

**UMS-NEIKEN GROUP BERHAD 200401011970 (650473-V)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For The Third Quarter Ended 30 September 2019

|  | Note | INDIVIDUAL PERIOD  |   | CUMULATIVE PERIOD  |  |
|--|------|--|---|--|--|
|  |      | Current<br>Year<br>Quarter<br>30 Sep 2019<br>RM'000<br>(unaudited) | Preceding<br>Year<br>Corresponding<br>Quarter<br>30 Sep 2018<br>RM'000<br>(unaudited) | Current<br>Year<br>To date<br>30 Sep 2019<br>RM'000<br>(unaudited) | Preceding<br>Year<br>Corresponding<br>Period<br>30 Sep 2018<br>RM'000<br>(unaudited) |
| Revenue                                      |      | 15,371   | 21,045  | 47,670   | 56,758   |
| Cost of sales                                |      | (12,328)   | (15,435)  | (37,802)   | (41,254)   |
| Gross profit                                 |      | 3,043  | 5,610   | 9,868  | 15,504   |
| Other income                                 |      | 422  | 390   | 1,397  | 1,282  |
|  |      | 3,465  | 6,000   | 11,265   | 16,786   |
| Selling and distribution expenses            |      | (211)  | (278)   | (726)  | (706)  |
| Administrative expenses                      |      | (1,745)  | (2,295)   | (4,704)  | (5,717)  |
| Other operating expenses                     |      | (472)  | (91)  | (1,859)  | (1,059)  |
| Finance costs                                |      | (32)   | (56)  | (102)  | (178)  |
| <b>Profit before taxation</b>                |      | 1,005  | 3,280   | 3,874  | 9,126  |
| Income tax expense                           | B6   | (259)  | (879)   | (1,020)  | (2,582)  |
| <b>Profit after taxation</b>                 |      | 746  | 2,401   | 2,854  | 6,544  |
| <b>Other Comprehensive Income/(Expenses)</b> |      |  |   |  |  |
| Currency translation difference              |      | (55)   | 273   | 23   | (56)   |
| <b>Total Comprehensive Income</b>            |      | 691  | 2,674   | 2,877  | 6,488  |
| PROFIT AFTER TAXATION                        |      |  |   |  |  |
| ATTRIBUTABLE TO                              |      |  |   |  |  |
| Owners of The Company                        |      | 739  | 2,398   | 2,838  | 6,538  |
| Non-controlling interest                     |      | 7  | 3   | 16   | 6  |
| TOTAL COMPREHENSIVE INCOME                   |      |  |   |  |  |
| ATTRIBUTABLE TO                              |      |  |   |  |  |
| Owners of The Company                        |      | 684  | 2,671   | 2,861  | 6,482  |
| Non-controlling interest                     |      | 7  | 3   | 16   | 6  |
| <b>Earnings per share (sen):</b>             |      |  |   |  |  |
| Basic  | B11  | 0.94   | 3.05  | 3.61   | 8.32   |
| 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 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 200401011970 (650473-V)****(Incorporated in Malaysia)****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****As at 30 September 2019**

