

UMW HOLDINGS BERHAD

(COMPANY NO : 90278-P)
(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30TH JUNE 2016

(THE FIGURES HAVE NOT BEEN AUDITED)

	Current Quarter Ended 30/6/2016 RM'000	Comparative Quarter Ended 30/6/2015 RM'000	6 Months Cumulative To Date 30/6/2016 RM'000	Comparative 6 Months Cumulative To Date 30/6/2015 RM'000
<u>Continuing Operations</u>				
Revenue	2,846,806	3,485,294	5,045,970	6,725,667
Operating Expenses	(2,828,617)	(3,338,649)	(5,031,271)	(6,323,181)
Other Operating Income	22,879	29,338	43,515	57,006
Profit From Operations	41,068	175,983	58,214	459,492
Finance Costs	(41,252)	(27,764)	(84,554)	(59,958)
Share Of Results Of Associates And Joint Ventures	26,528	29,544	48,597	62,973
Investment Income	18,465	29,861	43,624	65,134
Profit Before Taxation And Zakat	44,809	207,624	65,881	527,641
Taxation And Zakat	(48,535)	(74,267)	(74,540)	(158,273)
(Loss)/Profit For The Period	(3,726)	133,357	(8,659)	369,368
<u>Other Comprehensive Income:</u>				
Translation Of Foreign Operations	81,256	62,176	(156,821)	169,262
Cash Flow Hedge	(3,629)	342	(12,876)	294
Other Comprehensive Income Net Of Tax	77,627	62,518	(169,697)	169,556
Total Comprehensive Income For The Period	73,901	195,875	(178,356)	538,924
<u>(Loss)/Profit For The Period Attributable To:</u>				
Equity Holders Of The Company	(12,127)	68,438	4,453	233,592
Non-Controlling Interests	8,401	64,919	(13,112)	135,776
	(3,726)	133,357	(8,659)	369,368
<u>Total Comprehensive Income Attributable To :</u>				
Equity Holders Of The Company	43,020	114,205	(79,684)	333,103
Non-Controlling Interests	30,881	81,670	(98,672)	205,821
	73,901	195,875	(178,356)	538,924
<u>EPS Attributable To Equity Holders of The Company:</u>				
Basic EPS For The Period (Sen)	(1.04)	5.86	0.38	19.99
Diluted EPS For The Period (Sen)	(1.04)	5.86	0.38	19.99

(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

(COMPANY NO : 90278-P)

(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(UNAUDITED) AS AT 30/6/2016 RM'000	(AUDITED) AS AT 31/12/2015 RM'000
ASSETS		
Non-Current Assets		
Property, Plant And Equipment	8,020,523	8,102,786
Investment Properties	2,815	3,172
Intangible Assets	25,228	25,228
Land Use Rights	6,432	6,761
Leased Assets	272,957	287,629
Investments In Associates	1,911,422	1,923,150
Investments In Joint Ventures	57,520	55,951
Deferred Tax Assets	71,841	74,501
Other Investments	21,909	22,761
Derivative Assets	55	13,514
	<u>10,390,702</u>	<u>10,515,453</u>
Current Assets		
Inventories	2,336,419	1,889,963
Trade Receivables	906,210	1,457,664
Other Receivables	568,932	427,623
Other Investments	486,331	1,188,945
Derivative Assets	22,275	11,510
Deposits, Cash And Bank Balances	1,926,874	2,734,143
	<u>6,247,041</u>	<u>7,709,848</u>
TOTAL ASSETS	<u>16,637,743</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	374,045	445,306
Hedging Reserve	(12,876)	-
Retained Profits	4,633,635	4,760,127
	<u>6,373,829</u>	<u>6,584,458</u>
Non-Controlling interests	2,663,388	2,799,413
Total Equity	<u>9,037,217</u>	<u>9,383,871</u>
Non-Current Liabilities		
Provision For Warranties	56,855	55,976
Deferred Tax Liabilities	29,991	27,480
Long Term Borrowings	3,063,037	2,289,762
Other Payables	31,378	50,197
Derivative Liabilities	66,979	80,030
	<u>3,248,240</u>	<u>2,503,445</u>
Current Liabilities		
Provision For Warranties	83,791	85,171
Taxation	59,700	86,981
Short Term Borrowings	2,225,808	3,646,204
Bank Overdrafts	41,685	78,786
Trade Payables	939,527	1,379,608
Other Payables	988,849	861,571
Derivative Liabilities	12,926	199,664
	<u>4,352,286</u>	<u>6,337,985</u>
Total Liabilities	<u>7,600,526</u>	<u>8,841,430</u>
TOTAL EQUITY AND LIABILITIES	<u>16,637,743</u>	<u>18,225,301</u>
Net Assets Per Share (RM)	5.4557	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 : 90278-P)

