

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For The Second Quarter Ended 30 June 2019

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year Quarter 30 Jun 2019 RM'000 (unaudited)	Preceding Year Corresponding Quarter 30 Jun 2018 RM'000 (unaudited)	Current Year To date 30 Jun 2019 RM'000 (unaudited)	Preceding Year Corresponding Period 30 Jun 2018 RM'000 (unaudited)
Revenue		16,690	19,480	32,299	35,713
Cost of sales		(13,366)	(13,642)	(25,474)	(25,819)
Gross profit		3,324	5,838	6,825	9,894
Other income		576	499	975	892
		3,900	6,337	7,800	10,786
Selling and distribution expenses		(270)	(229)	(515)	(428)
Administrative expenses		(1,493)	(1,720)	(2,959)	(3,422)
Other operating expenses		(813)	(43)	(1,387)	(968)
Finance costs		(34)	(59)	(70)	(122)
<b>Profit before taxation</b>		1,290	4,286	2,869	5,846
Income tax expense	B6	(267)	(1,208)	(761)	(1,703)
<b>Profit after taxation</b>		1,023	3,078	2,108	4,143
<b>Other Comprehensive Income/(Expenses)</b>					
Currency translation difference		211	80	78	(329)
<b>Total Comprehensive Income</b>		1,234	3,158	2,186	3,814
PROFIT AFTER TAXATION					
ATTRIBUTABLE TO					
Owners of The Company		1,021	3,076	2,099	4,140
Non-controlling interest		2	2	9	3
TOTAL COMPREHENSIVE INCOME					
ATTRIBUTABLE TO					
Owners of The Company		1,232	3,156	2,177	3,811
Non-controlling interest		2	2	9	3
<b>Earnings per share (sen):</b>					
Basic	B11	1.30	3.91	2.67	5.27
Diluted		N/A	N/A	N/A	N/A

**Note:**

This is prepared based on the consolidated results of the Group for the financial period ended 30 June 2019. 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)**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2019

	Note	As at end of current year quarter ended 30 Jun 2019 RM'000 (Unaudited)	Audited 31 Dec 2018 RM'000 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		33,118	30,497
Investment property		10,458	10,556
Deferred Tax Assets		4	4
Other Investment		441	437
		<u>44,021</u>	<u>41,494</u>
<b>CURRENT ASSETS</b>			
Inventories		17,851	22,197
Trade receivables		18,998	18,189
Other receivables, prepayments and deposits		3,582	2,838
Tax recoverable		107	58
Fixed deposits with licensed banks		18,590	20,027
Cash and bank balances		4,419	6,565
		<u>63,547</u>	<u>69,874</u>
<b>TOTAL ASSETS</b>		<u>107,568</u>	<u>111,368</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		41,531	41,531
Treasury shares		(510)	(510)
Exchange fluctuation reserve		(297)	(375)
Retained profits		56,955	57,214
<b>SHAREHOLDERS' EQUITY</b>		<u>97,679</u>	<u>97,860</u>
Non-controlling interest		66	57
<b>TOTAL EQUITY</b>		<u>97,745</u>	<u>97,917</u>
<b>NON-CURRENT AND DEFERRED LIABILITY</b>			
Term loans	B8	1,996	2,466
Deferred taxation		1,556	1,561
		<u>3,552</u>	<u>4,027</u>
<b>CURRENT LIABILITIES</b>			
Trade payables		2,212	3,160
Other payables and accruals		2,708	4,262
Amount owing to directors		13	214
Amount owing to a related company		333	510
Short-term borrowings	B8	931	908
Provision for taxation		74	370
		<u>6,271</u>	<u>9,424</u>
<b>TOTAL LIABILITIES</b>		<u>9,823</u>	<u>13,451</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>107,568</u>	<u>111,368</u>
Net Assets per share based on number of shares in issue (RM)		<u>1.24</u>	<u>1.25</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 2018 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 Second Quarter Ended 30 June 2019

