

UMW HOLDINGS BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

(THE FIGURES HAVE NOT BEEN AUDITED)

	Current Quarter Ended 31/12/2016 RM'000	Comparative Quarter Ended 31/12/2015 RM'000	12 Months Cumulative To Date 31/12/2016 RM'000	Audited Comparative 12 Months Cumulative To Date 31/12/2015 RM'000
<u>Continuing Operations</u>				
Revenue	3,062,311	4,182,737	10,965,068	14,441,583
Operating Expenses	(5,229,768)	(4,628,390)	(13,281,196)	(14,449,285)
Other Operating Income	42,460	54,962	113,322	143,319
(Loss)/Profit From Operations	(2,124,997)	(390,691)	(2,202,806)	135,617
Finance Costs	(60,647)	(42,066)	(186,265)	(126,775)
Share Of Results Of Associates And Joint Ventures	65,323	71,788	154,767	134,438
Investment Income	22,288	30,741	80,528	126,372
(Loss)/Profit Before Taxation And Zakat	(2,098,033)	(330,228)	(2,153,776)	269,652
Taxation And Zakat	(24,933)	(64,860)	(140,725)	(267,460)
(Loss)/Profit For The Period	(2,122,966)	(395,088)	(2,294,501)	2,192
<u>Other Comprehensive Income:</u>				
Translation Of Foreign Operations	126,652	14,493	(19,694)	548,010
Cash Flow Hedge	7,427	15	3,098	(45)
Other Comprehensive Income Net Of Tax	134,079	14,508	(16,596)	547,965
Total Comprehensive Income For The Period	(1,988,887)	(380,580)	(2,311,097)	550,157
<u>(Loss)/Profit For The Period Attributable To:</u>				
Equity Holders Of The Company	(1,566,201)	(284,286)	(1,690,576)	(37,171)
Non-Controlling Interests	(556,765)	(110,802)	(603,925)	39,363
	(2,122,966)	(395,088)	(2,294,501)	2,192
<u>Total Comprehensive Income Attributable To :</u>				
Equity Holders Of The Company	(1,517,484)	(232,290)	(1,725,884)	315,546
Non-Controlling Interests	(471,403)	(148,290)	(585,213)	234,611
	(1,988,887)	(380,580)	(2,311,097)	550,157
<u>EPS Attributable To Equity Holders Of The Company:</u>				
Basic EPS For The Period (Sen)	(134.06)	(24.33)	(144.70)	(3.18)
Diluted EPS For The Period (Sen)	(134.06)	(24.33)	(144.70)	(3.18)

(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 31/12/2016 RM'000	(AUDITED) AS AT 31/12/2015 RM'000
ASSETS		
Non-Current Assets		
Property, Plant And Equipment	7,639,048	8,102,786
Investment Properties	2,459	3,172
Intangible Assets	-	25,228
Land Use Rights	6,482	6,761
Leased Assets	270,965	287,629
Investments In Associates	1,996,709	1,923,150
Investments In Joint Ventures	58,794	55,951
Deferred Tax Assets	73,041	74,501
Other Investments	22,660	22,761
Derivative Assets	-	13,514
	<u>10,070,158</u>	<u>10,515,453</u>
Current Assets		
Inventories	1,922,370	1,889,963
Trade Receivables	754,294	1,457,664
Other Receivables	268,069	427,623
Other Investments	996,718	1,188,945
Derivative Assets	15,558	11,510
Deposits, Cash And Bank Balances	2,178,960	2,734,143
	<u>6,135,969</u>	<u>7,709,848</u>
TOTAL ASSETS	<u><u>16,206,127</u></u>	<u><u>18,225,301</u></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	406,900	445,306
Hedging Reserve	3,098	-
Retained Profits	2,932,718	4,760,127
	<u>4,721,741</u>	<u>6,584,458</u>
Non-Controlling Interests	2,187,111	2,799,413
Total Equity	<u><u>6,908,852</u></u>	<u><u>9,383,871</u></u>
Non-Current Liabilities		
Provision For Warranties	56,152	55,976
Deferred Tax Liabilities	29,814	27,480
Long Term Borrowings	3,788,608	2,289,762
Other Payables	803,432	50,197
Derivative Liabilities	55	80,030
	<u>4,678,061</u>	<u>2,503,445</u>
Current Liabilities		
Provision For Warranties	88,922	85,171
Taxation	12,669	86,981
Short Term Borrowings	2,616,648	3,646,204
Bank Overdrafts	23,995	78,786
Trade Payables	898,339	1,379,608
Other Payables	882,880	861,571
Derivative Liabilities	95,761	199,664
	<u>4,619,214</u>	<u>6,337,985</u>
Total Liabilities	<u><u>9,297,275</u></u>	<u><u>8,841,430</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>16,206,127</u></u>	<u><u>18,225,301</u></u>
Net Assets Per Share (RM)	4.0416	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 31 DECEMBER 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		
12 MONTHS ENDED 31 DECEMBER 2016									
At 1 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 interests	-	-	-	-	-	(20,004)	(20,004)	68,756	48,752
Dividends distributed to equity holders	-	-	-	-	-	(116,829)	(116,829)	(95,845)	(212,674)
Total comprehensive income	-	-	-	(38,406)	3,098	(1,690,576)	(1,725,884)	(585,213)	(2,311,097)
At 31 December 2016	584,147	794,482	396	406,900	3,098	2,932,718	4,721,741	2,187,111	6,908,852