(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30TH JUNE 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		
6 MONTHS ENDED 30TH JUNE 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									
Acquisition of non-controlling interest	-	-	-	-	-	(14,116)	(14,116)	13,037	(1,079)
Dividends distributed to equity holders	-	-	-	-	-	(116,829)	(116,829)	(50,390)	(167,219)
Total comprehensive income	-	-	-	(71,261)	(12,876)	4,453	(79,684)	(98,672)	(178,356)
At 30th June 2016	584,147	794,482	396	374,045	(12,876)	4,633,635	6,373,829	2,663,388	9,037,217

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30TH JUNE 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		
6 MONTHS ENDED 30TH JUNE 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									
Issue of ordinary shares by subsidiaries	-	-	-	-	-	-	-	18,874	18,874
Acquisition of non-controlling interest	-	-	-	-	-	(9,648)	(9,648)	(16,138)	(25,786)
Dividends distributed to equity holders	-	-	-	-	-	(186,927)	(186,927)	(181,055)	(367,982)
Total comprehensive income	-	-	-	99,217	294	233,592	333,103	205,821	538,924
At 30th June 2015	584,147	794,482	396	191,761	339	5,145,865	6,716,990	2,880,097	9,597,087

(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 : 90278-P)
(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH JUNE 2016

	6 Months Ended 30/06/2016 RM'000	6 Months Ended 30/06/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Taxation	65,881	527,641
Adjustments For:		
Depreciation & Amortisation	262,426	218,418
Provision for/(Reversal) of impairment on assets	851	(20,474)
Net inventories written down	3,901	6,993
Interest expense	84,554	59,958
Share of results of associates and joint ventures	(48,597)	(62,973)
(Reversal of impairment)/ Impairment on receivables	(6,123)	5,725
Net unrealised foreign exchange/fair value (gain)/loss	(134,854)	39,408
Interest & dividend income	(43,624)	(65,134)
Others	10,757	16,650
Operating Profit Before Working Capital Changes	<u>195,172</u>	<u>726,212</u>
Decrease in receivables	399,064	450,062
Increase in inventories	(472,433)	(329,925)
Decrease in payables	<u>(146,772)</u>	<u>(251,308)</u>
Cash (Used In)/Generated From Operating Activities	<u>(24,969)</u>	<u>595,041</u>
Interest paid	(82,784)	(58,498)
Taxation paid	<u>(95,457)</u>	<u>(165,189)</u>
Net Cash (Used In)/Generated From Operating Activities	<u>(203,210)</u>	<u>371,354</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash outflow arising from equity investments	(1,079)	(6,913)
Dividends received	58,573	68,947
Purchase of property, plant & equipment	(577,896)	(1,120,861)
Proceeds from disposal of property, plant & equipment	9,902	26,970
Interest & dividend income	43,624	65,134
Other Investments (net)	<u>703,924</u>	<u>33,117</u>
Net Cash Generated From/(Used In) Investing Activities	<u>237,048</u>	<u>(933,606)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to equity holders of the company	(116,829)	(362,171)
Dividend paid to non-controlling interests	(50,390)	(181,055)
Net (repayment)/drawdown of loans & borrowings	<u>(598,003)</u>	<u>613,959</u>
Net Cash (Used In)/Generated From Financing Activities	<u>(765,222)</u>	<u>70,733</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(731,384)	(491,519)
CASH AND CASH EQUIVALENTS AS AT 1ST JANUARY	2,655,357	3,276,552
CASH AND CASH EQUIVALENTS CLASSIFIED AS HELD FOR SALE	-	3,698
EFFECTS OF EXCHANGE RATE CHANGES	<u>(38,784)</u>	<u>8,895</u>
CASH AND CASH EQUIVALENTS AS AT 30TH JUNE	<u>1,885,189</u>	<u>2,797,626</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 the 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 30 June 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 30 June 2016		
	Revenue RM'000	Profit Before Taxation RM'000	Profit Attributable to Owners of the Company RM'000
Automotive	3,733,120	216,023	124,929
Equipment	709,118	82,586	62,957
Oil & Gas	217,689	(132,419)	(73,730)
Manufacturing & Engineering	302,412	17,499	4,565
Others	120,468	(117,808)	(114,268)
Sub-Total	5,082,807	65,881	4,453
Elimination of Inter-Segment Sales	(36,837)	-	
Consolidated Total	5,045,970	65,881	