	← Attributable to Equity Holders of the Company →						
	← Non-distributable			Distributable			
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Exchange Fluctuation Reserve RM'000	Retained Profits Attributable To Owners of The Company RM'000	Non-Controlling Interest RM'000	Total RM'000
<b><u>6 months period ended 30 June 2018</u></b>							
At 1 January 2018	40,000	(510)	1,531	(340)	51,528	63	92,272
<u>Comprehensive Income</u>							
Profit for the financial period	-	-	-	-	4,140	3	4,143
<u>Other Comprehensive Expenses</u>							
Currency translation difference	-	-	-	(329)	-	-	-
Total Comprehensive income	-	-	-	(329)	4,140	3	3,814
<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	1,531	-	(1,531)	-	-	-	-
At 30 June 2018	41,531	(510)	-	(669)	53,310	66	93,728
<b><u>6 months period ended 30 June 2019</u></b>							
At 1 January 2019	41,531	(510)	-	(375)	57,214	57	97,917
<u>Comprehensive Income</u>							
Profit for the financial period	-	-	-	-	2,099	9	2,108
<u>Other Comprehensive Expenses</u>							
Currency translation difference	-	-	-	78	-	-	78
Total Comprehensive income	-	-	-	78	2,099	9	2,186
<u>Contribution by and distributions to owners of the Company</u>							
- Dividend paid	-	-	-	-	(2,358)	-	(2,358)
At 30 June 2019	41,531	(510)	-	(297)	56,955	66	97,745

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 2018 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 Second Quarter Ended 30 June 2019

	Current Year Quarter 30 Jun 2019 RM'000 (unaudited)	Preceding Year Corresponding Quarter 30 Jun 2018 RM'000 (unaudited)
	Note	
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>		
Profit before taxation	2,869	5,846
Adjustments for:		
Reversal of impairment loss of trade receivables	(9)	(97)
Impairment loss on trade receivables	537	442
Reversal of inventories written down	(487)	(37)
Inventories written down	452	259
Dividends received	(14)	(14)
Depreciation of property, plant and equipment	1,451	1,085
Depreciation of an investment properties	115	96
Write back for impairment losses on stocks	(104)	-
Gain on disposal of property, plant and equipment	-	(181)
Unrealised foreign exchange loss	(181)	(302)
Interest expense	70	122
Interest income	(367)	(362)
Operating profit before working capital changes	<u>4,332</u>	<u>6,857</u>
Decrease in inventories	4,485	700
Increase in trade & other receivables	(1,900)	(2,985)
Decrease in trade & other payables	(2,502)	(483)
(Decrease)/Increase in amount owing to a related company	(177)	164
Decrease in amount owing to directors	(201)	(411)
Cash inflow from operations	<u>4,037</u>	<u>3,842</u>
Interest income	367	362
Interest paid	(70)	(122)
Income tax paid	(1,111)	(1,170)
Net cash inflow from operating activities	<u>3,223</u>	<u>2,912</u>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(4,089)	(1,093)
Proceeds from disposal of plant and equipment	-	781
Placement of fixed deposits pledged	(16)	(13)
Net cash outflow for investing activities	<u>(4,105)</u>	<u>(325)</u>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Dividends paid	(2,358)	(2,358)
Dividends received	14	14
Net repayment of short term loan	-	(1,138)
Repayment of term loan	(447)	(453)
Net cash outflow for financing activities	<u>(2,791)</u>	<u>(3,935)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(3,673)	(1,348)
<b>EFFECTS OF CHANGES IN FOREIGN EXCHANGE</b>	74	(359)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE QUARTER</b>	<u>25,750</u>	<u>25,085</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE QUARTER</b>	<u>22,151</u>	<u>23,378</u>
	A16	

**Note:**

This is prepared based on the consolidated results of the Group for the financial period ended 30 June 2019. 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 2018 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 JUNE 2019**

**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 2018. 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 2018.

**A2. Changes in Accounting Policies**

The audited financial statements of the Group for the financial year ended 31 December 2018 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 2018, except for the adoption of the following new Malaysia Financial Reporting Standards (“MFRSs”), Amendment to MFRSs and IC Interpretation.

**MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

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.

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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)**

**MFRSs and/or IC Interpretations (Including The Consequential Amendments) (Cont’d)**

At date of authorisation of these interim financial statements, the following MFRSs, Amendment to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

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.

**A3. Status of audit qualifications**

The auditors’ report on the financial statements for the financial year ended 31 December 2018 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:-

	<b>No of shares purchased</b>	<b>Total consideration paid (RM)</b>
At 1 January 2019	1,404,200	509,805.28
Share Buyback for the financial period	-	-
At 30 June 2019	<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 June 2019.

