

UMW HOLDINGS BERHAD

(COMPANY NO : 090278-P)
(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31ST MARCH 2016

(THE FIGURES HAVE NOT BEEN AUDITED)

	Current Quarter Ended 31/3/2016 RM'000	Comparative Quarter Ended 31/3/2015 RM'000	3 Months Cumulative To Date 31/3/2016 RM'000	Comparative 3 Months Cumulative To Date 31/3/2015 RM'000
<u>Continuing Operations</u>				
Revenue	2,199,164	3,240,373	2,199,164	3,240,373
Operating Expenses	(2,202,654)	(3,028,843)	(2,202,654)	(3,028,843)
Other Operating Income	20,636	71,979	20,636	71,979
Profit From Operations	17,146	283,509	17,146	283,509
Finance Costs	(43,302)	(32,194)	(43,302)	(32,194)
Share Of Results Of Associates And Joint Ventures	22,069	33,429	22,069	33,429
Investment Income	25,159	35,273	25,159	35,273
Profit Before Taxation	21,072	320,017	21,072	320,017
Taxation	(26,005)	(84,006)	(26,005)	(84,006)
(Loss)/Profit For The Period	(4,933)	236,011	(4,933)	236,011
<u>Other Comprehensive Income:</u>				
Translation Of Foreign Operations	(238,077)	107,086	(238,077)	107,086
Cash Flow Hedge	(9,247)	(48)	(9,247)	(48)
Other Comprehensive Income Net Of Tax	(247,324)	107,038	(247,324)	107,038
Total Comprehensive Income For The Period	(252,257)	343,049	(252,257)	343,049
<u>(Loss)/Profit For The Period Attributable To:</u>				
Equity Holders Of The Company	16,580	165,154	16,580	165,154
Non-Controlling Interests	(21,513)	70,857	(21,513)	70,857
	(4,933)	236,011	(4,933)	236,011
<u>Total Comprehensive Income Attributable To :</u>				
Equity Holders Of The Company	(122,704)	218,898	(122,704)	218,898
Non-Controlling Interests	(129,553)	124,151	(129,553)	124,151
	(252,257)	343,049	(252,257)	343,049
<u>EPS Attributable To Equity Holders of The Company:</u>				
Basic EPS For The Period (Sen)	1.42	14.14	1.42	14.14
Diluted EPS For The Period (Sen)	1.42	14.14	1.42	14.14

(These Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim Financial Statements)

UMW HOLDINGS BERHAD GROUP

(COMPANY NO : 090278-P)
(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(UNAUDITED) AS AT 31/3/2016 RM'000	(AUDITED) AS AT 31/12/2015 RM'000
ASSETS		
Non-Current Assets		
Property, Plant And Equipment	7,899,111	8,102,786
Investment Properties	2,994	3,172
Intangible Assets	25,228	25,228
Land Use Rights	6,479	6,761
Leased Assets	275,962	287,629
Investments In Associates	1,944,170	1,923,150
Investments In Joint Ventures	56,850	55,951
Deferred Tax Assets	70,191	74,501
Other Investments	18,529	22,761
Derivative Assets	2,044	13,514
	<u>10,301,558</u>	<u>10,515,453</u>
Current Assets		
Inventories	2,134,266	1,889,963
Trade Receivables	933,787	1,457,664
Other Receivables	520,095	427,623
Other Investments	755,881	1,188,945
Derivative Assets	54,038	11,510
Deposits, Cash And Bank Balances	1,999,373	2,734,143
	<u>6,397,440</u>	<u>7,709,848</u>
TOTAL ASSETS	<u>16,698,998</u>	<u>18,225,301</u>
EQUITY AND LIABILITIES		
Equity Attributable To The Equity Holders Of The Company		
Share Capital	584,147	584,147
Share Premium	794,482	794,482
Capital Reserve	396	396
Foreign Currency Translation Reserve	315,269	445,306
Hedging Reserve	(9,247)	-
Retained Profits	4,659,878	4,760,127
	<u>6,344,925</u>	<u>6,584,458</u>
Non-Controlling interests	2,669,860	2,799,413
Total Equity	<u>9,014,785</u>	<u>9,383,871</u>
Non-Current Liabilities		
Provision For Warranties	56,526	55,976
Deferred Tax Liabilities	29,125	27,480
Long Term Borrowings	2,479,670	2,289,762
Other Payables	31,315	50,197
Derivative Liabilities	74,949	80,030
	<u>2,671,585</u>	<u>2,503,445</u>
Current Liabilities		
Provision For Warranties	81,836	85,171
Taxation	62,063	86,981
Short Term Borrowings	2,928,050	3,646,204
Bank Overdrafts	80,213	78,786
Trade Payables	913,989	1,379,608
Other Payables	863,266	861,571
Derivative Liabilities	83,211	199,664
	<u>5,012,628</u>	<u>6,337,985</u>
Total Liabilities	<u>7,684,213</u>	<u>8,841,430</u>
TOTAL EQUITY AND LIABILITIES	<u>16,698,998</u>	<u>18,225,301</u>
Net Assets Per Share (RM)	5.4309	5.6360

