

UMS-NEIKEN GROUP BERHAD [200401011970 (650473-V)]

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Second Quarter Ended 30 June 2020

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year Quarter 30 Jun 2020 RM'000 (unaudited)	Preceding Year Corresponding Quarter 30 Jun 2019 RM'000 (unaudited)	Current Year To date 30 Jun 2020 RM'000 (unaudited)	Preceding Year Corresponding Period 30 Jun 2019 RM'000 (unaudited)
Revenue		10,696	16,690	24,450	32,299
Cost of sales		(9,224)	(13,366)	(19,824)	(25,474)
Gross profit		1,472	3,324	4,626	6,825
Other income		752	576	1,237	966
		2,224	3,900	5,863	7,791
Selling and distribution expenses		(157)	(270)	(335)	(515)
Administrative expenses		(1,459)	(1,493)	(2,866)	(2,959)
Other operating expenses		(250)	(428)	(652)	(850)
Net reversal/(impairment loss) on financial assets		627	(385)	584	(528)
Finance costs		(23)	(34)	(50)	(70)
Profit before taxation		962	1,290	2,544	2,869
Income tax expense	B6	(246)	(267)	(684)	(761)
Profit after taxation		716	1,023	1,860	2,108
Other Comprehensive Income					
Currency translation difference		197	211	278	78
Total Comprehensive Income		913	1,234	2,138	2,186
PROFIT AFTER TAXATION					
ATTRIBUTABLE TO					
Owners of The Company		717	1,021	1,857	2,099
Non-controlling interest		(1)	2	3	9
TOTAL COMPREHENSIVE INCOME					
ATTRIBUTABLE TO					
Owners of The Company		914	1,232	2,135	2,177
Non-controlling interest		(1)	2	3	9
Earnings per share (sen):					
Basic	B11	0.91	1.30	2.36	2.67
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 2020. The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's Audited Financial Statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

UMS-NEIKEN GROUP BERHAD [200401011970 (650473-V)]
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	As at end of current year quarter ended 30 Jun 2020 RM'000 (Unaudited)	Audited 31 Dec 2019 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	36,663	36,559
Investment property	10,497	10,551
Right use of Assets	166	89
Deferred Tax Assets	4	4
Other Investment	1,688	388
	<u>49,018</u>	<u>47,591</u>
CURRENT ASSETS		
Inventories	18,324	17,994
Trade receivables	15,528	17,505
Other receivables, prepayments and deposits	3,294	2,103
Tax recoverable	860	977
Short term investment	13,486	17,421
Fixed deposits with licensed banks	3,378	2,559
Cash and bank balances	4,309	4,136
	<u>59,179</u>	<u>62,695</u>
TOTAL ASSETS	<u>108,197</u>	<u>110,286</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	41,531	41,531
Treasury shares	(537)	(511)
Exchange fluctuation reserve	(106)	(384)
Retained profits	58,386	58,886
SHAREHOLDERS' EQUITY	<u>99,274</u>	<u>99,522</u>
Non-controlling interest	91	88
TOTAL EQUITY	<u>99,365</u>	<u>99,610</u>
NON-CURRENT AND DEFERRED LIABILITY		
Lease Liability	92	17
Term loans	1,017	1,513
Deferred taxation	2,146	2,151
	<u>3,255</u>	<u>3,681</u>
CURRENT LIABILITIES		
Trade payables	1,811	2,535
Other payables and accruals	2,572	3,075
Amount owing to directors	1	206
Amount owing to a related company	-	34
Lease Liability	76	55
Short-term borrowings	971	948
Provision for taxation	146	142
	<u>5,577</u>	<u>6,995</u>
TOTAL LIABILITIES	<u>8,832</u>	<u>10,676</u>
TOTAL EQUITY AND LIABILITIES	<u>108,197</u>	<u>110,286</u>
Net Assets per share based on number of shares in issue (RM)	<u>1.26</u>	<u>1.27</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 2019 and the accompanying explanatory notes attached to the interim financial statements.

