

UMS-NEIKEN GROUP BERHAD (650473-V)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Third Quarter Ended 30 September 2018

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year 30 Sep 2018 RM'000 (unaudited)	Preceding Year Corresponding Quarter 30 Sep 2017 RM'000 (unaudited)	Current Year To date 30 Sep 2018 RM'000 (unaudited)	Preceding Year Corresponding Period 30 Sep 2017 RM'000 (unaudited)
Revenue		21,045	17,110	56,758	51,776
Cost of sales		(15,435)	(12,547)	(41,254)	(35,563)
Gross profit		5,610	4,563	15,504	16,213
Other income		390	179	1,282	1,211
		6,000	4,742	16,786	17,424
Selling and distribution expenses		(278)	(216)	(706)	(611)
Administrative expenses		(2,295)	(2,452)	(5,717)	(5,911)
Other operating expenses		(91)	(384)	(1,059)	(1,827)
Finance costs		(56)	(65)	(178)	(249)
Profit before taxation		3,280	1,625	9,126	8,826
Income tax expense	B6	(879)	(571)	(2,582)	(2,513)
Profit after taxation		2,401	1,054	6,544	6,313
Other Comprehensive Income/(Expenses)					
Currency translation difference		273	(100)	(56)	(215)
Total Comprehensive Income		2,674	954	6,488	6,098
PROFIT AFTER TAXATION					
ATTRIBUTABLE TO					
Owners of The Company		2,398	1,043	6,538	6,294
Non-controlling interest		3	11	6	19
TOTAL COMPREHENSIVE INCOME					
ATTRIBUTABLE TO					
Owners of The Company		2,671	943	6,482	6,079
Non-controlling interest		3	11	6	19
Earnings per share (sen):					
Basic	B11	3.05	1.33	8.32	8.01
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 2018. 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 30 September 2018

	As at end of current year quarter ended 30 Sep 2018 RM'000 (Unaudited)	Audited 31 Dec 2017 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	29,959	28,928
Investment property	10,600	10,172
Deferred Tax Assets	4	4
Other Investment	551	551
	<u>41,114</u>	<u>39,655</u>
CURRENT ASSETS		
Inventories	21,570	20,854
Trade receivables	24,803	19,318
Other receivables, prepayments and deposits	1,983	2,122
Amount owing by a related company	3	6
Tax recoverable	82	163
Fixed deposits with licensed banks	17,424	20,391
Cash and bank balances	5,521	5,507
	<u>71,386</u>	<u>68,361</u>
TOTAL ASSETS	<u>112,500</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	(396)	(340)
Retained profits	55,708	51,528
SHAREHOLDERS' EQUITY	<u>96,333</u>	<u>92,209</u>
Non-controlling interest	69	63
TOTAL EQUITY	<u>96,402</u>	<u>92,272</u>
NON-CURRENT AND DEFERRED LIABILITY		
Term loans	2,689	3,374
Deferred taxation	1,564	1,571
	<u>4,253</u>	<u>4,945</u>
CURRENT LIABILITIES		
Trade payables	3,898	2,836
Other payables and accruals	3,148	2,874
Amount owing to directors	28	437
Amount owing to a related company	980	424
Short-term borrowings	2,800	3,909
Bank overdrafts	-	-
Provision for taxation	991	319
	<u>11,845</u>	<u>10,799</u>
TOTAL LIABILITIES	<u>16,098</u>	<u>15,744</u>
TOTAL EQUITY AND LIABILITIES	<u>112,500</u>	<u>108,016</u>
Net Assets per share based on number of shares in issue (RM)	<u>1.23</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.

