paid	-	-	-	-	-	-
- Transfer to share capital upon implementation of Companies Act 2016	1,531	-	(1,531)	-	-	-
At 31 March 2018	41,531	(510)	-	(749)	50,234	64

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 2017 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For The First Quarter Ended 31 March 2018

	Current Year Quarter 31 Mar 2018 RM'000 (unaudited)	Preceding Year Corresponding Quarter 31 Mar 2017 RM'000 (unaudited)
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit before taxation	1,560	4,060
Adjustments for:		
Reversal of impairment loss of trade receivables	(6)	(81)
Impairment loss on trade receivables	419	14
Reversal of inventories written down	(31)	(275)
Inventories written down	92	125
Bad debts written off	-	49
Depreciation of property, plant and equipment	543	591
Depreciation of an investment properties	48	51
Gain on disposal of property, plant and equipment	(39)	(6)
Unrealised foreign exchange loss	70	526
Interest expense	63	82
Interest income	(183)	(147)
Operating profit before working capital changes	2,536	4,989
Increase in inventories	556	1,591
Increase/(Decrease) in trade & other receivables	61	(3,152)
Decrease in trade & other payables	(709)	(761)
Increase in amount owing to a related party	-	271
Increase/(Decrease) in amount owing to a related company	399	(2,015)
Cash inflow from operations	2,843	923
Interest paid	(63)	(82)
Income tax paid	(518)	(1,075)
Net cash inflow/(outflow) from operating activities	2,262	(234)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	183	147
Purchase of property, plant and equipment	(180)	(677)
Proceeds from disposal of plant and equipment	39	24
Repayment by a related company	-	1,298
Placement of fixed deposits pledged	(6)	(6)
Net cash inflow from investing activities	36	786
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividends paid	(2,358)	(2,358)
Repayment of term loan	(240)	(1,174)
Repayment of hire purchase obligation	-	(25)
Repayment to directors	(340)	(338)
Net cash outflow for financing activities	(2,938)	(3,895)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(640)	(3,343)
EFFECTS OF CHANGES IN FOREIGN EXCHANGE	(474)	110
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE QUARTER	25,085	24,134
CASH AND CASH EQUIVALENTS AT END OF THE QUARTER	23,971	20,901
Note	A16	

Note:

This is prepared based on the consolidated results of the Group for the financial period ended 31 March 2018. 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 2017 and the accompanying explanatory notes attached to the interim financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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 2017. 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 2017.

A2. Changes in Accounting Policies

The audited financial statements of the Group for the financial year ended 31 December 2017 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 2017, 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 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transaction

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendment to MFRS 15: Effective Date of MFRS15

Amendments to MFRS 15: Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’

Amendments to MFRS 140 – Transfers of Investment Property

Annual Improvements to MFRS Standards 2014 – 2016 Cycles:

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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)

- 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

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group’s financial statements except as follow:-

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking ‘expected loss’ impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held.

Under MFRS 9, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, Group is required to recognise and measure a lifetime expected credit loss on its debt instruments. This application will result in earlier recognition of credit losses.

The expected impact from implementation of MFRS 9 and the determination of expected credit losses will have a relatively insignificant impact on trade receivables and profit before taxation as the current policy on impairment of trade receivables are considered reasonably consistent with MFRS 9.

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of ‘distinct’ for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15. Based on the assessment completed to date, the Group plans to elect to use the cumulative effect transition method for the adoption of MFRS 15 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018 as well as those contracts which are not completed before 1 January 2018. Since there is no “open” contracts for the sales at 31 December 2017, the Group expects that the transition adjustment to be made upon the initial adoption of MFRS 15 will not be material.

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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)

IC Interpretation 22 clarifies that the date of initial recognition of a non-monetary prepayment asset or deferred income liability is considered as the date of transaction for the purpose of determining the exchange rate of MFRS 121. If there are multiple payments or receipts in advance, the date of transaction shall be established for each payment or receipt. There will be no material impact on the financial statements of the Group upon initial application.