**A9. Segment information**

Business Segment

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

	Current Year Quarter Ended 30.06.2019 (Unaudited)		Preceding Year Corresponding Quarter Ended 30.06.2018 (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	16,678	1,036	19,466	4,243
- Trading & servicing of home appliances	12	254	14	43
	<u>16,690</u>	<u>1,290</u>	<u>19,480</u>	<u>4,286</u>
	Cumulative Current Year to Date Ended 30.06.2019 (Unaudited)		Cumulative Preceding Corresponding Year to Date Ended 30.06.2018 (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	32,291	2,621	35,697	5,831
- Trading & servicing of home appliances	8	248	16	15
	<u>32,299</u>	<u>2,869</u>	<u>35,713</u>	<u>5,846</u>



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

**A9. Segment information (Cont’d)**

Geographical Segment

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

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

	Current Year Quarter Ended 30.06.2019		Preceding Year Corresponding Quarter Ended 30.06.2018	
	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000
- Malaysia	14,825	1,204	17,342	4,386
- Singapore	1,865	(16)	2,138	(198)
- Vietnam	-	102	-	98
	<u>16,690</u>	<u>1,290</u>	<u>19,480</u>	<u>4,286</u>

  

	Cumulative Current Year to Date Ended 30.06.2019		Cumulative Preceding Corresponding Year to Date Ended 30.06.2018	
	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000
- Malaysia	28,676	2,959	31,612	6,096
- Singapore	3,623	(253)	4,101	(371)
- Vietnam	-	163	-	121
	<u>32,299</u>	<u>2,869</u>	<u>35,713</u>	<u>5,846</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 June 2019.

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**PART A: EXPLANATORY NOTES PERSUANT 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,

	<b>RM’000</b>
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 30.06.2019 RM’000 (Unaudited)	Preceding Year Corresponding Quarter 30.06.2018 RM’000 (Unaudited)	Cumulative Current Year to Date 30.06.2019 RM’000 (Unaudited)	Cumulative Preceding Year to Date 30.06.2018 RM’000 (Unaudited)
Ming Kee Manufactory Limited (“MKK”)	Purchase of fuse link, screws, inserts, cables, plug, metalware, hollow rivet, etc	48	55	48	55
United MS Cables Mfg Sdn. Bhd. (“UMSC”)	Purchase of electrical wire	375	693	1,340	1,473
UMSC	Sales of electrical wire	-	-	1	-
UMSC	Rental of warehouse	-	6	2	12

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

**A16. Cash and cash equivalents**

	<b>At 30.06.2019</b> <b>RM'000</b> <b>(Unaudited)</b>	<b>At 30.06.2018</b> <b>RM'000</b> <b>(Unaudited)</b>
Fixed deposits with licensed banks	18,590	18,838
Cash and bank balances	4,419	5,366
	<hr/>	<hr/>
	23,009	24,204
Less: Fixed Deposits pledged with licenced banks	(858)	(826)
	<hr/>	<hr/>
	<u>22,151</u>	<u>23,378</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 have been translated at the exchange rates ruling at the reporting date.

The applicable closing foreign exchange rates used (expressed on the basis on one unit of foreign currency to Ringgit Malaysia equivalent) in the translation of foreign currency monetary assets and liabilities and the financial statements of the foreign subsidiaries are as follows:-

	<b>RM</b>
United States Dollar	4.1335
Singapore Dollar	3.0563

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

**B1. Review of Performance**

	Individual Quarter		Year to date	
	30.06.2019 RM'000 (unaudited)	30.06.2018 RM'000 (unaudited)	30.06.2019 RM'000 (unaudited)	30.06.2018 RM'000 (unaudited)
Revenue	16,690	19,480	32,299	35,713
Profit before taxation	1,290	4,286	2,869	5,846

The Group achieved revenue of RM16.7 million and RM32.3 million for the quarter ended and financial period ended 30 June 2019. This represents a decrease of approximately 14% and 10% respectively as compared to the corresponding quarter and financial period in the preceding year. It is mainly due to the overall drop in the sales of electrical wiring accessories, including the Singapore subsidiary due to overall market conditions.

Profit before taxation of the Group registered a decrease for the current quarter and financial period to date as compared to 2018, mainly due to

- a) lower profit margin in line with lower sales,
- b) lower production output due to initial teething problems with the commencement of operations of a new factory,
- c) unfavourable foreign exchange movement, and
- d) higher impairment loss on trade receivables.