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

NOTE 8 - Subsequent Material Events

1. On 28 July 2016, the Company announced that UMW Technology Sdn Bhd, a wholly-owned subsidiary in the UMW Group, had established a wholly-owned subsidiary, UTech Americas, Inc (“UTech Americas”), for a total cash consideration of USD1,000.00.

The principal activity of UTech Americas is investment holding for investments in the technology sectors within the United States of America. UTech Americas was incorporated with an authorised share capital of USD200 comprising 100,000 ordinary shares of USD0.001 each and 100,000 preferred shares of USD0.001 each.

2. On 1 August 2016, the Company announced that UTech Americas, a wholly-owned subsidiary in the UMW Group, had entered into a Joint Venture Agreement (“JVA”) with Spark Labs International, Inc to establish a joint venture entity, U-Spark, LLC (“U-Spark”).

The principal activity of U-Spark is to participate in technology co-working business in North America. The initial contribution to the capital of U-Spark will be USD2,000,000.00, where it is to be contributed by the parties on a 50:50 basis.

In the opinion of the Directors, there has been no other material event or transaction during the period from 30 June 2016 to the date of this announcement, which affects substantially the results of the Group for the period ended 30 June 2016.

NOTE 9 - Changes in Composition of the Group

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	117,314	
Equipment, plant and machinery	59,158	
Others	<u>12,555</u>	189,027
Approved but not contracted for:		
Land and buildings	111,422	
Equipment, plant and machinery	1,720,205	
Others	<u>76,973</u>	1,908,600
Total		<u>2,097,627</u>

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 other disclosures of significant related party transactions ("RPTs") as no material RPTs were entered into except for 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 RM1,425.3 million as at 30 June 2016 from RM1,482.4 million as at 31 December 2015.

NOTE 14 - Review of Performance

Current Quarter Ended 30 June 2016

	Revenue		Profit/(Loss) Before Taxation	
	Quarter ended 30/6/2016 RM'000	Quarter ended 30/6/2015 RM'000	Quarter ended 30/6/2016 RM'000	Quarter ended 30/6/2015 RM'000
Consolidated Total	2,846,806	3,485,294	44,809	207,624
Business Segment :				
Automotive	2,177,135	2,732,671	133,290	263,370
Equipment	351,151	353,644	43,341	33,681
Oil & Gas	130,010	183,374	(63,996)	7,995
Manufacturing & Engineering	156,967	165,400	10,908	400

Group

The Group recorded a revenue of RM2,846.8 million for the second quarter ended 30 June 2016, representing RM638.5 million or 18.3% lower than the RM3,485.3 million recorded in the same period of 2015. All business segments recorded lower revenue compared to the previous year's corresponding quarter.

In line with the lower revenue, the Group generated a lower profit before taxation of RM44.8 million against RM207.6 million in the previous year's corresponding quarter.

Automotive Segment

The segment recorded a lower revenue of RM2,177.1 million for the second quarter of 2016 compared to RM2,732.7 million registered in the previous year's corresponding quarter as a result of intense competition from other automotive manufacturers.

Consequently, the segment registered a lower profit before taxation of RM133.3 million for the quarter, i.e. 49.4% lower than the RM263.4 million profit before taxation recorded in the previous year's corresponding quarter. The continued weakening of ringgit had also affected the segment's profit for the quarter.