At date of authorisation 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 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
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
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

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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)

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group anticipates that the application of MFRS 16 in the future may have an impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 16 until the Group performs a detailed review.

A3. Status of audit qualifications

The auditors’ report on the financial statements for the financial year ended 31 December 2017 was not subject to any qualification.

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

A4. Seasonal and Cyclical Factors

The Group’s business operations were not materially affected by any major seasonal or cyclical factors.

A5. Nature and Amount of Exceptional and Extraordinary Items

There were no items of unusual nature and/or amount affecting assets, liabilities, equity, net income or cash flow during the current quarter under review.

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 2018	1,404,200	509,805.28
Share Buyback for the financial period	-	-
At 31 March 2018	<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.

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

A8. Dividend Paid

An interim single-tier dividend of 3.0 sen per ordinary share amounting to approximately RM2,358,000 in respect of the financial year ended 31 December 2017 was paid on 30 March 2018.

A9. Segment information

Business Segment

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

	Current Year Quarter Ended 31.03.2018 (Unaudited)		Preceding Year Corresponding Quarter Ended 31.03.2017 (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	16,231	1,588	18,505	4,112
- Trading & servicing of home appliances	2	(28)	110	(52)
	<u>16,233</u>	<u>1,560</u>	<u>18,615</u>	<u>4,060</u>
	Cumulative Current Year to Date Ended 31.03.2018 (Unaudited)		Cumulative Preceding Corresponding Year to Date Ended 31.03.2017 (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	16,231	1,588	18,505	4,112
- Trading & servicing of home appliances	2	(28)	110	(52)
	<u>16,233</u>	<u>1,560</u>	<u>18,615</u>	<u>4,060</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 31.03.2018		Preceding Year Corresponding Quarter Ended 31.03.2017	
	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000
- Malaysia	14,270	1,696	16,883	3,682
- Singapore	1,963	(159)	1,732	104
- Vietnam	-	23	-	274
	<u>16,233</u>	<u>1,560</u>	<u>18,615</u>	<u>4,060</u>

	Cumulative Current Year to Date Ended 31.03.2018		Cumulative Preceding Corresponding Year to Date Ended 31.03.2017	
	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000
- Malaysia	14,270	1,696	16,883	3,682
- Singapore	1,963	(159)	1,732	104
- Vietnam	-	23	-	274
	<u>16,233</u>	<u>1,560</u>	<u>18,615</u>	<u>4,060</u>

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 March 2018.

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

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

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 31.03.2018 RM’000 (Unaudited)	Preceding Year Corresponding Quarter 31.03.2017 RM’000 (Unaudited)	Cumulative Current Year to Date 31.03.2018 RM’000 (Unaudited)	Cumulative Preceding Corresponding Year to Date 31.03.2017 RM’000 (Unaudited)
United MS Cables Mfg Sdn. Bhd. (“UMSC”)	Purchase of electrical wire	780	314	780	314
UMSC	Sales of electrical accessories, home appliances, etc	-	116	-	116
UMSC	Rental of warehouse	6	6	6	6

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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 31.03.2018 RM'000 (Unaudited)	At 31.03.2017 RM'000 (Unaudited)
Fixed deposits with licensed banks	19,558	15,641
Cash and bank balances	5,232	6,497
	<hr/>	<hr/>
	24,790	22,138
Less: Fixed Deposits pledged with licenced banks	(819)	(1,237)
	<hr/>	<hr/>
	23,971	20,901

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	3.8630
Singapore Dollar	2.9494

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

B1. Review of Performance

	Individual Quarter		Year to date	
	31.03.2018 RM'000 (unaudited)	31.03.2017 RM'000 (unaudited)	31.03.2018 RM'000 (unaudited)	31.03.2017 RM'000 (unaudited)
Revenue	16,233	18,615	16,233	18,615
Profit before taxation	1,560	4,060	1,560	4,060

The Group achieved revenue of RM16.2 million for the quarter ended 31 March 2018. This represents a decrease of approximately 13% as compared to the corresponding quarter in the preceding year. It is mainly due to a drop in local demand of electrical wiring accessories with the absence of sales promotion.