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 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		
12 MONTHS ENDED 31 DECEMBER 2015									
At 1 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									
Dilution of interest in subsidiaries	-	-	-	-	-	-	-	32,510	32,510
Issue of ordinary shares by subsidiaries	-	-	-	-	-	-	-	18,874	18,874
Acquisition of non-controlling interests	-	-	-	-	-	(7,794)	(7,794)	(12,943)	(20,737)
Dividends distributed to equity holders	-	-	-	-	-	(303,756)	(303,756)	(326,234)	(629,990)
Total comprehensive income	-	-	-	352,762	(45)	(37,171)	315,546	234,611	550,157
At 31 December 2015	584,147	794,482	396	445,306	-	4,760,127	6,584,458	2,799,413	9,383,871

(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 31 DECEMBER 2016

	12 Months Ended 31/12/2016 RM'000	12 Months Ended 31/12/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit Before Taxation	(2,153,776)	269,652
Adjustments For:		
Depreciation & amortisation	554,646	510,711
Provision for impairment on property, plant & equipment, inventories and goodwill	1,218,865	376,320
Provision for additional loss on investment in a joint venture	-	130,314
Loss on disposal of non-current assets held for sale	-	51,180
Net inventories written down	9,268	11,560
Interest expense	186,265	126,775
Share of results of associates and joint ventures	(154,767)	(134,438)
Impairment on receivables	95,719	9,968
Net unrealised foreign exchange/fair value gain	(249,511)	(28,724)
Interest & dividend income	(80,528)	(126,372)
Others	35,772	79,452
Operating (Loss)/Profit Before Working Capital Changes	<u>(538,047)</u>	<u>1,276,398</u>
Decrease in receivables	771,296	439,527
Increase in inventories	(67,137)	(14,701)
Increase/(Decrease) in payables	70,618	(356,891)
Cash Generated From Operating Activities	<u>236,730</u>	<u>1,344,333</u>
Interest paid	(180,284)	(121,440)
Taxation paid	(207,341)	(273,776)
Net Cash (Used In)/Generated From Operating Activities	<u>(150,895)</u>	<u>949,117</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash outflow arising from equity investments	(23,012)	(11,306)
Dividends received	78,917	100,212
Purchase of property, plant & equipment	(966,260)	(2,409,386)
Proceeds from disposal of property, plant & equipment	41,646	51,786
Interest & dividend income	80,528	126,072
Other Investments (net)	192,583	(9,605)
Net Cash Used In Investing Activities	<u>(595,598)</u>	<u>(2,152,227)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to equity holders of the company	(116,829)	(479,000)
Dividend paid to non-controlling interests	(95,845)	(326,234)
Net drawdown of loans & borrowings	433,443	1,322,571
Net Cash Generated From Financing Activities	<u>220,769</u>	<u>517,337</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(525,724)	(685,773)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	2,655,357	3,276,552
EFFECTS OF EXCHANGE RATE CHANGES	25,332	64,578
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	<u>2,154,965</u>	<u>2,655,357</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*
- Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures - *Investment Entities: Applying the Consolidation Exception*
- Annual Improvements to MFRSs 2012 - 2014 Cycle