Equipment Segment

Equipment segment's revenue of RM351.2 million for the second quarter of 2016 was marginally lower than RM353.6 million recorded in the same period of 2015, mainly attributable to the slowdown in the construction and mining sectors and the restriction imposed on the importation of heavy equipment into the country by the government in Myanmar.

Nevertheless, the profit before taxation improved from RM33.7 million to RM43.3 million through better cost management.

NOTE 14 - Review of Performance (cont'd)

Current Quarter Ended 30 June 2016 (cont'd)

Oil & Gas Segment

The Oil & Gas segment's revenue of RM130.0 million for the current quarter was 29.1% or RM53.4 million lower than the previous year's corresponding quarter of RM183.4 million. The reduction in revenue was due to lower time charter rates and lower utilisation of assets for the segment.

Consequently, the segment recorded a loss before taxation of RM64.0 million for the current quarter compared to profit before taxation of RM8.0 million reported in the corresponding quarter of 2015.

Manufacturing & Engineering Segment

The Manufacturing & Engineering segment recorded a revenue of RM157.0 million in the current quarter, RM8.4 million or 5.1% lower than the RM165.4 million reported in the previous year's corresponding quarter. Despite the lower revenue, profit before taxation increased from RM0.4 million to RM10.9 million in the current quarter, mainly attributable to the better performance of shock absorbers and lubricant businesses.

Six Months Ended 30 June 2016

	Revenue		Profit/(Loss) Before Taxation	
	Six Months ended 30/06/2016 RM'000	Six Months ended 30/06/2015 RM'000	Six Months ended 30/06/2016 RM'000	Six Months ended 30/06/2015 RM'000
Consolidated Total	5,045,970	6,725,667	65,881	527,641
Business Segment				
Automotive	3,733,120	4,738,220	216,023	496,893
Equipment	709,118	1,006,638	82,586	132,982
Oil & Gas	217,689	495,870	(132,419)	50,456
Manufacturing & Engineering	302,412	336,464	17,499	2,203

Group

The Group's revenue of RM5,046.0 million for the six months ended 30 June 2016 was 25.0% lower than the RM6,725.7 million recorded in the corresponding period of 2015. Lower revenue in Automotive, Oil & Gas and Equipment segments was mainly due to the continued weakening of ringgit, low oil and commodity prices.

The Group's profit before taxation for the six months ended 30 June 2016 decreased by 87.5%, from RM527.6 million registered in the same period of 2015 to RM65.9 million. The Automotive, Oil & Gas and Equipment segments registered lower profit before taxation for the period.

Consequently, the net profit attributable to equity holders of the Company reduced to RM4.5 million from the RM233.6 million registered in the first half of 2015.

NOTE 14 - Review of Performance (cont'd)

Six Months Ended 30 June 2016 (cont'd)

Automotive Segment

The segment's revenue for the first half of 2016 of RM3,733.1 million decreased by RM1,005.1 million or 21.2% lower than the RM4,738.2 million recorded in the corresponding period of 2015. The segment's performance was in tandem with market performance which recorded a decrease in total industry volume ("TIV") of 46,795 units or 14.5%, i.e., from 322,254 units in the first half of 2015 to 275,459 units in the current period of 2016. Intense competition and aggressive promotions by major players contributed further pressure to the segment.

In line with the decrease in revenue, the segment recorded a profit before taxation of RM216.0 million for the first half of 2016, a decrease of RM280.9 million or 56.5% from the RM496.9 million registered in the same period of 2015. Unfavourable foreign exchange rate following the weakening ringgit further impacted the segment's profit before taxation.

Equipment Segment

The Equipment segment generated a revenue of RM709.1 million for the first half of 2016, RM297.5 million or 29.6% lower than the RM1,006.6 million recorded in the same period of 2015. The continuing low commodity prices affected overall market demand especially for heavy equipment. In addition, the restriction imposed on heavy equipment importation by the government in Myanmar further affected the segment's revenue.

In tandem with the lower revenue, profit before taxation for the Equipment segment reduced from RM133.0 million recorded in the first half of 2015 to RM82.6 million in the current period.