(These Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to these interim Financial Statements)

UMW HOLDINGS BERHAD

(COMPANY NO : 090278-P)

(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH 2016

	<----- Non - Distributable ----->					Distributable		Non - Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Foreign Currency Translation Reserve RM'000	Hedging Reserve RM'000	Retained Profits RM'000	Total RM'000		
3 MONTHS ENDED 31ST MARCH 2016									
At 1st January 2016	584,147	794,482	396	445,306	-	4,760,127	6,584,458	2,799,413	9,383,871
Transactions with owners									
Dividends distributed to equity holders	-	-	-	-	-	(116,829)	(116,829)	-	(116,829)
Total comprehensive income	-	-	-	(130,037)	(9,247)	16,580	(122,704)	(129,553)	(252,257)
At 31st March 2016	584,147	794,482	396	315,269	(9,247)	4,659,878	6,344,925	2,669,860	9,014,785

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH 2015

	<----- Non - Distributable ----->					Distributable		Non - Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Foreign Currency Translation Reserve RM'000	Hedging Reserve RM'000	Retained Profits RM'000	Total RM'000		
3 MONTHS ENDED 31ST MARCH 2015									
At 1st January 2015	584,147	794,482	396	92,544	45	5,108,848	6,580,462	2,852,595	9,433,057
Transactions with owners									
Acquisition of non-controlling interest	-	-	-	-	-	(9,648)	(9,648)	(16,102)	(25,750)
Dividends distributed to equity holders	-	-	-	-	-	(186,927)	(186,927)	-	(186,927)
Total comprehensive income	-	-	-	53,792	(48)	165,154	218,898	124,151	343,049
At 31st March 2015	584,147	794,482	396	146,336	(3)	5,077,427	6,602,785	2,960,644	9,563,429

(These Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to these interim Financial Statements)

UMW HOLDINGS BERHAD

(COMPANY NO : 090278-P)
(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2016

	3 Months Ended 31/03/2016 RM'000	3 Months Ended 31/03/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Taxation	21,072	320,017
Adjustments For:		
Depreciation & Amortisation	132,593	113,014
Provision for/(Reversal) of impairment on assets	3,826	(4,550)
Net inventories written down	1,215	6,691
Interest expense	43,302	32,194
Share of results of associates and joint ventures	(22,069)	(33,429)
(Reversal of impairment)/ Impairment on receivables	(8,145)	4,612
Net unrealised foreign exchange/fair value (gain)/loss	(215,894)	9,915
Interest & dividend income	(25,159)	(35,273)
Others	15,273	13,853
Operating (Loss)/Profit Before Working Capital Changes	<u>(53,986)</u>	<u>427,044</u>
Decrease in receivables	243,929	141,363
Increase in inventories	(278,464)	(11,582)
Increase in payables	<u>(254,366)</u>	<u>(506,707)</u>
Cash (Used In)/Generated From Operating Activities	<u>(342,887)</u>	<u>50,118</u>
Interest paid	(43,238)	(23,101)
Taxation paid	<u>(41,670)</u>	<u>(103,210)</u>
Net Cash Used In Operating Activities	<u>(427,795)</u>	<u>(76,193)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash outflow arising from equity investments	-	(25,750)
Purchase of property, plant & equipment	(490,667)	(882,973)
Proceeds from disposal of property, plant & equipment	5,373	14,685
Interest & dividend income	25,159	35,273
Other Investments (net)	<u>434,254</u>	<u>146,830</u>
Net Cash Used In Investing Activities	<u>(25,881)</u>	<u>(711,935)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to equity holders of the company	(116,829)	(175,244)
Net (repayment)/drawdown of loans & borrowings	<u>(113,755)</u>	<u>786,087</u>
Net Cash (Used In)/Generated From Financing Activities	<u>(230,584)</u>	<u>610,843</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(684,260)	(177,285)
CASH AND CASH EQUIVALENTS AS AT 1ST JANUARY	2,655,357	3,276,552
EFFECTS OF EXCHANGE RATE CHANGES	<u>(51,939)</u>	<u>5,636</u>
CASH AND CASH EQUIVALENTS AS AT 31ST MARCH	<u>1,919,158</u>	<u>3,104,903</u>