UMS-NEIKEN GROUP BERHAD [200401011970 (650473-V)]

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Second Quarter Ended 30 June 2020

	← 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
<u>6 months period ended 30 June 2019</u>							
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
<u>6 months period ended 30 June 2020</u>							
At 1 January 2020	41,531	(511)	-	(384)	58,886	88	99,610
<u>Comprehensive Income</u>							
Profit for the financial period	-	-	-	-	1,857	3	1,860
<u>Other Comprehensive Expenses</u>							
Currency translation difference	-	-	-	278	-	-	278
Total Comprehensive income	-	-	-	278	1,857	3	2,138
<u>Contribution by and distributions to owners of the Company</u>							
- Purchase of company shares	-	(26)	-	-	-		(26)
- Dividend paid	-	-	-	-	(2,357)	-	(2,357)
At 30 June 2020	41,531	(537)	-	(106)	58,386	91	99,365

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 30 June 2020 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 Second Quarter Ended 30 June 2020

	Note	Current Year Quarter 30 Jun 2020 RM'000 (unaudited)	Preceding Year Corresponding Quarter 30 Jun 2019 RM'000 (unaudited)
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES			
Profit before taxation		2,544	2,869
Adjustments for:			
Reversal of impairment loss of trade receivables		(651)	(9)
Impairment loss on trade receivables		68	537
Reversal of inventories written down		(125)	(487)
Inventories written down		615	452
Bad debts written off		15	-
Dividends received		-	(14)
Depreciation of property, plant and equipment		1,814	1,451
Depreciation of an investment properties		149	115
Depreciation of right-of-use of assets		56	-
Write back for impairment losses on stocks		-	(104)
Unrealised foreign exchange loss		(210)	(181)
Interest expense		46	70
Interest expense on lease payment		4	-
Interest income		(259)	(367)
Operating profit before working capital changes		4,066	4,332
(Increase)/Decrease in inventories		(818)	4,485
Decrease/(Increase) in trade & other receivables		1,563	(1,900)
Decrease in trade & other payables		(1,228)	(2,502)
Decrease in amount owing to a related company		(34)	(177)
Decrease in amount owing to directors		(205)	(201)
Cash inflow from operations		3,344	4,037
Interest received		259	367
Interest paid		(50)	(70)
Income tax paid		(568)	(1,111)
Net cash inflow from operating activities		2,985	3,223
CASH FLOWS FOR INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,014)	(4,089)
Purchase of quoted shares		(1,290)	-
Treasury shares buy-back		(26)	-
Placement of fixed deposits pledged		(15)	(16)
Net cash outflow for investing activities		(3,345)	(4,105)
CASH FLOWS FOR FINANCING ACTIVITIES			
Dividends paid		(2,357)	(2,358)
Dividends received		-	14
Repayment of term loan		(473)	(447)
Repayment in lease liability		(36)	-
Net cash outflow for financing activities		(2,866)	(2,791)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(3,226)	(3,673)
EFFECTS OF CHANGES IN FOREIGN EXCHANGE		268	74
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE QUARTER		23,243	25,750
CASH AND CASH EQUIVALENTS AT END OF THE QUARTER	A16	20,285	22,151

Note:

This is prepared based on the consolidated results of the Group for the financial period ended 30 June 2020. 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 2019 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 2020

PART A: EXPLANATORY NOTES PERSUANT TO MALAYSIAN 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 2019. 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 2019.

A2. Changes in Accounting Policies

The audited financial statements of the Group for the financial year ended 31 December 2019 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 2019, except for the adoption of the following new MALAYSIAN FINANCIAL Reporting Standards (“MFRSs”), Amendment to MFRSs and IC Interpretation.

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

Amendments to MFRS 3: Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108: Definition of Material
Amendments to References to the Conceptual Framework in MFRS Standards

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 PURSUANT TO MALAYSIAN 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: Reference to the Conceptual Framework	1 January 2022
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 16: COVID-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

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 2019 was not subject to any qualification.