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

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

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 -

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*
- Annual Improvements to MFRSs 2014-2016 Cycle - *Amendments to MFRS 12 Disclosure of Interests in Other Entities*

Effective for financial periods beginning on or after 1 January 2018

- Amendments to MFRS 2 Share-based Payment - *Classification and Measurement of Share-based Payment Transactions*
- MFRS 9 Financial Instruments (IFRS 9 as issued by the International Accounting Standards Board in July 2014)
- MFRS 15 Revenue from Contracts with Customers
- MFRS 15 Revenue from Contracts with Customers - *Clarifications to MFRS 15 Revenue from Contracts with Customers*
- Amendments to MFRS 140 Investment Property - *Transfers of Investment Property*
- Annual Improvements to MFRSs 2014-2016 Cycle - *Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards and Amendments to MFRS 128 Investments in Associates and Joint Ventures*

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.*

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

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.

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 below and 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

On 5 February 2016, the Company fully redeemed an amount of RM440 million of Islamic Medium Term Notes ("IMTN"). The RM440 million IMTN was issued on 8 February 2013.

On 15 February 2016, the Company completed the issuance of IMTN with a nominal value of RM400 million under the IMTN programme for a period of maturities of three (3) years and five (5) years.

On 4 October 2016, the Company completed another issuance of IMTN with a nominal value of RM700 million under the IMTN programme for a period of maturities of three (3) years, five (5) years, seven (7) years and ten (10) years.

Other than the above, 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 December 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 December 2016		
	Revenue RM'000	Profit/(Loss) Before Taxation RM'000	Profit/(Loss) Attributable to Owners of the Company RM'000
Automotive	8,458,839	493,083	300,952
Equipment	1,382,815	146,723	115,348
Manufacturing & Engineering	599,629	24,000	(1,950)
Oil & Gas (Listed)	320,808	(1,183,540)	(661,001)
Oil & Gas (Unlisted)	221,272	(742,537)	(541,279)
Others	36,524	(891,505)	(902,646)
Sub-Total	11,019,887	(2,153,776)	(1,690,576)
Elimination of Inter-Segment Sales	(54,819)	-	
Consolidated Total	10,965,068	(2,153,776)	

The Segmental Reporting has been improved to provide visibility in disclosure and reporting on the Oil & Gas (Unlisted) segment, which was previously included in "Others". The activities of Oil & Gas (Unlisted) entities are fabrication, onshore drilling, manufacturing of oil country tubular goods ("OCTG") and line pipes, and trading of oilfield products.

These business operations are located in Malaysia, Oman, India, China and Australia.

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 year ended 31 December 2016 to the date of this announcement, which affects substantially the results of the Group for the year ended 31 December 2016.

NOTE 9 - Changes in Composition of the Group

- a. On 11 March 2016, UMW Technology Sdn Bhd (“UTech”), 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.

- b. On 28 July 2016, UTech, 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.

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.

- c. On 1 August 2016, 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, where it is to be contributed by the parties to the JVA on a 50:50 basis.

- d. On 15 December 2016, Inobel Sdn Bhd and U E-Technologies Sdn Bhd, wholly-owned subsidiaries in the UMW Group and Rail-Tech Industries Sdn Bhd, an associate company in the UMW Group had commenced members’ voluntary winding up pursuant to Section 254(1) of the Companies Act, 1965.