(These Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to these interim Financial Statements)

NOTE 1 - Significant accounting policies and application of Malaysian Financial Reporting Standards (“MFRS”)

Basis of preparation

The interim financial statements have been prepared in accordance with the requirements of International Accounting Standards (“IAS”) 34, *Interim Financial Reporting* and MFRS 134, *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements have been prepared using historical cost basis except for certain financial assets and financial liabilities that are stated at fair value.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2015. 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 year ended 31 December 2015.

The accounting policies adopted in the preparation of the Condensed Report are consistent with those followed in the preparation of the Group’s audited financial statements for the financial year ended 31 December 2015, except for the adoption of the Amendments and Annual Improvements to Standards effective 1 January 2016.

Adoption of Amendments and Annual Improvements to Standards

The Group has adopted the following Amendments and Annual Improvements to Standards, with a date of initial application of 1 January 2016 -

- MFRS 14 Regulatory Deferral Accounts
- Amendments to MFRS 11 Joint Arrangements - *Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101 Presentation of Financial Statements - *Disclosure Initiative*
- Amendments to MFRS 127 Consolidated and Separate Financial Statements - *Equity Method in Separate Financial Statements*
- Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets - *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116 Property, Plant and Equipment and MFRS 141 Agriculture – *Agriculture: Bearer Plants*
- Annual Improvements to MFRSs 2012 – 2014 Cycle

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

Standards issued but not yet effective

At the date of authorisation of the Condensed Report, the following Standards, Amendments and Annual Improvements to Standards were issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective and have not been adopted by the Group -

NOTE 1 - Significant accounting policies and application of Malaysian Financial Reporting Standards (“MFRS”) (Cont’d)

Standards issued but not yet effective (cont’d)

Effective for financial periods beginning on or after 1 January 2017

- Amendments to MFRS 107 Statement of Cash Flows - *Disclosure Initiative*
- Amendments to MFRS 112 Income Taxes – *Recognition of Deferred Tax Assets for Unrealised Losses*

Effective for financial periods beginning on or after 1 January 2018

- MFRS 9 Financial Instruments (IFRS 9 as issued by International Accounting Standards Board in July 2014)
- MFRS 15 Revenue from Contracts with Customers

Effective for financial periods beginning on or after 1 January 2019

- MFRS 16 Leases

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

* *The effective date of these Standards has been deferred, and has yet to be announced by MASB.*

The Group will adopt the above pronouncements when they become effective in the respective financial periods. The Group does not expect any material impact to the financial statements on the above pronouncements other than for the three standards described below, for which the effects are still being assessed -

a) MFRS 9: Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's and the Company's financial assets, but will have no impact on the classification and measurement of the Group's and the Company's financial liabilities.

NOTE 1 - Significant accounting policies and application of Malaysian Financial Reporting Standards (“MFRS”) (Cont’d)

b) MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e., when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

c) MFRS 16: Leases

MFRS 16 replaces the guidance in MFRS 117 Leases. The new standard requires lessees to present right-of-use assets and lease liabilities on the statement of financial position and to recognise the following for leases at the commencement date:

- A lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis; and
- A right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term.

NOTE 2 - Seasonal or Cyclical Factors

The Group is principally engaged in the -

- a) import, assembly and marketing of passenger and commercial vehicles and related spares and manufacturing of original/replacement automotive parts;
- b) trading and manufacturing of a wide range of light and heavy equipment including related spares for use in the industrial, construction, agricultural and mining sectors; and
- c) manufacturing and trading of oil pipes and providing various oil and gas services including drilling and pipe-coating.

