

UMS-NEIKEN GROUP BERHAD 200401011970 (650473-V)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The Fourth Quarter Ended 31 December 2019

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current	Preceding	Current	Preceding
		Year	Year	Year	Year
		Quarter	Corresponding	To date	Corresponding
		31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
		RM'000	RM'000	RM'000	RM'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue		15,782	16,519	63,452	73,277
Cost of sales		(11,902)	(11,796)	(49,704)	(53,050)
Gross profit		3,880	4,723	13,748	20,227
Other income		503	1,005	1,900	2,287
		4,383	5,728	15,648	22,514
Selling and distribution expenses		(197)	(254)	(923)	(960)
Administrative expenses		(2,058)	(2,326)	(6,762)	(8,043)
Other operating expenses		(269)	(1,524)	(2,128)	(2,583)
Finance costs		(37)	(45)	(139)	(223)
Profit before taxation		1,822	1,579	5,696	10,705
Income tax expense	B6	(615)	(85)	(1,635)	(2,667)
Profit after taxation		1,207	1,494	4,061	8,038
Other Comprehensive Income/(Expenses)					
Currency translation difference		(32)	21	(9)	(35)
Total Comprehensive Income		1,175	1,515	4,052	8,003
PROFIT AFTER TAXATION					
ATTRIBUTABLE TO					
Owners of The Company		1,192	1,506	4,030	8,044
Non-controlling interest		15	(12)	31	(6)
TOTAL COMPREHENSIVE INCOME					
ATTRIBUTABLE TO					
Owners of The Company		1,160	1,527	4,021	8,009
Non-controlling interest		15	(12)	31	(6)
Earnings per share (sen):					
Basic	B11	1.52	1.92	5.13	10.23
Diluted		N/A	N/A	N/A	N/A

Note:

This is prepared based on the consolidated results of the Group for the financial period ended 31 December 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)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	As at end of current year quarter ended 31 Dec 2019 RM'000 (Unaudited)	Audited 31 Dec 2018 RM'000 (Audited)
Note		
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	36,559	30,497
Investment property	8,111	10,556
Right use of Assets	2,529	-
Deferred Tax Assets	4	4
Other Investment	388	437
	<u>47,591</u>	<u>41,494</u>
CURRENT ASSETS		
Inventories	17,994	22,197
Trade receivables	17,505	18,189
Other receivables, prepayments and deposits	2,103	2,838
Tax recoverable	977	58
Short term investment	17,421	17,902
Fixed deposits with licensed banks	2,559	2,125
Cash and bank balances	4,136	6,565
	<u>62,695</u>	<u>69,874</u>
TOTAL ASSETS	<u>110,286</u>	<u>111,368</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	41,531	41,531
Treasury shares	(511)	(510)
Exchange fluctuation reserve	(384)	(375)
Retained profits	58,886	57,214
SHAREHOLDERS' EQUITY	<u>99,522</u>	<u>97,860</u>
Non-controlling interest	88	57
TOTAL EQUITY	<u>99,610</u>	<u>97,917</u>
NON-CURRENT AND DEFERRED LIABILITY		
Term loans	1,513	2,466
Lease Liability	17	-
Deferred taxation	2,151	1,561
	<u>3,681</u>	<u>4,027</u>
CURRENT LIABILITIES		
Trade payables	2,535	3,160
Other payables and accruals	3,076	4,262
Amount owing to directors	206	214
Amount owing to a related company	34	510
Short-term borrowings	948	908
Bank overdrafts	-	-
Lease Liability	54	-
Provision for taxation	142	370
	<u>6,995</u>	<u>9,424</u>
TOTAL LIABILITIES	<u>10,676</u>	<u>13,451</u>
TOTAL EQUITY AND LIABILITIES	<u>110,286</u>	<u>111,368</u>
Net Assets per share based on number of shares in issue (RM)	<u>1.27</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 Fourth Quarter Ended 31 December 2019