|  | Note | As at end of<br>current year<br>quarter ended<br>30 Sep 2019<br>RM'000<br>(Unaudited) | Audited<br>31 Dec 2018<br>RM'000<br>(Audited) |
|--|------|---|---|
| <b>ASSETS</b>  |      |   |   |
| <b>NON-CURRENT ASSETS</b>                                    |      |   |   |
| Property, plant and equipment                                |      | 34,821  | 30,497  |
| Investment property  |      | 10,335  | 10,556  |
| Deferred Tax Assets  |      | 4   | 4   |
| Other Investment   |      | 436   | 437   |
|  |      | <u>45,596</u>   | <u>41,494</u>                                 |
| <b>CURRENT ASSETS</b>  |      |   |   |
| Inventories  |      | 18,943  | 22,197  |
| Trade receivables  |      | 16,929  | 18,189  |
| Other receivables, prepayments and deposits                  |      | 2,346   | 2,838   |
| Tax recoverable  |      | 430   | 58  |
| Fixed deposits with licensed banks                           |      | 19,555  | 20,027  |
| Cash and bank balances                                       |      | 4,645   | 6,565   |
|  |      | <u>62,848</u>   | <u>69,874</u>                                 |
| <b>TOTAL ASSETS</b>  |      | <u>108,444</u>  | <u>111,368</u>                                |
| <b>EQUITY AND LIABILITIES</b>                                |      |   |   |
| <b>EQUITY</b>  |      |   |   |
| Share capital  |      | 41,531  | 41,531  |
| Treasury shares  |      | (511)   | (510)   |
| Exchange fluctuation reserve                                 |      | (352)   | (375)   |
| Retained profits   |      | 57,694  | 57,214  |
| <b>SHAREHOLDERS' EQUITY</b>                                  |      | <u>98,362</u>   | <u>97,860</u>                                 |
| Non-controlling interest                                     |      | 73  | 57  |
| <b>TOTAL EQUITY</b>  |      | <u>98,435</u>   | <u>97,917</u>                                 |
| <b>NON-CURRENT AND DEFERRED LIABILITY</b>                    |      |   |   |
| Term loans   | B8   | 1,752   | 2,466   |
| Deferred taxation  |      | 1,553   | 1,561   |
|  |      | <u>3,305</u>  | <u>4,027</u>                                  |
| <b>CURRENT LIABILITIES</b>                                   |      |   |   |
| Trade payables   |      | 2,622   | 3,160   |
| Other payables and accruals                                  |      | 2,480   | 4,262   |
| Amount owing to directors                                    |      | 14  | 214   |
| Amount owing to a related company                            |      | 523   | 510   |
| Short-term borrowings  | B8   | 940   | 908   |
| Bank overdrafts  | B8   | -   | -   |
| Provision for taxation                                       |      | 125   | 370   |
|  |      | <u>6,704</u>  | <u>9,424</u>                                  |
| <b>TOTAL LIABILITIES</b>                                     |      | <u>10,009</u>   | <u>13,451</u>                                 |
| <b>TOTAL EQUITY AND LIABILITIES</b>                          |      | <u>108,444</u>  | <u>111,368</u>                                |
| Net Assets per share based on number of shares in issue (RM) |      | <u>1.25</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.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For The Third Quarter Ended 30 September 2019

|   | ← Attributable to Equity Holders of the Company → |                              |                            |  |  |                                       |                 |
|---|---|------------------------------|----------------------------|--|--|---------------------------------------|-----------------|
|   | ← Non-distributable                               |                              |                            | Distributable                                |  |                                       |                 |
|   | Share<br>Capital<br>RM'000                        | Treasury<br>Shares<br>RM'000 | Share<br>Premium<br>RM'000 | Exchange<br>Fluctuation<br>Reserve<br>RM'000 | Retained Profits<br>Attributable To<br>Owners of The Company<br>RM'000 | Non-Controlling<br>Interest<br>RM'000 | Total<br>RM'000 |
| <b><u>9 months period ended 30 September 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                                   | -   | -                            | -                          | -  | 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      | 1,531   | -                            | (1,531)                    | -  | -  | -                                     | -               |
| At 30 September 2018  | 41,531  | (510)                        | -                          | (396)  | 55,708   | 69                                    | 96,402          |
| <b><u>9 months period ended 30 September 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                                   | -   | -                            | -                          | -  | 2,838  | 16                                    | 2,854           |
| <u>Other Comprehensive Expenses</u>                               |   |                              |                            |  |  |                                       |                 |
| Currency translation difference                                   | -   | -                            | -                          | 23   | -  | -                                     | 23              |
| Total Comprehensive income  | -   | -                            | -                          | 23   | 2,838  | 16                                    | 2,877           |
| <u>Contribution by and distributions to owners of the Company</u> |   |                              |                            |  |  |                                       |                 |
| - Purchase of company shares                                      | -   | (1)                          | -                          | -  | -  | -                                     | (1)             |
| - Dividend paid   | -   | -                            | -                          | -  | (2,358)  | -                                     | (2,358)         |
| At 30 September 2019  | 41,531  | (511)                        | -                          | (352)  | 57,694   | 73                                    | 98,435          |