- e. On 20 December 2016, UMW Corporation Sdn Bhd (“UMWC”), a wholly- owned subsidiary of the Company and it’s 51%-owned subsidiary, UMW Development Sdn Bhd (“UMWD”), had entered into a Share Sale and Purchase Agreement (“SSPA”) with Permodalan Nasional Berhad (“PNB”), for the acquisition by UMWC of PNB’s 780,000 ordinary shares of RM1.00 each and 3,120,000 7.4% cumulative redeemable preference shares of RM1.00 each in UMWD for a total consideration of RM17,744,613.

On 29 December 2016, all conditions precedent in the SSPA have been fulfilled and the acquisition has now been completed.

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	147,851	
Equipment, plant and machinery	45,477	
Others	<u>41,344</u>	234,672
Approved but not contracted for:		
Land and buildings	1,027,872	
Equipment, plant and machinery	722,699	
Others	<u>245,487</u>	<u>1,996,058</u>
Total		<u>2,230,730</u>

NOTE 11 - Significant Related Party Transactions

- a. On 27 November 2015, UMW Corporation Sdn Bhd ("UMWC"), a wholly-owned subsidiary of the Company 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.
- b. On 29 March 2016, 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.
- c. On 29 December 2016, UMWC and UMWD had mutually agreed to extend the Completion Date of the SA to 27 May 2017, 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 RM655.1 million as at 31 December 2016 from RM1,482.4 million as at 31 December 2015.

NOTE 14 - Review of Performance

Material Items Affecting the Results of the Group for the year ended 31 December 2016

a. Provision for financial guarantee contracts

The downturn in the oil and gas industry since mid-2014 had adversely impacted the UMW Group specifically in the Oil & Gas segment. A number of joint ventures in the unlisted oil and gas portfolio were severely impacted as demand for their products weakened significantly.

The Group's attempt to nurture and enhance the value of these companies through various corporate strategies were dampened by the continued low oil prices.

The Group had previously provided financial guarantees for borrowings of these joint ventures and the financial guarantee contracts had been recognised based on their fair value at inception.

As one of the joint ventures will not be able to meet the repayment obligations for these loans, the Group had recognised a provision of RM750 million, in compliance with MFRS 137 Provisions, Contingent Liabilities and Contingent Assets.

b. Impairment of Assets

The continued slump in the oil and gas industry adversely affected both the offshore and on-shore businesses of the Group. Asset utilisation and daily operating rates of the oil rigs had declined drastically than previously anticipated, resulted in significant losses during the year. In compliance with MFRS 136 Impairment of Assets, the Group carried out an impairment review of the affected assets and recognised the following impairment amounts in the current quarter:-

	2016 RM'mil	2015 RM'mil
Impairment of assets		
- Oil & Gas (Listed)	780	336
- Oil & Gas (Unlisted)	382	-
Total	1,162	336

NOTE 14 - Review of Performance (Cont'd)

Current Quarter Ended 31 December 2016

	Revenue		(Loss)/Profit Before Taxation	
	Quarter ended 31/12/2016 RM'000	Quarter ended 31/12/2015 RM'000	Quarter ended 31/12/2016 RM'000	Quarter ended 31/12/2015 RM'000
Consolidated Total	3,062,311	4,182,737	(2,098,033)	(330,228)
Business Segment :				
Automotive	2,462,347	3,387,553	143,586	250,652
Equipment	330,848	401,171	30,586	29,086
Manufacturing & Engineering	152,643	187,220	4,044	13,861
Oil & Gas (Listed)	53,466	131,310	(918,082)	(410,336)
Oil & Gas (Unlisted)	67,046	98,135	(625,573)	(42,980)

Group

The Group registered a revenue of RM3,062.3 million for the current quarter of 2016, representing RM1,120.4 million or 26.8% lower than the RM4,182.7 million recorded in the same period of 2015. The overall soft demand in the automotive industry, continued low oil prices and depreciating ringgit had adversely affected the Group's results.

The Group posted a loss before taxation of RM2,098.0 million for the current quarter, driven by the tough economic and operating environment that had resulted in the provision for financial guarantee contracts and impairment of assets made during the quarter (as disclosed in Note 14 - Review of Performance: Material Items Affecting the Results of the Group for the year ended 31 December 2016).