UMS-NEIKEN GROUP BERHAD (650473-V)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Third Quarter Ended 30 September 2018

	← Attributable to Equity Holders of the Company →						
	← Non-distributable			Exchange Fluctuation Reserve	Distributable Retained Profits Attributable To Owners of The Company		Non-Controlling Interest RM'000
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	RM'000	RM'000	RM'000	
<u>9 months period ended 30 September 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	-	-	-	-	6,294	19	6,313
<u>Other Comprehensive Expenses</u>							
Currency translation difference	-	-	-	(215)	-	-	(215)
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
<u>9 months period ended 30 September 2018</u>							
At 1 January 2018	40,000	(510)	1,531	(340)	51,528	63	92,272
<u>Comprehensive Income</u>							
Profit for the financial period	-	-	-	-	6,538	6	6,544
<u>Other Comprehensive Expenses</u>							
Currency translation difference	-	-	-	(56)	-	-	(56)
Total Comprehensive income	-	-	-	(56)	6,538	6	6,488
<u>Contribution by and distributions to owners of the Company</u>							
- Dividend paid	-	-	-	-	(2,358)	-	(2,358)
- Transfer to share capital upon implementation of Companies Act 2016	1,531	-	(1,531)	-	-	-	-
At 30 September 2018	41,531	(510)	-	(396)	55,708	69	96,402

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.

UMS-NEIKEN GROUP BERHAD (650473-V)**(Incorporated in Malaysia)****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW****For The Third Quarter Ended 30 September 2018**

	Current Year Quarter 30 Sep 2018 RM'000 (unaudited)	Preceding Year Corresponding Quarter 30 Sep 2017 RM'000 (unaudited)
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit before taxation	9,126	8,826
Adjustments for:		
Reversal of impairment loss of trade and other receivables	(297)	(117)
Impairment loss on trade and other receivables	446	61
Reversal of inventories written down	(61)	(387)
Inventories written down	376	389
Bad debts written off	-	59
Dividends received	(14)	(22)
Depreciation of property, plant and equipment	1,632	1,627
Depreciation of an investment properties	203	151
Assets written off	4	-
Gain on disposal of property, plant and equipment	(226)	(5)
Unrealised foreign exchange (gain)/loss	(436)	641
Interest expense	177	249
Interest income	(541)	(478)
Operating profit before working capital changes	10,389	10,994
(Increase)/Decrease in inventories	(1,031)	515
(Increase)/Decrease in trade & other receivables	(5,059)	1,485
Increase/(Decrease) in trade & other payables	1,337	(3,410)
Increase in amount owing to a related party	16	-
Increase/(Decrease) in amount owing to a related company	543	(265)
Cash inflow from operations	6,195	9,319
Interest paid	(177)	(249)
Income tax paid	(1,838)	(2,604)
Net cash inflow from operating activities	4,180	6,466
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES		
Interest received	541	478
Purchase of property, plant and equipment	(3,920)	(573)
Proceeds from disposal of plant and equipment	848	54
(Placement)/Withdrawal of fixed deposits pledged	(21)	431
Net cash (outflow)/inflow from investing activities	(2,552)	390
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividends paid	(2,358)	(2,358)
Dividends received	14	22
Net repayment of short term loan	(1,137)	4,284
Term loan financing	-	-
Repayment of term loan	(654)	(6,057)
Repayment of hire purchase obligation	-	(33)
Repayment to directors	(409)	(336)
Net cash outflow for financing activities	(4,544)	(4,478)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,916)	2,378
EFFECTS OF CHANGES IN FOREIGN EXCHANGE	(58)	(216)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE QUARTER	25,085	24,134
CASH AND CASH EQUIVALENTS AT END OF THE QUARTER	22,111	26,296

Note:

This is prepared based on the consolidated results of the Group for the financial period ended 30 September 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 30 SEPT 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) (Cont’d)

- 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 other than the new classification of financial assets under MFRS 9. This is because the measurement of financial assets under MFRS 9 and the timing and amount of revenue recognised under MFRS 15 are consistent to the Group’s current practice.

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
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

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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)

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 is currently assessing the financial impact that may arise from the adoption of this standard.

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 PERSUANT 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 30 September 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

There was no dividend paid during the 3 month period ended 30 September 2018.