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 200401011970 (650473-V)**  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**For The Third Quarter Ended 30 September 2019**

|  | Current<br>Year<br>Quarter<br>30 Sep 2019<br>RM'000<br>(unaudited) | Preceding<br>Year<br>Corresponding<br>Quarter<br>30 Sep 2018<br>RM'000<br>(unaudited) |
|--|--|---|
| <b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>            |  |   |
| Profit before taxation                                       | 3,874  | 9,126   |
| Adjustments for:   |  |   |
| Reversal of impairment loss of trade receivables             | (67)   | (297)   |
| Impairment loss on trade receivables                         | 640  | 446   |
| Reversal of inventories written down                         | (750)  | (61)  |
| Inventories written down                                     | 514  | 376   |
| Dividends received   | (14)   | (14)  |
| Depreciation of property, plant and equipment                | 2,227  | 1,632   |
| Depreciation of an investment properties                     | 206  | 203   |
| Write back for impairment losses on stocks                   | (104)  | -   |
| Assets written off   | -  | 4   |
| Gain on waiver of debts                                      | (8)  | -   |
| Gain on disposal of property, plant and equipment            | (14)   | (226)   |
| Unrealised foreign exchange loss                             | (250)  | (436)   |
| Interest expense   | 102  | 177   |
| Interest income  | (553)  | (541)   |
| Operating profit before working capital changes              | <u>5,803</u>   | <u>10,389</u>   |
| Decrease/(Increase) in inventories                           | 3,595  | (1,031)   |
| Decrease/(Increase) in trade & other receivables             | 1,429  | (5,059)   |
| (Decrease)/Increase in trade & other payables                | (2,320)  | 1,337   |
| Increase in amount owing to a related company                | 13   | 543   |
| Decrease in amount owing to directors                        | (200)  | (409)   |
| Cash inflow from operations                                  | <u>8,320</u>   | <u>5,786</u>  |
| Interest income  | 553  | 541   |
| Interest paid  | (102)  | (177)   |
| Income tax paid  | (1,645)  | (1,838)   |
| Net cash inflow from operating activities                    | <u>7,126</u>   | <u>4,312</u>  |
| <b>CASH FLOWS FOR INVESTING ACTIVITIES</b>                   |  |   |
| Purchase of property, plant and equipment                    | (6,535)  | (3,920)   |
| Proceeds from disposal of plant and equipment                | 14   | 848   |
| Treasury shares buy-back                                     | (1)  | -   |
| Placement of fixed deposits pledged                          | (24)   | (21)  |
| Net cash outflow for investing activities                    | <u>(6,546)</u>   | <u>(3,093)</u>  |
| <b>CASH FLOWS FOR FINANCING ACTIVITIES</b>                   |  |   |
| Dividends paid   | (2,358)  | (2,358)   |
| Dividends received   | 14   | 14  |
| Net repayment of short term loan                             | -  | (1,137)   |
| Repayment of term loan                                       | (675)  | (654)   |
| Net cash outflow for financing activities                    | <u>(3,019)</u>   | <u>(4,135)</u>  |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>             | (2,439)  | (2,916)   |
| <b>EFFECTS OF CHANGES IN FOREIGN EXCHANGE</b>                | 23   | (58)  |
| <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>23,334</u>  | <u>22,111</u>   |
|  | A16  |   |

**Note:**

This is prepared based on the consolidated results of the Group for the financial period ended 30 September 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 SEPT 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<br/>purchased</b> | <b>Total consideration<br/>paid (RM)</b> |
|--|-----------------------------------|--|
| At 1 January 2019                      | 1,404,200                         | 509,805.28                               |
| Share Buyback for the financial period | 1,500                             | 1,409.81                                 |
| At 30 September 2019                   | <u>1,405,700</u>                  | <u>511,215.09</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 2019.