Automotive Segment

The segment recorded a lower revenue of RM2,462.3 million for the last quarter of 2016 compared to RM3,387.6 million in the same quarter of the previous year, as a result of the intense competition from other automotive manufacturers. This was further aggravated by tighter lending policies. The total industry volume ("TIV") for the fourth quarter of 2016 was 161,691 units, a drop of 10.7% compared to 181,188 units in the same quarter of 2015.

Consequently, profit before taxation declined by 42.7% from RM250.6 million in the fourth quarter of 2015 to RM143.6 million in the current quarter, as a result of the lower sales volume and shrinking margins due the continued weakening of ringgit.

Equipment Segment

The Equipment segment generated revenue of RM330.8 million, a decrease of 17.5% or RM70.4 million against RM401.2 million recorded in the same quarter of 2015. The slowdown in construction sectors and jade mining, particularly in Myanmar had impacted the sales performance of heavy equipment.

Sales performance in Myanmar was weighed down by the continued restriction imposed on the importation of heavy equipment into the country by the government of Myanmar.

Profit before taxation for the current quarter was at RM30.6 million, a marginal improvement from the same quarter in 2015 of RM29.1 million.

NOTE 14 - Review of Performance (Cont'd)

Current Quarter Ended 31 December 2016 (Cont'd)

Manufacturing & Engineering Segment

The Manufacturing & Engineering segment registered a revenue of RM152.6 million in the current quarter, RM34.6 million or 18.5% lower than the RM187.2 million reported in the same quarter of 2015. Profit before taxation was also lower at RM4.0 million, a decrease of RM9.9 million from the RM13.9 million profit before taxation in the same quarter of 2015.

Lubricant business was adversely affected by market sentiments in the automotive industry coupled with competition from other brands.

Oil & Gas (Listed) Segment

The segment registered a revenue of RM53.5 million, a substantial reduction of RM77.8 million from the same quarter of 2015 of RM131.3 million. As the drilling services tenders normally take many months to translate into rig utilisation, the positive effect from increased tendering activities in the upstream space was only partially felt in the fourth quarter of 2016. Hence, the lower revenue recorded in the last quarter of 2016.

The segment reported a loss before taxation of RM918.1 million compared with RM410.3 million in the same quarter of 2015 mainly due to higher asset impairment of RM780.2 million compared to RM336.4 million in the same quarter of 2015.

Oil & Gas (Unlisted) Segment

The segment registered a revenue of RM67.0 million in the current quarter, a drop of RM31.1 million compared to the RM98.1 million in the same quarter of 2015. The slump in oil and gas industry had aggravated the performance of the segment. As in the listed group of the Oil and Gas segment, this Group had also suffered significant asset impairment of RM381.9 million, being a significant contributor to the loss before taxation of RM625.6 million.

NOTE 14 - Review of Performance (Cont'd)

Twelve Months Ended 31 December 2016

	Revenue		Profit/(Loss) Before Taxation	
	Twelve Months ended 31/12/2016 RM'000	Twelve Months ended 31/12/2015 RM'000	Twelve Months ended 31/12/2016 RM'000	Twelve Months ended 31/12/2015 RM'000
Consolidated Total	10,965,068	14,441,583	(2,153,776)	269,652
Business Segment				
Automotive	8,458,839	10,721,917	493,083	860,938
Equipment	1,382,815	1,882,591	146,723	226,451
Manufacturing & Engineering	599,629	707,491	24,000	16,816
Oil & Gas (Listed)	320,808	839,877	(1,183,540)	(348,426)
Oil & Gas (Unlisted)	221,272	324,647	(742,537)	(197,190)

Group

The Group registered a revenue of RM10,965.1 million for the year ended 31 December 2016, 24.1% lower than the RM14,441.6 million recorded in 2015. All business segments were adversely affected by the challenging economic and operating environment.