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PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN 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 2020	1,438,300	537,092.10
Share Buyback for the financial period	-	-
At 30 June 2020	<u>1,438,300</u>	<u>537,092.10</u>

The purchases were financed by internally generated funds. The shares 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 MALAYSIAN FINANCIAL REPORTING STANDARD 134 (“MFRS 134”) (CONT’D)

A8. Dividend Paid

There was no dividend paid during the 3 month period ended 30 June 2020.

A9. Segment information

Business Segment

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

	Current Year Quarter Ended 30.06.2020 (Unaudited)		Preceding Year Corresponding Quarter Ended 30.06.2019 (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	10,696	962	16,678	1,036
- Trading & servicing of home appliances	-	-	12	254
	<u>10,696</u>	<u>962</u>	<u>16,690</u>	<u>1,290</u>
	Cumulative Current Year to Date Ended 30.06.2020 (Unaudited)		Cumulative Preceding Corresponding Year to Date Ended 30.06.2019 (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	24,450	2,544	32,291	2,621
- Trading & servicing of home appliances	-	-	8	248
	<u>24,450</u>	<u>2,544</u>	<u>32,299</u>	<u>2,869</u>

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PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN 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 30.06.2020		Preceding Year Corresponding Quarter Ended 30.06.2019	
	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000
- Malaysia	9,906	796	14,825	1,204
- Singapore	790	60	1,865	(16)
- Vietnam	-	106	-	102
	<u>10,696</u>	<u>962</u>	<u>16,690</u>	<u>1,290</u>

	Cumulative Current Year to Date Ended 30.06.2020		Cumulative Preceding Corresponding Year to Date Ended 30.06.2019	
	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000	(Unaudited) Revenue RM’000	(Unaudited) Profit/(Loss) Before Taxation RM’000
- Malaysia	22,748	2,310	28,676	2,959
- Singapore	1,702	35	3,623	(253)
- Vietnam	-	199	-	163
	<u>24,450</u>	<u>2,544</u>	<u>32,299</u>	<u>2,869</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 2020.

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PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN 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>	
Capital injection to new subsidiary	3,998
Acquisition of a machinery	554
Acquisition of a computer programme	170

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PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN 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 30.06.2020 RM’000 (Unaudited)	Preceding Year Corresponding Quarter 30.06.2019 RM’000 (Unaudited)	Cumulative Current Year to Date 30.06.2020 RM’000 (Unaudited)	Cumulative Preceding Corresponding Year to Date 30.06.2019 RM’000 (Unaudited)
Ming Kee Manufactory Limited (“MKK”)	Purchase of fuse link, screws, inserts, cables, plug, metalware, hollow rivet, etc	50	48	50	48
United MS Cables Mfg Sdn. Bhd. (“UMSC”)	Purchase of electrical wire	73	375	216	1,340
UMSC	Sales of electrical wire	-	-	35	1
UMSC	Rental of warehouse	-	-	-	2

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

A16. Cash and cash equivalents

	At 30.06.2020	At 30.06.2019
	RM'000	RM'000
	(Unaudited)	(Unaudited)
Short term investment	13,486	16,446
Fixed deposits with licensed banks	3,378	2,144
Cash and bank balances	4,309	4,419
	<hr/>	<hr/>
	21,173	23,009
Less: Fixed Deposits pledged with licenced banks	(888)	(858)
	<hr/>	<hr/>
	20,285	22,151
	<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	4.2825
Singapore Dollar	3.0677

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

B1. Review of Performance

	Individual Quarter		Year to date	
	30.06.2020 RM'000 (unaudited)	30.06.2019 RM'000 (unaudited)	30.06.2020 RM'000 (unaudited)	30.06.2019 RM'000 (unaudited)
Revenue	10,696	16,690	24,450	32,299
Profit before taxation	962	1,290	2,544	2,869

The Group achieved revenue of RM10.7 million and RM24.5 million for the quarter and financial year ended 30 June 2020. This represents a decrease of approximately 36% and 24% 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 which was caused by the Movement Control Order (“MCO”) and Circuit Breaker (“CB”) imposed by the Malaysian and Singapore Governments respectively as a response to the pandemic Covid-19 situation.