The Group’s products and services are generally dependent on the Malaysian and global economies, consumer demand and market sentiment.

NOTE 3 - Exceptional Items

There were no material unusual items affecting assets, liabilities, equity, net income, or cash flows except as disclosed in Note 1 above.

NOTE 4 - Accounting Estimates

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior years that have a material effect in the current interim period.

NOTE 5 - Issuance or Repayment of Debt and Equity Securities

There were no issuances and repayment of debt securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the period ended 31 March 2016.

NOTE 6 - Dividends Paid

Dividend for the financial year ended 31 December 2015 -

- A second interim single-tier dividend of 20% or 10.0 sen (2015 - 30% or 15.0 sen) per share of RM0.50 each, amounting to a net dividend of RM116.8 million (2015 - RM175.2 million) was paid on 23 March 2016.

NOTE 7 - Segmental Reporting

Business Segment	Financial Period Ended 31 March 2016		
	Revenue RM'000	Profit Before Taxation RM'000	Profit Attributable to Owners of the Company RM'000
Automotive	1,555,985	82,733	55,473
Equipment	357,967	39,245	30,171
Oil & Gas	87,679	(68,423)	(36,202)
Manufacturing & Engineering	145,445	6,591	1,141
Others	62,774	(39,074)	(34,003)
Sub-Total	2,209,850	21,072	16,580
Elimination of Inter-Segment Sales	(10,686)	-	
Consolidated Total	2,199,164	21,072	

There has been no other material increase in total assets compared to the last annual financial statements.

NOTE 8 - Subsequent Material Events

In the opinion of the Directors, there has been no other material event or transaction during the period from 31 March 2016 to the date of this announcement, which affects substantially the results of the Group for the period ended 31 March 2016.

NOTE 9 - Changes in Composition of the Group

1. On 11 March 2016, the Company announced that UMW Technology Sdn Bhd, a wholly-owned subsidiary in the UMW Group, had acquired UMW IT Services Sdn Bhd ("UMW IT"), for a total cash consideration of RM2.00.

The principal activities of UMW IT are providing internal IT support and services for all technology related assets and businesses, projects activities including projects delivery (Project Management Office), system integration and consultancy and new technologies, data management (big data and analytics), security and application services for both internal and external customers. UMW IT was incorporated on 9 March 2016 with an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each.

NOTE 10 - Commitments for the Purchase of Property, Plant and Equipment

These are in respect of capital commitments -

	RM'000	RM'000
Approved and contracted for:		
Land and buildings	325,948	
Equipment, plant and machinery	59,453	
Others	17,827	403,228
	<hr/>	
Approved but not contracted for:		
Land and buildings	126,383	
Equipment, plant and machinery	228,419	
Others	159,979	514,781
Total	<hr/>	<hr/>
		918,009

NOTE 11 - Significant Related Party Transactions

On 27 November 2015, the Company announced that its wholly-owned subsidiary, UMWC, had entered into a Settlement Agreement ("SA") with UMW Development Sdn Bhd ("UMWD"), a 51% subsidiary in the UMW Group, in respect of the settlement of the liabilities due from UMWD to UMWC amounting to RM229,792,101 ("Liabilities"). The settlement of the Liabilities will be made via a transfer of several parcels of land belonging to UMWD to UMWC or any other wholly-owned entity as may be nominated by UMWC, for a total consideration of RM242,462,999.97. The transaction is expected to be completed by the first quarter of 2016.

On 29 March 2016, the Company announced that UMWC and UMWD had mutually agreed to extend the Completion Date of the SA to 31 December 2016, to allow for full satisfaction of all conditions precedent in the SA.

In the opinion of the Directors, other than the above, there were no disclosures of significant related party transactions ("RPTs") as no material RPT was entered into other than those in the recurrent RPT mandate.

NOTE 12 - Classification of Financial Assets

There were no changes in the classification of financial assets as a result of a change in the purpose or use of the asset.

NOTE 13 - Changes in Contingent Liabilities and Contingent Assets

Contingent liabilities of the Group had decreased to RM1,321.0 million as at 31 March 2016 from RM1,482.4 million as at 31 December 2015.