Profit before taxation of the Group registered a decrease for the current quarter and financial year to date as compared to 2017, mainly due to the losses suffered by the Singapore subsidiary, significantly higher impairment loss allowance for trade receivables, unfavourable foreign exchange movement and lower margin in line with lower local sales.

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

	Individual Quarter	
	31.03.2018 RM'000 (unaudited)	31.12.2017 RM'000 (unaudited)
Revenue	16,233	16,374
Profit before taxation	1,560	1,795

The Group achieved revenue of approximately RM16.2 million for the current quarter under review as compared to RM16.4 million in the immediate preceding quarter, registering a marginal decrease, mainly due to a drop in revenue of Singapore subsidiary.

Profit before taxation of the Group for the current quarter under review decreased marginally compared to the immediate preceding quarter.

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

B3. Current Year Prospects

The performance of the Group was tepid in the first quarter mainly due to the lower demand in the domestic Malaysian market and loss suffered by the Singapore subsidiary. The appreciation of RM against USD has also dampened the margins on export sales. The Group remains cautiously optimistic about its performance for the remainder of the year despite the aforesaid challenges.

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 31.03.2018 RM'000 (unaudited)	Preceding Year Corresponding Quarter 31.03.2017 RM'000 (unaudited)	Cumulative Current Year to Date 31.03.2018 RM'000 (unaudited)	Cumulative Preceding Corresponding Year to Date 31.03.2017 RM'000 (unaudited)
Profit before taxation is arrived at after charging/(crediting):-				
Impairment loss on trade receivables	419	14	419	14
Amortisation of prepaid lease payments	-	1	-	1
Bad debts written off	-	49	-	49
Depreciation of property, plant and equipment	543	591	543	591
Depreciation of investment properties	48	51	48	51
Interest expense on financial liabilities that are not at fair value through profit or loss	63	82	63	82
Inventories written down	92	125	92	125
Loss/(Gain) on foreign exchange				
- unrealised	70	526	70	526
- realised	89	(509)	89	(509)
Gain on disposal of plant and equipment	(39)	(6)	(39)	(6)
Total interest income on financial assets that are not at fair value through profit or loss	(183)	(147)	(183)	(147)
Reversal of inventories written down	(31)	(275)	(31)	(275)
Reversal of impairment loss of trade receivables	(6)	(81)	(6)	(81)

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 31.03.2018 RM'000 (Unaudited)	Preceding Year Corresponding Quarter 31.03.2017 RM'000 (Unaudited)	Cumulative Current Year to Date 31.03.2018 RM'000 (Unaudited)	Cumulative Preceding Corresponding Year to Date 31.03.2017 RM'000 (Unaudited)
Current tax Expense	495	1,071	495	1,071

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 the Singapore subsidiary.

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	668	-	668
Term loan - long term	2,479	-	2,479
<u>Singapore Dollar</u>			
Short Term Loan	3,147	-	3,147
Term loan - short term	2,956	-	2,956
Term loan - long term	213	-	213
Term loan - long term	647	-	647
	6,963	-	6,963

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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 2018 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 31.03.2018 (Unaudited)	Preceding Year Corresponding Quarter 31.03.2017 (Unaudited)	Cumulative Current Year to Date 31.03.2018 (Unaudited)	Preceding Corresponding Year to Date 31.03.2017 (Unaudited)
Profit attributable to Equity holders of parent (RM'000):	<u>1,064</u>	<u>2,980</u>	<u>1,064</u>	<u>2,980</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>1.35</u>	<u>3.79</u>	<u>1.35</u>	<u>3.79</u>

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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 first quarterly report was authorised for issued by the Board of Directors in accordance with the resolution of the directors on 24 May 2018.