Profit before taxation of the Group registered a decrease for the current quarter and financial period to date as compared to 2019, mainly due to the lower margin in line of lower sales and operational overheads being incurred during the lockdown period due to the MCO and CB. However it was mitigated by the reversal of impairment loss on trade receivables, favourable exchange movement and subsidies received from the stimulus packages announced by the Malaysian and Singapore governments.

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

	Individual Quarter	
	30.06.2020 RM'000 (unaudited)	31.03.2020 RM'000 (unaudited)
Revenue	10,696	13,754
Profit before taxation	962	1,582

The Group achieved revenue of approximately RM10.7 million for the current quarter under review as compared to RM13.8 million in the immediate preceding quarter, registering a decrease, mainly due to the overall drop in demand as explained in paragraph B1.

Profit before taxation of the Group for the current quarter under review decreased compared to the immediate preceding quarter, mainly due to the aforesaid reasons as stated in B1.

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

B3. Current Year Prospects

The performance of the Group has been resilient despite the adverse impacts of the MCO and CB lockdowns imposed.

The Covid-19 situation remains the biggest challenge to the Group as there are immense uncertainties to the local and global economies due to the restrictions to the economic activities and lockdowns imposed in many parts of the world. The Group is monitoring the development and is confident that it has the necessary resources and ability to respond appropriately to the challenges ahead, as well as to seize any opportunities that may arise.

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

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

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

B5. Profit for The Period

	Current Year Quarter 30.06.2020 RM'000 (unaudited)	Preceding Year Corresponding Quarter 30.06.2019 RM'000 (unaudited)	Cumulative Current Year to Date 30.06.2020 RM'000 (unaudited)	Cumulative Preceding Corresponding Year to Date 30.06.2019 RM'000 (unaudited)
Profit before taxation is arrived at after charging/(crediting):-				
Impairment loss on trade receivables	4	385	68	537
Bad debts written off	15	-	15	-
Depreciation of property, plant and equipment	928	753	1,814	1,451
Depreciation of investment properties	78	66	149	115
Depreciation of right-of-use of assets	22	-	56	-
Interest expense on financial liabilities that are not at fair value through profit or loss	21	34	46	70
Interest expenses on lease liabilities	3	-	4	-
Inventories written down	112	294	615	452
Loss/(Gain) on foreign exchange				
- unrealised	(39)	(152)	(210)	(181)
- realised	(101)	92	(24)	156
Total interest income on financial assets that are not at fair value through profit or loss	(109)	(192)	(259)	(367)
Reversal of inventories written down	(104)	(458)	(125)	(487)
Reversal of impairment loss on inventories	-	-	-	(104)
Reversal of impairment loss of trade & other receivables	(631)	-	(651)	(9)

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 30.06.2020 RM'000 (Unaudited)	Preceding Year Corresponding Quarter 30.06.2019 RM'000 (Unaudited)	Cumulative Current Year to Date 30.06.2020 RM'000 (Unaudited)	Cumulative Preceding Corresponding Year to Date 30.06.2019 RM'000 (Unaudited)
Current tax Expense	246	267	684	761

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.

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	739	-	739
Term loan - long term	859	-	859
<u>Singapore Dollar</u>			
Term loan - short term	232	-	232
Term loan - long term	158	-	158
	1,988	-	1,988

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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 2020 during this quarter.

B11. Basic earnings per share

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

	Current Year Quarter 30.06.2020 (Unaudited)	Preceding Year Corresponding Quarter 30.06.2019 (Unaudited)	Cumulative Current Year to Date 30.06.2020 (Unaudited)	Preceding Corresponding Year to Date 30.06.2019 (Unaudited)
Profit attributable to Equity holders of parent (RM'000):	<u>717</u>	<u>1,021</u>	<u>1,857</u>	<u>2,099</u>
Weighted average number of ordinary shares of RM0.50 each in issue	<u>78,562</u>	<u>78,596</u>	<u>78,562</u>	<u>78,596</u>
Basic Earnings Per Share based on the weighted average number of shares in issue (sen)	<u>0.91</u>	<u>1.30</u>	<u>2.36</u>	<u>2.67</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 27 August 2020.