	← Attributable to Equity Holders of the Company →						Total RM'000
	← 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	
<u>12 months period ended 31 December 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	-	-	-	-	8,044	(6)	8,038
<u>Other Comprehensive Expenses</u>							
Currency translation difference	-	-	-	(35)	-	-	(35)
Total Comprehensive income	-	-	-	(35)	8,044	(6)	8,003
<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 31 December 2018	41,531	(510)	-	(375)	57,214	57	97,917
<u>12 months period ended 31 December 2019</u>							
At 1 January 2019	41,531	(510)	-	(375)	57,214	57	97,917
<u>Comprehensive Income</u>							
Profit for the financial period	-	-	-	-	4,030	31	4,061
<u>Other Comprehensive Expenses</u>							
Currency translation difference	-	-	-	(9)	-	-	(9)
Total Comprehensive income	-	-	-	(9)	4,030	31	4,052
<u>Contribution by and distributions to owners of the Company</u>							
- Purchase of company shares	-	(1)	-	-	-	-	(1)
- Dividend paid	-	-	-	-	(2,358)	-	(2,358)
At 31 December 2019	41,531	(511)	-	(384)	58,886	88	99,610

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 Fourth Quarter Ended 31 December 2019

	Note	Current Year Quarter 31 Dec 2019 RM'000 (unaudited)	Preceding Year Corresponding Quarter 31 Dec 2018 RM'000 (unaudited)
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES			
Profit before taxation		5,696	10,705
Adjustments for:			
Reversal of impairment loss of trade receivables		(106)	(305)
Impairment loss on trade receivables		786	927
Reversal of inventories written down		(750)	(176)
Inventories written down		782	444
Bad debts written off		46	-
Dividends received		(22)	(14)
Depreciation of property, plant and equipment		2,722	2,247
Depreciation of an investment properties		242	269
Write back for Impairment losses on other receivables		(81)	-
Impairment losses on investment		45	115
Write back for impairment losses on stocks		(104)	-
Assets written off		16	4
Gain on waiver of debts		(8)	-
Gain on disposal of property, plant and equipment		(63)	(263)
Unrealised foreign exchange loss		(235)	(567)
Amortisation of right use of assets		75	-
Interest expense		139	222
Interest income		(735)	(753)
Operating profit before working capital changes		<u>8,445</u>	<u>12,855</u>
Decrease/(Increase) in inventories		4,276	(1,610)
Decrease in trade & other receivables		1,010	359
(Decrease)/Increase in trade & other payables		(2,130)	1,711
(Decrease)/Increase in amount owing to a related company		(476)	92
Decrease in amount owing to directors		(8)	(223)
Cash inflow from operations		<u>11,117</u>	<u>13,184</u>
Interest income		735	753
Interest paid		(139)	(222)
Income tax paid		(2,192)	(2,520)
Net cash inflow from operating activities		<u>9,521</u>	<u>11,195</u>
CASH FLOWS FOR INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(8,798)	(5,122)
Proceeds from disposal of plant and equipment		86	910
Treasury shares buy-back		(1)	-
Placement of fixed deposits pledged		(31)	(29)
Net cash outflow for investing activities		<u>(8,744)</u>	<u>(4,241)</u>
CASH FLOWS FOR FINANCING ACTIVITIES			
Dividends paid		(2,358)	(2,358)
Dividends received		22	14
Net repayment of short term loan		-	(3,033)
Repayment of term loan		(906)	(873)
Repayment in lease liability		(36)	-
Net cash outflow for financing activities		<u>(3,278)</u>	<u>(6,250)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,501)	704
EFFECTS OF CHANGES IN FOREIGN EXCHANGE		(6)	(39)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE QUARTER		<u>25,750</u>	<u>25,085</u>
CASH AND CASH EQUIVALENTS AT END OF THE QUARTER	A16	<u>23,243</u>	<u>25,750</u>

Note:

This is prepared based on the consolidated results of the Group for the financial period ended 31 December 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 31 DEC 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 except as follows:-

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaced the previous guidance on lease accounting. 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 lease assets and the related lease obligations in the statement of financial position (with limited exceptions) as right-of-use assets and lease liabilities respectively. The right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method.

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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:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	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 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 2019	1,405,700	511,215.09
Share Buyback for the financial period	-	-
At 31 December 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 31 December 2019.