The Group registered a loss before taxation of RM2,153.8 million after taking into account the impairments and provisions as opposed to a profit before taxation of RM269.7 million posted in 2015. Excluding the impairments and provisions for financial guarantee contracts, the Group posted a profit before taxation of RM89.0 million. The lower profit before taxation was contributed by the operating losses of the Oil & Gas listed and unlisted segments.

Automotive Segment

The segment registered a revenue of RM8,458.8 million for the year ended 2016, a reduction of 21.1% from RM10,721.9 million achieved in the previous year. Profit before taxation dropped by 42.7% from RM860.9 million in previous year to RM493.1 million in 2016.

Performance of the segment was in tandem with the significant drop in the TIV by 86,553 units from 666,677 units in 2015 to 580,124 units in 2016. This was aggravated by the continued stiff competition and stringent approvals on hire purchase loans imposed by the banks. The continued weakening of ringgit had resulted in shrinking business margin, hence adversely impacted the profitability of the segment.

NOTE 14 - Review of Performance (Cont'd)

Twelve Months Ended 31 December 2016 (Cont'd)

Equipment Segment

The Equipment segment generated a revenue of RM1,382.8 million for the year ended 2016, a drop of RM499.8 million or 26.5% compared to RM1,882.6 million in 2015. As a result, profit before taxation was lower by 35.2% from RM226.5 million in 2015 to RM146.7 million in 2016.

Demand for heavy equipment was affected by the slowdown in the mining sector and stiff competition in the construction sector. Operations in Myanmar continued to be constrained by the restriction imposed on heavy equipment importation by the government in Myanmar.

Manufacturing & Engineering Segment

The Manufacturing & Engineering segment recorded a revenue of RM599.6 million for the year ended 2016, RM107.9 million lower than the RM707.5 million recorded in 2015. However, profit before taxation improved by RM7.2 million from RM16.8 million in 2015 to RM24.0 million in 2016 due to higher contribution from the shock absorber business. Disposal of loss making automotive component businesses in India in the last quarter of 2015 also contributed to the better profitability performance in 2016.

Oil & Gas (Listed) Segment

The Oil & Gas (Listed) segment generated lower revenue of RM320.8 million, a decrease of RM519.1 million from RM839.9 million recorded in 2015. The segment was adversely affected by the lower exploration activities that contributed to the steep decline in asset utilisation with lower charter rates. Whilst tender activities was increasing progressively in 2016 as a result of improving oil prices, asset utilisation was lagging behind due to the long lead time from tendering to asset mobilisation.

As the recoverable amount of the assets eroded, a higher impairment of RM780.2 million was provided for as compared with RM336.4 million in 2015. Consequently, the segment posted a loss before taxation of RM1,183.5 million for 2016 as opposed to the loss before taxation of RM348.4 million in 2015.

Oil & Gas (Unlisted) Segment

The segment registered a revenue of RM221.3 million for 2016, a decrease of 31.8% from the RM324.6 million in 2015. As in the Oil and Gas listed segment described above, this segment was also adversely impacted by the low industry demand for exploration and production activities.

With the asset impairment of RM381.9 million recognised during the year, the segment posted a loss before taxation of RM742.5 million, compared with RM197.2 million in 2015.

NOTE 15 - Comparison with Preceding Quarter's Results

	Revenue		Profit/(Loss) Before Taxation	
	4 th Quarter Ended 31/12/2016 RM'000	3 rd Quarter Ended 30/09/2016 RM'000	4 th Quarter Ended 31/12/2016 RM'000	3 rd Quarter Ended 30/09/2016 RM'000
Consolidated Total	3,062,311	2,856,787	(2,098,033)	(121,624)
Business Segment				
Automotive	2,462,347	2,263,372	143,586	133,474
Equipment	330,848	342,849	30,586	33,551
Manufacturing & Engineering	152,643	144,574	4,044	2,458
Oil & Gas (Listed)	53,466	49,653	(918,082)	(133,039)
Oil & Gas (Unlisted)	67,046	58,419	(625,573)	(36,137)

The Group achieved a revenue of RM3,062.3 million in the current quarter, an increase of RM205.5 million over RM2,856.8 million registered in the previous quarter. The increase was mainly contributed by the Automotive segment which was driven by year-end promotions.