Oil & Gas Segment

The Oil & Gas segment's revenue of RM217.7 million for the first half of 2016 was lower than the RM495.9 million registered in the same period of 2015, a decrease of RM278.2 million or 56.1%. Lower revenue contribution in the first half of 2016 was due to lower levels of exploration, development and production activities in the oil and gas industry resulting from continued depressed oil prices and reduced operating and capital expenditure from oil majors. The segment's performance was affected by the lower day rates as well as lower asset utilisation.

Consequently, the segment reported a loss before taxation of RM132.4 million in the first half of 2016 as opposed to the RM50.5 million profit before taxation achieved in the corresponding period of 2015.

Manufacturing & Engineering Segment

The Manufacturing & Engineering segment recorded a revenue of RM302.4 million for the first half of 2016, RM34.1 million or 10.1% lower than the RM336.5 million recorded in the same period of 2015. Included in the first half of 2015 revenue was contribution from the automotive component business in India which was disposed in the second half of the year.

Profit before taxation however, improved by RM15.3 million over the corresponding period of 2015, i.e., RM17.5 million as opposed to RM2.2 million in the previous year's corresponding period mainly attributable to the improved sales of shock absorbers and lubricants.

NOTE 15 - Comparison with Preceding Quarter's Results

	Revenue		Profit/(Loss) Before Taxation	
	2 nd Quarter Ended 30/6/2016 RM'000	1 st Quarter Ended 31/3/2016 RM'000	2 nd Quarter Ended 30/6/2016 RM'000	1 st Quarter Ended 31/3/2016 RM'000
Consolidated Total	2,846,806	2,199,164	44,809	21,072
Business Segment				
Automotive	2,177,135	1,555,985	133,290	82,733
Equipment	351,151	357,967	43,341	39,245
Oil & Gas	130,010	87,679	(63,996)	(68,423)
Manufacturing & Engineering	156,967	145,445	10,908	6,591

The Group's revenue of RM2,846.8 million recorded in the second quarter of 2016 improved by RM647.6 million or 29.4% from RM2,199.2 million in the first quarter of 2016. In line with the improved revenue, the second quarter 2016 profit before taxation increased from RM21.1 million in the first quarter to RM44.8 million, that was mainly contributed by the Automotive segment.

NOTE 16 - Current Prospect**Automotive Segment**

The Malaysian Automotive Association ("MAA") forecasted TIV for 2016 to drop to 580,000 units from 650,000 units forecasted earlier. Consumer sentiment is expected to remain weak due to the uncertain economic outlook and more stringent hire purchase loan approval may further affect the demand for motor vehicles. However, the recent reduction in Overnight Policy Rate from 3.25% to 3.00% may improve domestic demand.

Introduction of new models with energy efficiency features, coupled with aggressive campaigns and promotions may improve the segment's future performance. Notwithstanding, intense competition among industry players and the weakening ringgit may affect the performance of the Automotive segment.

Equipment Segment

Low mining and logging activities will continue to affect demand for heavy equipment. However, demand in the construction sector may be spurred by the Pan Borneo Highway project in East Malaysia.

Based on the above, the equipment segment's outlook is expected to remain positive in the second half of 2016.

NOTE 16 - Current Prospect (cont'd)

Oil & Gas Segment

Oil price has the potential for recovery in the medium term with the Brent benchmark oil price stabilising at above USD40 per barrel for more than four months recently. The increase in tendering activities for drilling services indicates potential upturn in the medium term though these tenders may take months to translate into rig utilisation. The charter rates will continue to be under pressure from the oversupply of offshore rigs in the market.

In May 2016, UMW NAGA 6 secured a contract for the provision of drilling services to Petronas Carigali Sdn. Bhd, for a duration of two years with an option to extend for another year. Our Oil & Gas subsidiaries are actively involved in various stages of tendering in local and overseas contracts. The segment's performance and asset utilisation are expected to improve if the segment succeeds in securing some of these potential contracts.

Manufacturing & Engineering Segment

Local demand for automotive component products will continue to be affected by the sluggish growth in the automotive industry. However, the exports of shock absorbers to the European market will help to mitigate this negative impact.

Lubricant business will continue to be competitive especially with the prudent spending by customers.

The segment's new venture in the aerospace business is progressing and expected to commence production in 2017.

Overall, the segment is expected to contribute positively to the Group.

Group

Overall, the Group's outlook for the rest of the year will continue to be challenging. Nevertheless, management will continue to take appropriate measures to contain cost and improve operational efficiencies.