NOTE 14 - Review of Performance

Current Quarter Ended 31 March 2016

	Revenue		Profit Before Taxation	
	Quarter Ended 31/3/2016 RM'000	Quarter Ended 31/3/2015 RM'000	Quarter Ended 31/3/2016 RM'000	Quarter Ended 31/3/2015 RM'000
Consolidated Total	2,199,164	3,240,373	21,072	320,017
Business Segment :				
Automotive	1,555,985	2,005,549	82,733	233,523
Equipment	357,967	652,994	39,245	99,301
Oil & Gas	87,679	312,496	(68,423)	42,461
Manufacturing & Engineering	145,445	171,064	6,591	1,803

Group

The Group recorded revenue and profit before taxation of RM2,199.2 million and RM21.1 million respectively, for the quarter ended 31 March 2016. The Group's revenue and profit before taxation were 32.1% and 93.4% lower than the previous corresponding quarter's results which stood at RM3,240.4 million and RM320.1 million respectively. The continued low oil prices, weak ringgit and soft market sentiment had adversely affected the Group's financial performance.

Automotive Segment

The Automotive segment recorded a revenue of RM1,556.0 million in the first quarter of 2016, RM449.6 million or 22.4% lower compared to the previous year's corresponding quarter. The segment continued to be negatively impacted by the weak ringgit and poor consumer sentiment. The segment closed the quarter with a lower profit before taxation of RM82.7 million.

Equipment Segment

The Equipment segment achieved a revenue and profit before taxation in the first quarter of 2016 of RM358.0 million and RM39.2 million respectively. The segment's revenue and profit before tax were lower by 45.2% and 60.5% compared to RM653.0 million and RM99.3 million, recorded in the corresponding period of 2015. The performance was largely affected by the weak market sentiment in the construction and mining sectors. The exceptionally better performance for the first quarter 2015 was due to forward purchases by customers prior to implementation of GST in April 2015 as well as higher demand for heavy equipment in Myanmar, following resumption of jade mining activities in Hpakant province in late 2014.

NOTE 14 - Review of Performance (cont'd)

Current Quarter Ended 31 March 2016 (cont'd)

Oil & Gas Segment

The Oil & Gas segment recorded revenue and loss before taxation in the current quarter of RM87.7 million and RM68.4 million respectively. The segment's poor performance was due to reduced time charter rates as well as soft demand for drilling services arising from continued low oil prices and reduced operating and capital expenditure from oil majors.

Manufacturing & Engineering Segment

The Manufacturing & Engineering segment recorded RM145.5 million revenue and RM6.6 million profit before taxation in the current quarter. The revenue was 15.0% lower compared to the same quarter of 2015, due to the lower demand for lubricants and auto components products.

However, the profit before taxation improved over the corresponding quarter of 2015 mainly from the automotive shock absorbers business. Successful disposal of the loss-making automotive components companies in India in November 2015 had also contributed to the segment's better results.

NOTE 15 - Comparison with Preceding Quarter's Results

	Revenue		Profit Before Taxation	
	1 st Quarter Ended 31/3/2016 RM'000	4 th Quarter Ended 31/12/2015 RM'000	1 st Quarter Ended 31/3/2016 RM'000	4 th Quarter Ended 31/12/2015 RM'000
Consolidated Total	2,199,164	4,160,904	21,072	(334,250)
Business Segment				
Automotive	1,555,985	3,375,858	82,733	247,882
Equipment	357,967	402,878	39,245	27,538
Oil & Gas	87,679	130,958	(68,423)	(411,305)
Manufacturing & Engineering	145,445	182,395	6,591	13,388

The Group's revenue of RM2,199.2 million in the first quarter of 2016 was RM1,961.7 million or 47.1% lower than the RM4,160.9 million recorded in the fourth quarter of 2015. Uncertainties surrounding oil prices, the weak ringgit and poor consumer sentiments continued to affect the Group's business performance.

Nevertheless, the first quarter of 2016 recorded a profit before taxation of RM21.1 million compared to the loss before taxation of RM334.3 million of the previous quarter. Losses in the previous quarter was mainly from provisions for impairment of assets as well as foreign exchange losses resulting from deterioration of the ringgit.

NOTE 16 - Current Prospect

Automotive Segment

The Malaysian Automotive Association forecasted TIV to drop to 650,000 units in 2016, from 666,674 units in 2015. The soft consumer sentiments and more stringent hire purchase loan approval may further affect the demand for motor vehicles.