A9. Segment information

Business Segment

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

	Current Year Quarter Ended 30.09.2018		Preceding Year Corresponding Quarter Ended 30.09.2017	
	(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	21,043	3,167	17,113	1,660
- Trading & servicing of home appliances	2	113	(3)	(35)
	<u>21,045</u>	<u>3,280</u>	<u>17,110</u>	<u>1,625</u>
	Cumulative Current Year to Date Ended 30.09.2018		Cumulative Preceding Corresponding Year to Date Ended 30.09.2017	
	(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	56,740	8,997	51,612	8,885
- Trading & servicing of home appliances	18	129	164	(59)
	<u>56,758</u>	<u>9,126</u>	<u>51,776</u>	<u>8,826</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 30.09.2018		Preceding Year Corresponding Quarter Ended 30.09.2017	
	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000
- Malaysia	19,133	3,204	15,466	2,303
- Singapore	1,912	14	1,502	(125)
- Vietnam	-	62	142	(553)
	<u>21,045</u>	<u>3,280</u>	<u>17,110</u>	<u>1,625</u>

	Cumulative Current Year to Date Ended 30.09.2018		Cumulative Preceding Corresponding Year to Date Ended 30.09.2017	
	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000
- Malaysia	50,745	9,300	46,737	9,208
- Singapore	6,013	(357)	4,897	(150)
- Vietnam	-	183	142	(232)
	<u>56,758</u>	<u>9,126</u>	<u>51,776</u>	<u>8,826</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 30 September 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 30.09.2018 RM’000 (Unaudited)	Preceding Year Corresponding Quarter 30.09.2017 RM’000 (Unaudited)	Cumulative Current Year to Date 30.09.2018 RM’000 (Unaudited)	Cumulative Preceding Year to Date 30.09.2017 RM’000 (Unaudited)
Ming Kee Manufactory Limited (“MKK”)	Purchase of fuse link, screws, inserts, cables, plug, metalware, hollow rivet, etc	16	-	715	2
United MS Cables Mfg Sdn. Bhd. (“UMSC”)	Purchase of electrical wire	886	613	2,359	1,588
UMSC	Sales of electrical wire	-	97	-	97
UMSC	Sales of electrical accessories, home appliances, etc	2	-	2	116
UMSC	Rental of warehouse	3	6	15	18

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

A16. Cash and cash equivalents

	At 30.09.2018	At 30.09.2017
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Fixed deposits with licensed banks	17,424	21,560
Cash and bank balances	5,521	5,556
	<hr/>	<hr/>
	22,945	27,116
Less: Fixed Deposits pledged with licenced banks	(834)	(807)
	<hr/>	<hr/>
	<u>22,111</u>	<u>26,309</u>

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	4.1365
Singapore Dollar	3.0251

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

B1. Review of Performance

	Individual Quarter		Year to date	
	30.09.2018 RM'000 (unaudited)	30.09.2017 RM'000 (unaudited)	30.09.2018 RM'000 (unaudited)	30.09.2017 RM'000 (unaudited)
Revenue	21,045	17,110	56,758	51,776
Profit before taxation	3,280	1,625	9,126	8,826

The Group achieved revenue of RM21.0 million for the quarter ended 30 September 2018. This represents an increase of approximately 23% as compared to the corresponding quarter in the preceding year. It is mainly due to the stronger improvement in local demand of electrical wiring accessories before the implementation of the Sales and Service Tax (SST) from 1 September 2018. Profit before taxation of the Group registered an increase by 102% approximately for the current quarter compared to 2017, mainly due to higher gross profit in line with the increase in sales, foreign exchange gain, a reversal on impairment losses on receivable and rental income contributed from Vietnam subsidiary.

The Group achieved cumulative revenue of RM56.8 million for the period ended 30 September 2018, representing an increase of approximately 10% as compared to the same period in the preceding financial year. This is mainly due to higher local sales in the electrical wiring accessories segment, with better contribution from the Singapore.