NOTE 17 - Variance from Profit Forecast and Profit Guarantee

This is not applicable to the Group.

NOTE 18 - Taxation

	Second Quarter Ended 30/6/2016 RM'000	Six Months Ended 30/06/2016 RM'000
Current period's provision	39,875	65,870
Under provision in prior periods	98	101
	39,973	65,971
Deferred taxation	2	9
Taxation	39,975	65,980
Zakat	8,560	8,560
Total taxation and zakat	48,535	74,540

The effective tax rates for the current quarter and period ended 30 June 2016 were higher than the statutory tax rate of 24.0% primarily due to -

- certain expenses were not allowable for tax purposes; 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 26 August 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	288.9	24	n/a	-
Capital expenditure	200.0	116.0	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>631.5</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	1,685,803		(USD383,654
Portion of long term loans payable within 12 months	<u>275,777</u>		(USD68,422
		1,961,580	
- Secured			
Short term loans and trade facilities	264,003		(USD54,302 (AUD2,381
 Finance lease payable	 <u>225</u>		
		264,228	
		<u>2,225,808</u>	(USD506,378 (AUD2,381
		<hr/>	<hr/>
(b) Long term borrowings			
- Unsecured			
Long term loans	2,449,561		(USD526,313
Portion of long term loans payable within 12 months	<u>(275,777)</u>		((USD68,422)
		2,173,784	
- Secured			
Long term loans	889,251		(USD186,251 (RMB52,871 (OMR10,228
 Finance lease payable	 <u>2</u>		
		889,253	
		<u>3,063,037</u>	(USD644,142 (RMB52,871 (OMR10,228
		<hr/>	<hr/>

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 is no other material development in respect of the arbitral proceedings and there is 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 30 June 2016 (2015 - 20% or 10.0 sen).

NOTE 23 - Earnings Per Share

Basic (loss)/earnings per share for the current quarter and financial period ended 30 June 2016 is calculated by dividing the net (loss)/profit attributable to shareholders by the weighted average number of ordinary shares in issue as at 30 June 2016.

	Quarter Ended 30/6/2016	Six Months Ended 30/06/2016
Net (loss)/profit attributable to shareholders (RM'000)	(12,127)	4,453
Weighted average number of ordinary shares of RM0.50 each	1,168,293,932	1,168,293,932
Basic/Diluted (loss)/earnings per share (sen)	(1.0)	0.4

NOTE 24 - Realised and Unrealised Profits/Losses

The breakdown of retained profits of the Group as at 30 June 2016, pursuant to the format prescribed by Bursa Securities, is as follows -

	As at 30/6/2016 RM'000	As at 31/12/2015 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- Realised	3,406,252	3,145,989
- Unrealised	(35,817)	291,927
	3,370,435	3,437,916
Total share of retained profits/(accumulated losses) from associated companies:		
- Realised	1,321,870	1,799,944
- Unrealised	(23,081)	(425,144)
Total share of retained profits/(accumulated losses) from jointly-controlled entities:		
- Realised	(281,061)	(303,430)
- Unrealised	(4,302)	(2,652)
	4,383,861	4,506,634
Less: Consolidation adjustments	249,774	253,493
Total Group retained profits as per consolidated accounts	4,633,635	4,760,127

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

	2nd Quarter Ended 30/6/2016 RM'000	Six Months Ended 30/6/2016 RM'000
1) Interest income	10,880	28,798
2) Other investment income	7,585	14,826
3) Depreciation	(129,833)	(262,426)
4) (Provision)/Reversal for impairment losses of receivables	(2,022)	6,123
5) Provision for write down of inventories	(2,686)	(3,901)
6) Gain on disposal of quoted or unquoted investment	2,823	1,455
7) Gain/(Loss) on disposal of property, plant and equipment	1,644	(440)
8) Reversal/(Provision) for impairment losses of assets	2,975	(851)
9) Net foreign exchange loss (net)	(47,881)	(186,167)
10) Gain on derivatives (net)	48,315	214,060
11) Exceptional item	-	-

By Order Of The Board

FADZILAH BINTI SAMION
Secretary
(MACS 01262)

Shah Alam
29 August 2016