**A9. Segment information**

Business Segment

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

|  | Current Year Quarter<br>Ended 30.09.2019               |  | Preceding Year Corresponding<br>Quarter<br>Ended 30.09.2018               |  |
|--|--|--|---|--|
|  | (Unaudited)<br>Revenue<br>RM’000                       | (Unaudited)<br>Profit/(Loss)<br>Before<br>Taxation<br>RM’000 | (Unaudited)<br>Revenue<br>RM’000  | (Unaudited)<br>Profit/(Loss)<br>Before<br>Taxation<br>RM’000 |
| - Manufacturing, design & trading of electrical wiring accessories | 15,371   | 1,019  | 21,043  | 3,167  |
| - Trading & servicing of home appliances                           | -  | (14)   | 2   | 113  |
|  | <u>15,371</u>  | <u>1,005</u>   | <u>21,045</u>   | <u>3,280</u>   |
|  | Cumulative Current<br>Year to Date<br>Ended 30.09.2019 |  | Cumulative Preceding<br>Corresponding<br>Year to Date<br>Ended 30.09.2018 |  |
|  | (Unaudited)<br>Revenue<br>RM’000                       | (Unaudited)<br>Profit/(Loss)<br>Before<br>Taxation<br>RM’000 | (Unaudited)<br>Revenue<br>RM’000  | (Unaudited)<br>Profit/(Loss)<br>Before<br>Taxation<br>RM’000 |
| - Manufacturing, design & trading of electrical wiring accessories | 47,662   | 3,640  | 56,740  | 8,997  |
| - Trading & servicing of home appliances                           | 8  | 234  | 18  | 129  |
|  | <u>47,670</u>  | <u>3,874</u>   | <u>56,758</u>   | <u>9,126</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<br>Ended 30.09.2019 |  | Preceding Year Corresponding<br>Quarter<br>Ended 30.09.2018 |  |
|-------------|--|--|---|--|
|             | (Unaudited)<br>Revenue<br>RM’000         | (Unaudited)<br>Profit/(Loss)<br>Before<br>Taxation<br>RM’000 | (Unaudited)<br>Revenue<br>RM’000                            | (Unaudited)<br>Profit/(Loss)<br>Before<br>Taxation<br>RM’000 |
| - Malaysia  | 14,084                                   | 936  | 19,133  | 3,204  |
| - Singapore | 1,287                                    | (30)   | 1,912   | 14   |
| - Vietnam   | -  | 99   | -   | 62   |
|             | <u>15,371</u>                            | <u>1,005</u>   | <u>21,045</u>   | <u>3,280</u>   |

  

|             | Cumulative Current<br>Year to Date<br>Ended 30.09.2019 |  | Cumulative Preceding<br>Corresponding<br>Year to Date<br>Ended 30.09.2018 |  |
|-------------|--|--|---|--|
|             | (Unaudited)<br>Revenue<br>RM’000                       | (Unaudited)<br>Profit/(Loss)<br>Before<br>Taxation<br>RM’000 | (Unaudited)<br>Revenue<br>RM’000  | (Unaudited)<br>Profit/(Loss)<br>Before<br>Taxation<br>RM’000 |
| - Malaysia  | 42,760   | 3,895  | 50,745  | 9,300  |
| - Singapore | 4,910  | (283)  | 6,013   | (357)  |
| - Vietnam   | -  | 262  | -   | 183  |
|             | <u>47,670</u>  | <u>3,874</u>   | <u>56,758</u>   | <u>9,126</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 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        |
|   | <hr/>         |