A9. Segment information

Business Segment

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

	Current Year Quarter Ended 31.12.2019		Preceding Year Corresponding Quarter Ended 31.12.2018	
	(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	15,782	1,845	16,510	1,838
- Trading & servicing of home appliances	-	(23)	9	(259)
	<u>15,782</u>	<u>1,822</u>	<u>16,519</u>	<u>1,579</u>
	Cumulative Current Year to Date Ended 31.12.2019		Cumulative Preceding Corresponding Year to Date Ended 31.12.2018	
	(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	63,444	5,485	73,250	10,836
- Trading & servicing of home appliances	8	211	27	(131)
	<u>63,452</u>	<u>5,696</u>	<u>73,277</u>	<u>10,705</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 31.12.2019		Preceding Year Corresponding Quarter Ended 31.12.2018	
	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000
- Malaysia	14,652	1,778	15,044	1,578
- Singapore	1,130	(65)	1,475	(129)
- Vietnam	-	109	-	130
	<u>15,782</u>	<u>1,822</u>	<u>16,519</u>	<u>1,579</u>

	Cumulative Current Year to Date Ended 31.12.2019		Cumulative Preceding Corresponding Year to Date Ended 31.12.2018	
	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000
- Malaysia	57,233	5,673	65,789	10,864
- Singapore	6,040	(348)	7,488	(486)
- Vietnam	-	371	-	327
	<u>63,452</u>	<u>5,696</u>	<u>73,277</u>	<u>10,705</u>

A10. Revaluation of Property, Plant and Equipment

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

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

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

There were no significant events subsequent to 31 December 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,

	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, save as disclosed below.

	RM’000
<u>Capital Commitment:-</u>	
Acquisition of new subsidiary	3,931
Acquisition of a machinery	538
Acquisition of a computer programme	170

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

A15. Significant Related Party Transactions

Details of the recurrent related party transactions (“RRPT”), which had been entered into in the ordinary course of business and have been established under terms that were mutually agreed between the parties, are as follows:

Transaction parties	Nature of transaction	Current Year Quarter 31.12.2019 RM’000 (Unaudited)	Preceding Year Corresponding Quarter 31.12.2018 RM’000 (Unaudited)	Cumulative Current Year to Date 31.12.2019 RM’000 (Unaudited)	Cumulative Preceding Corresponding Year to Date 31.12.2018 RM’000 (Unaudited)
Ming Kee Manufactory Limited (“MKK”)	Purchase of fuse link, screws, inserts, cables, plug, metalware, hollow rivet, etc	62	104	110	819
United MS Cables Mfg Sdn. Bhd. (“UMSC”)	Purchase of electrical wire	35	739	1,941	3,098
UMSC	Sales of electrical wire	-	3	8	5
UMSC	Rental of warehouse	-	2	2	17

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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 31.12.2019	At 31.12.2018
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Short term investment	17,421	17,902
Fixed deposits with licensed banks	2,559	2,125
Cash and bank balances	4,136	6,565
	<hr/>	<hr/>
	24,116	26,592
Less: Fixed Deposits pledged with licenced banks	(873)	(842)
	<hr/>	<hr/>
	23,243	25,750
	<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:-

	RM
United States Dollar	4.0930
Singapore Dollar	3.0142

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

B1. Review of Performance

	Individual Quarter		Year to date	
	31.12.2019 RM'000 (unaudited)	31.12.2018 RM'000 (unaudited)	31.12.2019 RM'000 (unaudited)	31.12.2018 RM'000 (unaudited)
Revenue	15,782	16,519	63,452	73,277
Profit before taxation	1,822	1,579	5,696	10,705

The Group achieved revenue of RM15.8 million and RM63.5 million for the quarter ended and financial year ended 31 December 2019. This represents a decrease of approximately 4% and 13% 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 an increase by approximately 15% for the current quarter as compared to the correspondence quarter in 2018 were mainly due to the lower impairment loss on trade receivables, saving in administrative cost and lower depreciation, although lower margin in line of lower sales.

However, profit before taxation registered a decrease for the financial period to date as compared to 2018, were mainly due to the followings, despite the saving in administrative cost.

- lower profit margin in line with lower sales that was caused by lower production output affected by shortage in manpower,
- higher cost due to the impact of the increase in minimum wages, and
- 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	
	31.12.2019 RM'000 (unaudited)	30.09.2019 RM'000 (unaudited)
Revenue	15,782	15,371
Profit before taxation	1,822	1,005

The Group achieved revenue of approximately RM15.8 million for the current quarter under review as compared to RM15.4 million in the immediate preceding quarter, registering a marginal increase, mainly due to the improvement in local sales.