Profit before taxation of the Group for the financial period to-date up to 30 September 2018 registered a slight increase as compared to corresponding period in the preceding year, in line with the increase in revenue. However, although revenue increased by 10%, profit after tax of the Group only registered an increase of 4% mainly due to the better gross profit margin 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	
	30.09.2018 RM'000 (unaudited)	30.06.2018 RM'000 (unaudited)
Revenue	21,045	19,480
Profit before taxation	3,280	4,286

The Group achieved revenue of approximately RM21.0 million for the current quarter under review as compared to RM19.5 million in the immediate preceding quarter, registering an increase of 8%, mainly due to the improvement in the local demand of the electrical wiring accessories segment before SST implementation.

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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 lower profit margin incurred by core manufacturing subsidiary in Malaysia.

B3. Current Year Prospects

The Group continues to be resilient to the challenges both in the domestic and export markets. In the local front, unresolved foreign labour shortage, levy fees absorption, the delay of conversion in automation and modernisation for manufacturing operation may affect the profitability and growth prospects of the Group. Global trade war tension can dampen economic activities for the Group, due to uncertainties and lack of confidence. The current weakening of the Ringgit Malaysia against US Dollar augers well for the Group, as exports of the Group are transacted in US Dollar. It will provide more headroom for the Group to optimise the export markets.

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 30.09.2018 RM'000 (unaudited)	Preceding Year Corresponding Quarter 30.09.2017 RM'000 (unaudited)	Cumulative Current Year to Date 30.09.2018 RM'000 (unaudited)	Cumulative Preceding Corresponding Year to Date 30.09.2017 RM'000 (unaudited)
Profit before taxation is arrived at after charging/(crediting):-				
Impairment loss on trade receivables	4	11	446	61
Amortisation of prepaid lease payments	-	-	-	2
Assets written off	4	-	4	-
Bad debts written off	-	10	-	59
Depreciation of property, plant and equipment	548	519	1,633	1,625
Depreciation of investment properties	107	50	203	151
Interest expense on financial liabilities that are not at fair value through profit or loss	55	65	177	249
Inventories written down	117	28	376	389
Loss/(Gain) on foreign exchange				
- unrealised	(134)	(13)	(436)	641
- realised	2	44	248	(522)
(Gain)/Loss on disposal of plant and equipment	(45)	1	(226)	(5)
Total interest income on financial assets that are not at fair value through profit or loss	(179)	(183)	(541)	(478)
Reversal of inventories written down	(24)	(46)	(61)	(387)
Reversal of impairment loss of trade & other receivables	(200)	(3)	(297)	(117)

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 30.09.2018 RM'000 (Unaudited)	Preceding Year Corresponding Quarter 30.09.2017 RM'000 (Unaudited)	Cumulative Current Year to Date 30.09.2018 RM'000 (Unaudited)	Cumulative Preceding Corresponding Year to Date 30.09.2017 RM'000 (Unaudited)
Current tax Expense	879	571	2,582	2,513

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	683	-	683
Term loan - long term	2,137	-	2,137
	<hr/>	<hr/>	<hr/>
<u>Singapore Dollar</u>			
Short Term Loan	2,820	-	2,820
Term loan - short term	1,896	-	1,896
Term loan - long term	221	-	221
Term loan - long term	552	-	552
	<hr/>	<hr/>	<hr/>
	5,489	-	5,489
	<hr/>	<hr/>	<hr/>

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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 30.09.2018 (Unaudited)	Preceding Year Corresponding Quarter 30.09.2017 (Unaudited)	Cumulative Current Year to Date 30.09.2018 (Unaudited)	Preceding Corresponding Year to Date 30.09.2017 (Unaudited)
Profit attributable to Equity holders of parent (RM'000):	<u>2,398</u>	<u>1,043</u>	<u>6,538</u>	<u>6,294</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>3.05</u>	<u>1.33</u>	<u>8.32</u>	<u>8.01</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 third quarterly report was authorised for issued by the Board of Directors in accordance with the resolution of the directors on 28 November 2018.