**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<br>30.09.2019<br>RM’000<br>(Unaudited) | Preceding Year Corresponding Quarter<br>30.09.2018<br>RM’000<br>(Unaudited) | Cumulative Current Year to Date<br>30.09.2019<br>RM’000<br>(Unaudited) | Cumulative Preceding Year to Date<br>30.09.2018<br>RM’000<br>(Unaudited) |
|---|--|---|---|--|--|
| Ming Kee Manufactory Limited (“MKK”)    | Purchase of fuse link, screws, inserts, cables, plug, metalware, hollow rivet, etc | -   | 16  | 48   | 71   |
| United MS Cables Mfg Sdn. Bhd. (“UMSC”) | Purchase of electrical wire  | 566   | 886   | 1,906  | 2,359  |
| UMSC                                    | Sales of electrical wire   | 7   | 2   | 7  | 2  |
| UMSC                                    | Rental of warehouse  | -   | 3   | 2  | 15   |

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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 30.09.2019</b> | <b>At 30.09.2018</b> |
|--|----------------------|----------------------|
|  | <b>RM'000</b>        | <b>RM'000</b>        |
|  | <b>(Unaudited)</b>   | <b>(Unaudited)</b>   |
| Fixed deposits with licensed banks               | 19,555               | 17,424               |
| Cash and bank balances                           | 4,645                | 5,521                |
|  | <hr/>                | <hr/>                |
|  | 24,200               | 22,945               |
| Less: Fixed Deposits pledged with licenced banks | (866)                | (834)                |
|  | <hr/>                | <hr/>                |
|  | <b>23,334</b>        | <b>22,111</b>        |
|  | <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 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 | 4.1900    |
| Singapore Dollar     | 3.0304    |

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

**B1. Review of Performance**

|                        | Individual Quarter                  |                                     | Year to date                        |                                     |
|------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
|                        | 30.09.2019<br>RM'000<br>(unaudited) | 30.09.2018<br>RM'000<br>(unaudited) | 30.09.2019<br>RM'000<br>(unaudited) | 30.09.2018<br>RM'000<br>(unaudited) |
| Revenue                | 15,371                              | 21,045                              | 47,670                              | 56,758                              |
| Profit before taxation | 1,005                               | 3,280                               | 3,874                               | 9,126                               |

The Group achieved revenue of RM15.4 million and RM47.7 million for the quarter ended and financial period ended 30 September 2019. This represents a decrease of approximately 27% and 16% 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.

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 the shortage of manpower in new factory,
- c) the impact arising from the increase in minimum wages,
- d) lower scrap sales, and
- e) higher depreciation on investment and upkeep for upgrading factory, plants and machinery.

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

|                        | Individual Quarter                  |                                     |
|------------------------|-------------------------------------|-------------------------------------|
|                        | 30.09.2019<br>RM'000<br>(unaudited) | 30.06.2019<br>RM'000<br>(unaudited) |
| Revenue                | 15,371                              | 16,690                              |
| Profit before taxation | 1,005                               | 1,290                               |

The Group achieved revenue of approximately RM15.4 million for the current quarter under review as compared to RM16.7 million in the immediate preceding quarter, registering a decrease of approximately 8%, mainly due to the drop in sales.

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 in line with the lower sales.

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

**B3. Current Year Prospects**

The uncertainty in the global economy arising from the trade tension between USA and China continues to dampen overall sentiments. Local sales were affected by the sluggish construction activities. The Group does not expect the performance to improve substantially for the remainder part of the year.