Profit before taxation of the Group for the current quarter under review increased compared to the immediate preceding quarter, mainly due to the reversal of depreciation for plant and equipment, the improvement in production output as well as lower operational cost incurred.

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

B3. Current Year Prospects

In 2019, the performance was poorer than anticipated, mainly due to the challenges of sluggish construction activities in Malaysia, trade war between USA and China, geo-political tension in the Middle East affecting the sentiments and global trade. The Group was also affected by the shortage of manpower and the adverse impact of the increase in minimum wages.

The easing of trade tension and completion of the USA China Phase One trade deal in January 2020 was supposed to auger well for world economy and market sentiments in 2020. However, the epidemic outbreak of Covid-19 is expected to have significant adverse ramifications to the world economy growth. Based on this backdrop, the performance for 2020 remains challenging.

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

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

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

B5. Profit for The Period

	Current Year Quarter 31.12.2019 RM'000 (unaudited)	Preceding Year Corresponding Quarter 31.12.2018 RM'000 (unaudited)	Cumulative Current Year to Date 31.12.2019 RM'000 (unaudited)	Cumulative Preceding Corresponding Year to Date 31.12.2018 RM'000 (unaudited)
Profit before taxation is arrived at after charging/(crediting):-				
Impairment loss on trade receivables	146	481	786	927
Impairment loss on quoted investment	45	115	45	115
Amortisation of right use of assets	75	-	75	-
Assets written off	16	-	16	4
Bad debts written off	46	-	46	-
Depreciation of property, plant and equipment	495	614	2,722	2,247
Depreciation of investment properties	21	66	242	269
Interest expense on financial liabilities that are not at fair value through profit or loss	37	45	139	222
Inventories written down	268	68	782	444
Loss/(Gain) on foreign exchange				
- unrealised	15	(131)	(235)	(567)
- realised	61	114	242	362
Gain on waiver of debts	-	-	(8)	-
Gain on disposal of plant and equipment	(49)	(37)	(63)	(263)
Total interest income on financial assets that are not at fair value through profit or loss	(182)	(212)	(735)	(753)
Reversal of inventories written down	-	(115)	(750)	(176)
Reversal of impairment loss on inventories	-	-	(104)	-
Reversal of impairment loss of trade & other receivables	(120)	(8)	(187)	(305)

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

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

B6. Income Tax Expense

	Current Year Quarter 31.12.2019 RM'000 (Unaudited)	Preceding Year Corresponding Quarter 31.12.2018 RM'000 (Unaudited)	Cumulative Current Year to Date 31.12.2019 RM'000 (Unaudited)	Cumulative Preceding Corresponding Year to Date 31.12.2018 RM'000 (Unaudited)
Current tax Expense	615	85	1,635	2,667

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 for the year to date 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
<u>Ringgit Malaysia</u>			
Term loan - short term	721	-	714
Term loan - long term	1,241	-	1,424
	1,962	-	2,138
<u>Singapore Dollar</u>			
Term loan - short term	227	-	225
Term loan - long term	272	-	329
	2,461	-	2,692

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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 of Directors has proposed a single tier interim dividend of 3.0 sen per ordinary share in respect of the financial year ended 31 December 2019, to be paid on 31 March 2020. This single tier interim dividend was approved by the Board of Directors on 25 February 2020.

B11. Basic earnings per share

The basic earnings per share for the current quarter and cumulative year to date are computed as follow:-

	Current Year Quarter 31.12.2019 (Unaudited)	Preceding Year Corresponding Quarter 31.12.2018 (Unaudited)	Cumulative Current Year to Date 31.12.2019 (Unaudited)	Preceding Corresponding Year to Date 31.12.2018 (Unaudited)
Profit attributable to Equity holders of parent (RM'000):	<u>1,192</u>	<u>1,506</u>	<u>4,030</u>	<u>8,044</u>
Weighted average number of ordinary shares of RM0.50 each in issue	<u>78,594</u>	<u>78,596</u>	<u>78,594</u>	<u>78,596</u>
Basic Earnings Per Share based on the weighted average number of shares in issue (sen)	<u>1.52</u>	<u>1.92</u>	<u>5.13</u>	<u>10.23</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 forth quarterly report was authorised for issued by the Board of Directors in accordance with the resolution of the directors on 25 February 2020.