Automotive segment continues to be affected by the stiff competition, however plans for new model launches are in the pipeline.

In view of the above, we expect a weaker performance for the Automotive segment for 2016.

Equipment Segment

Prolonged slowdown in the logging and mining sectors will continue to affect local demand for heavy equipment. The business operations in Myanmar will also be affected by the uncertainties concerning the new policies of the new government that may cloud the jade mining activities in the country.

However, the Industrial Equipment segment is expected to sustain its performance but margin will be under pressure from competition in the market.

Overall, the segment is expected to contribute positively to the Group's 2016 performance.

Oil & Gas Segment

Many oil majors have been cutting down their spending on the capital and operating expenditure, thus affecting the demand for the oil and gas segment's services.

The current gradual improvement in the oil prices provides prospect for potential recovery in the medium to long term. Any further significant recovery in oil prices will positively affect and improve the segment's performance. However, the near term volatility will continue to pose challenges to the segment in 2016.

Manufacturing & Engineering Segment

The demand for lubricants and automotive component products will continue to be affected by the performance of the automotive industry. Consumer price sensitivity on spending is expected to increase the demand for low-cost lubricants at the expense of premium categories. Higher competition at thin margins is expected to achieve competitiveness.

The segment's new venture in the aero business is expected to record pre-operating expenses in the current year before providing positive contribution to this segment in the future. Nevertheless, the segment is expected to contribute positively to the Group's performance

Group

Based on the above, the Group expects a challenging year ahead. Nevertheless, management will continue to implement cost cutting measures to mitigate the impact of the market volatility on the Group performance.

NOTE 17 - Variance from Profit Forecast and Profit Guarantee

This is not applicable to the Group.

NOTE 18 - Taxation

	Quarter Ended 31/3/2016 RM'000
Current period's provision	25,407
Under/(Over) provision in prior periods	3
	25,410
Deferred taxation	595
Total	26,005

The effective tax rates for the current quarter period ended 31 March 2016 were higher than the statutory tax rate of 24.0% primarily because -

- certain expenses were not allowable for tax purposes;
- corporate income tax for some foreign operations was calculated based on the contract value invoiced instead of net income; and
- some subsidiaries were in a loss position.

NOTE 19 - Corporate Proposals

On 16 May 2013, an announcement was made by the Company in relation to its proposal to list its wholly-owned subsidiary.

On 1 November 2013, the listing of UMW Oil & Gas Corporation Berhad ("UMW-OG") on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") was completed following the listing of and quotation for the entire issued and paid-up share capital of UMW-OG of 2,162,000,000 ordinary shares of RM0.50 each, on Bursa Securities.

UMWH raised total proceeds of approximately RM1,002.0 million via offer for sale and exercise of the over-allotment option in conjunction with the listing. The proceeds from the exercise of over-allotment options will be utilised for working capital purposes whilst the proceeds from the offer for sale will be utilised as per the table below.

The status of utilisation of proceeds from the offer for sale as at 18 May 2016 is as follows -

<u>Purpose</u>	<u>Proposed Utilisation RM'mil</u>	<u>Actual Utilisation To Date RM'mil</u>	<u>Intended Timeframe for Utilisation Month</u>	<u>Deviation in Amount & %</u>	<u>Explanation</u>
Repayment of borrowings	203.0	203.0	24	nil	-
Working capital	547.5	267.6	24	n/a	-
Capital expenditure	200.0	81.0	24	n/a	-
Estimated fees and expenses for the IPO and the Listing	51.5	23.6	6	RM27.9mil or 54.2%	*
Total gross proceeds	<u>1,002.0</u>	<u>575.2</u>			

*Actual expenses incurred were lower as management had successfully negotiated for lower fees. The unutilised balance will be used for working capital purposes

Other than the above, there were no corporate proposals announced but not completed at the date of this announcement.