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

	Individual Quarter	
	30.06.2019 RM'000 (unaudited)	31.03.2019 RM'000 (unaudited)
Revenue	16,690	15,609
Profit before taxation	1,290	1,579

The Group achieved revenue of approximately RM16.7 million for the current quarter under review as compared to RM15.6 million in the immediate preceding quarter, registering an increase of approximately 7%, mainly due to the improvement in export sales.

Profit before taxation of the Group for the current quarter under review decreased compared to the immediate preceding quarter, mainly due to the factors mentioned in B1.

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

**B3. Current Year Prospects**

Whilst the Board is cautiously optimistic about the financial year ending 31 December 2019, it is nevertheless mindful that the Group's performance will continue to be affected by the slowdown in the property development industry which might affect the demand of Company's products in the domestic market. To fuel growth and enhance profitability, the implementation of automation factory and modernisation of manufacturing process had been put in place to enhance the efficiency and effectiveness of the business operations.

The Board anticipated that the rebound of construction and development industries would eventually improve the sales of the Group in the domestic market. Meanwhile for overseas market, the Group remain cautious on the movement of foreign exchange and will constantly monitor the exchange rate from time to time in order to achieve business sustainability.

**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**

	<b>Current Year Quarter 30.06.2019 RM'000 (unaudited)</b>	<b>Preceding Year Corresponding Quarter 30.06.2018 RM'000 (unaudited)</b>	<b>Cumulative Current Year to Date 30.06.2019 RM'000 (unaudited)</b>	<b>Cumulative Preceding Corresponding Year to Date 30.06.2018 RM'000 (unaudited)</b>
Profit before taxation is arrived at after charging/(crediting):-				
Impairment loss on trade receivables	385	23	537	442
Depreciation of property, plant and equipment	753	542	1,451	1,085
Depreciation of investment properties	66	48	115	96
Interest expense on financial liabilities that are not at fair value through profit or loss	34	59	70	122
Inventories written down	294	167	452	259
Loss/(Gain) on foreign exchange				
- unrealised	(152)	(372)	(181)	(302)
- realised	92	157	156	246
Gain on disposal of plant and equipment	-	(142)	-	(181)
Total interest income on financial assets that are not at fair value through profit or loss	(192)	(179)	(367)	(362)
Reversal of inventories written down	(458)	(6)	(487)	(37)
Reversal of impairment loss on inventories	-	-	(104)	-
Reversal of impairment loss of trade & other receivables	-	(91)	(9)	(97)

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

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

**B6. Income Tax Expense**

	Current Year Quarter 30.06.2019 RM'000 (Unaudited)	Preceding Year Corresponding Quarter 30.06.2018 RM'000 (Unaudited)	Cumulative Current Year to Date 30.06.2019 RM'000 (Unaudited)	Cumulative Preceding Corresponding Year to Date 30.06.2018 RM'000 (Unaudited)
Current tax Expense	267	1,208	761	1,703

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

The Group's effective tax rate under current quarter review is lower than the statutory rate, mainly due to the utilisation of tax losses by subsidiaries in Malaysia and Vietnam. However, the effective tax rate for the cumulative year to date is higher than the statutory rate, mainly due to higher non-tax deductible expenses and non-availability of group relief for losses suffered by subsidiaries.

**B7. Status of Corporate Proposals**

There were no corporate proposals announced during the financial quarter under review.

**B8. Group borrowings**

The Group's borrowings as at the end of the reporting quarter are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<b><u>Ringgit Malaysia</u></b>			
Term loan - short term	706	-	706
Term loan - long term	1,606	-	1,606
	2,312	-	2,312
<b><u>Singapore Dollar</u></b>			
Term loan - short term	225	-	225
Term loan - long term	390	-	390
	2,927	-	2,927

**UMS-NEIKEN GROUP BERHAD**  
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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 2019 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:-

	<b>Current Year Quarter 30.06.2019 (Unaudited)</b>	<b>Preceding Year Corresponding Quarter 30.06.2018 (Unaudited)</b>	<b>Cumulative Current Year to Date 30.06.2019 (Unaudited)</b>	<b>Preceding Corresponding Year to Date 30.06.2018 (Unaudited)</b>
Profit attributable to Equity holders of parent (RM'000):	<u>1,021</u>	<u>3,076</u>	<u>2,099</u>	<u>4,140</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>1.30</u>	<u>3.91</u>	<u>2.67</u>	<u>5.27</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 second quarterly report was authorised for issued by the Board of Directors in accordance with the resolution of the directors on 28 August 2019.