**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<br/>Year<br/>Quarter<br/>30.09.2019<br/>RM'000<br/>(unaudited)</b> | <b>Preceding Year<br/>Corresponding<br/>Quarter<br/>30.09.2018<br/>RM'000<br/>(unaudited)</b> | <b>Cumulative<br/>Current<br/>Year to Date<br/>30.09.2019<br/>RM'000<br/>(unaudited)</b> | <b>Cumulative<br/>Preceding<br/>Corresponding<br/>Year to Date<br/>30.09.2018<br/>RM'000<br/>(unaudited)</b> |
|---|---|---|--|--|
| Profit before taxation is arrived at after charging/(crediting):-                           |   |   |  |  |
| Impairment loss on trade receivables  | 103   | 4   | 640  | 446  |
| Assets written off  | -   | 4   | -  | 4  |
| Depreciation of property, plant and equipment   | 776   | 548   | 2,227  | 1,633  |
| Depreciation of investment properties   | 91  | 107   | 221  | 203  |
| Interest expense on financial liabilities that are not at fair value through profit or loss | 32  | 55  | 102  | 177  |
| Inventories written down  | 62  | 117   | 514  | 376  |
| Loss/(Gain) on foreign exchange   |   |   |  |  |
| - unrealised  | (69)  | (134)   | (250)  | (436)  |
| - realised  | 25  | 2   | 181  | 248  |
| Gain on waiver of debts   | (8)   | -   | (8)  | -  |
| Gain on disposal of plant and equipment   | (14)  | (45)  | (14)   | (226)  |
| Total interest income on financial assets that are not at fair value through profit or loss | (186)   | (179)   | (553)  | (541)  |
| Reversal of inventories written down  | (263)   | (24)  | (750)  | (61)   |
| Reversal of impairment loss on inventories  | -   | -   | (104)  | -  |
| Reversal of impairment loss of trade & other receivables                                    | (58)  | (200)   | (67)   | (297)  |

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<br>Year<br>Quarter<br>30.09.2019<br>RM'000<br>(Unaudited) | Preceding Year<br>Corresponding<br>Quarter<br>30.09.2018<br>RM'000<br>(Unaudited) | Cumulative<br>Current<br>Year to Date<br>30.09.2019<br>RM'000<br>(Unaudited) | Cumulative<br>Preceding<br>Corresponding<br>Year to Date<br>30.09.2018<br>RM'000<br>(Unaudited) |
|------------------------|---|---|--|---|
| Current tax<br>Expense | 259   | 879   | 1,020  | 2,582   |

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 and 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<br>RM'000 | Unsecured<br>RM'000 | Total<br>RM'000 |
|--------------------------------|-------------------|---------------------|-----------------|
| <b><u>Ringgit Malaysia</u></b> |                   |                     |                 |
| Term loan - short term         | 714               | -                   | 714             |
| Term loan - long term          | 1,424             | -                   | 1,424           |
|                                | <hr/>             | <hr/>               | <hr/>           |
| <b><u>Singapore Dollar</u></b> |                   |                     |                 |
| Term loan - short term         | 2,138             | -                   | 2,138           |
| Term loan - long term          | 225               | -                   | 225             |
|                                | <hr/>             | <hr/>               | <hr/>           |
|                                | 329               | -                   | 329             |
|                                | <hr/>             | <hr/>               | <hr/>           |
|                                | 2,692             | -                   | 2,692           |
|                                | <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 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<br/>Year<br/>Quarter<br/>30.09.2019<br/>(Unaudited)</b> | <b>Preceding Year<br/>Corresponding<br/>Quarter<br/>30.09.2018<br/>(Unaudited)</b> | <b>Cumulative<br/>Current<br/>Year to Date<br/>30.09.2019<br/>(Unaudited)</b> | <b>Preceding<br/>Corresponding<br/>Year to Date<br/>30.09.2018<br/>(Unaudited)</b> |
|--|--|--|---|--|
| Profit attributable to Equity holders of parent (RM'000):                              | <u>739</u>   | <u>2,398</u>   | <u>2,838</u>  | <u>6,538</u>   |
| Weighted average number of ordinary shares of RM0.50 each in issue                     | <u>78,595</u>  | <u>78,596</u>  | <u>78,595</u>   | <u>78,596</u>  |
| Basic Earnings Per Share based on the weighted average number of shares in issue (sen) | <u>0.94</u>  | <u>3.05</u>  | <u>3.61</u>   | <u>8.32</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 26 November 2019.