NOTE 20 - Group Borrowings and Debt Securities

	RM'000	RM'000	'000
(a) Short term borrowings			
- Unsecured			
Short term loans and trade facilities	2,550,267		(USD615,794
Portion of long term loans payable within 12 months	<u>257,954</u>		(USD65,971
		2,808,221	
- Secured			
Short term loans and trade facilities	119,594		(USD20,114 (AUD3,333 (INR17,845
Finance lease payable	<u>235</u>		
		<u>119,829</u>	
		2,928,050	(USD701,879 (AUD3,333 (INR17,845
(b) Long term borrowings			
- Unsecured			
Long term loans	2,460,140		(USD545,854
Portion of long term loans payable within 12 months	<u>(257,954)</u>		((USD65,971)
		2,202,186	
- Secured			
Long term loans	277,482		(USD34,751 (RMB52,871 (OMR10,764
Finance lease payable	<u>2</u>		
		<u>277,484</u>	
		2,479,670	(USD514,634 (RMB52,871 (OMR10,764

NOTE 21 - Material Litigation

On 10 April 2015, a wholly-owned subsidiary of UMW-OG, UMW Offshore Drilling Sdn Bhd ("UOD"), commenced arbitration proceedings against Frontier Oil Corporation ("FOC" or "Respondent") (UOD and FOC collectively known as "the Parties") by serving a Notice of Arbitration to seek amongst others, an award for damages and/or compensation for all losses arising from FOC's breach of contract but not limited to the early termination fee amounting to USD19.2 million.

On 15 September 2014, the Parties had entered into a drilling contract wherein UOD at the request of FOC, agreed to provide a drilling unit, UMW NAGA 7, and other related services. It is UOD's contention that FOC had breached the contract by failing in its obligation to provide bank guarantee and advance payment to UOD prior to UOD's commencement of works leading to UOD having to terminate the contract.

The contract states that any contract breach, termination or validity thereof shall be settled by final and binding arbitration at the Singapore International Arbitration Centre ("SIAC"), before one (1) arbitrator to be appointed by the Chairman of SIAC, and that the place of arbitration shall be Singapore where the award shall be deemed to be a Singapore Award.

On 6 July 2015, the Arbitral Tribunal was constituted by SIAC and a sole arbitrator was appointed for the arbitration. The Parties are required to comply with preliminary directions ordered by the Arbitrator. On the advice of its solicitors and pursuant to the facts of the case, UMW-OG is of the view that it has a strong chance of succeeding in its claim against the Respondent.

Other than the above, there are no material developments in respect of the arbitral proceedings and there are no other material litigation pending as at the date of this announcement.

NOTE 22 - Dividend

No interim dividend has been recommended for the quarter ended 31 March 2016 (2015 - Nil).

NOTE 23 - Earnings Per Share

Basic loss per share for the current quarter ended 31 March 2016 is calculated by dividing the net profit attributable to shareholders of RM16.6 million, by the weighted average number of ordinary shares in issue as at 31 March 2016 of 1,168,293,932 shares of RM0.50 each.

NOTE 24 - Realised and Unrealised Profits/Losses

The breakdown of retained profits of the Group as at 31 March 2016, pursuant to the format prescribed by Bursa Securities, is as follows -

	As at 31/3/2016 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:	
- Realised	3,187,876
- Unrealised	223,134
	3,411,010
Total share of retained profits/(accumulated losses) from associated companies:	
- Realised	1,558,830
- Unrealised	(227,394)
Total share of retained profits/(accumulated losses) from jointly-controlled entities:	
- Realised	(284,689)
- Unrealised	(1,344)
	4,456,413
Add: Consolidation adjustments	203,465
Total Group retained profits as per consolidated accounts	4,659,878

NOTE 25 - Audit Qualification

The audit report in respect of the annual financial statements for the financial year ended 31 December 2015 was not qualified.

NOTE 26 - Items to Disclose in the Statement of Comprehensive Income

	Quarter Ended 31/3/2016 RM'000
a) Interest income	17,918
b) Other investment income	7,241
c) Depreciation	(132,593)
d) Reversal for impairment losses of receivables	8,145
e) Provision for write down of inventories	(1,215)
f) Loss on disposal of quoted or unquoted investment	(1,368)
g) Loss on disposal of property, plant and equipment	(2,084)
h) Provision for impairment losses of assets	(3,826)
i) Net foreign exchange loss (net)	(138,286)
j) Gain on derivatives (net)	165,745
k) Exceptional item	-

By Order Of The Board

FADZILAH BINTI SAMION
Secretary
(MACS 01262)

Shah Alam
24 May 2016