After taking into account the provision for financial guarantee contracts and impairment of assets as disclosed in Note 14 - Review of Performance: Material Items Affecting the Results of the Group for the year ended 31 December 2016, the Group posted a loss before taxation of RM2,098.0 million in the current quarter compared to a loss of RM121.6 million in the previous quarter.

NOTE 16 - Current Prospects

Automotive Segment

The Malaysian Automotive Association forecasts TIV to be 590,000 units for 2017. The modest growth is in anticipation of economic recovery.

Vehicle sales is expected to remain moderate this year due to the continued soft consumer sentiment and stiff competition. Hence, the performance of the segment is expected to be challenging in 2017.

NOTE 16 - Current Prospects (Cont'd)

Equipment Segment

The new equipment demand for heavy equipment and industrial equipment is likely to see a fall in total volume in the first half of 2017. The market is expected to be more competitive due to aggressive pricing offers given a lower market demand. As a result, profitability will be adversely impacted with margins being eroded in order to maintain our market share.

Construction sector will remain steady with the stream of projects coming along in particular the Pan Borneo Highway Project in Sarawak and Sabah.

While the jade mining sector in Myanmar had not resumed in terms of new concessions grants, but other mining sectors like copper and gold mining are active. These sectors are expected to contribute to the parts and service business positively.

Current performance is expected to sustain in 2017.

Manufacturing & Engineering Segment

The outlook for manufacturing of shock absorber in this segment is expected to be positive due to the higher market share achieved in the Original Equipment Manufacturer business and strong position in the Replacement Market especially exports. Lubricant business from the overseas operation is also expected to contribute positively.

The aerospace business with Rolls-Royce is progressing as per schedule.

Oil & Gas (Listed) Segment

The joint decision by OPEC and non-OPEC producing countries in November 2016 to reduce oil production has brought some stability to the global oil price with the average Brent benchmark continuously trading above USD50 per barrel for a sustainable period. While the magnitude of upside in oil price is still uncertain, the decision effectively limits the downside and sets a floor for the oil price. This provides oil companies with a level of certainty in making investment decisions, resulting in an increase of activities in the upstream sector.

This is reflected in the increase in tender exercises and contract awards in late 2016 and early 2017. Companies in the Oil & Gas (Listed) segment are also currently in various stages of tendering for a number of local and overseas contracts and is optimistic on achieving a significant increase in asset utilisation this year.

Oil & Gas (Unlisted) Segment

In line with the Group's direction to exit completely from the Oil & Gas (unlisted) segment that was announced recently, management is actively engaging with relevant parties to dispose off these assets.

NOTE 16 - Current Prospects (Cont'd)

Group

With the proposed distribution of the Oil & Gas (listed) shares (as detailed in Note 19 below) and exit of the unlisted oil and gas companies, the Group will now focus on its remaining three core businesses, automotive, equipment, and manufacturing and engineering.

However, in the near term, the Group's performance will still be affected by the downturn in the oil and gas industry and continued strengthening of US Dollar.

NOTE 17 - Variance from Profit Forecast and Profit Guarantee

This is not applicable to the Group.

NOTE 18 - Taxation

	Fourth Quarter Ended 31/12/2016 RM'000	Twelve Months Ended 31/12/2016 RM'000
Current period's provision	25,055	127,015
Under provision in prior periods	1,255	1,356
	26,310	128,371
Deferred taxation	(1,377)	3,794
Taxation	24,933	132,165
Zakat	-	8,560
Total taxation and zakat	24,933	140,725

The effective tax rates for the current quarter and period ended 31 December 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

- a. 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 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 20 February 2017 is as follows -

Purpose	Proposed Utilisation RM'mil	Actual Utilisation To Date RM'mil	Intended Timeframe for Utilisation Month	Deviation in Amount & %	Explanation
Repayment of borrowings	203.0	203.0	24	nil	-
Working capital	547.5	547.5	24	n/a	-
Capital expenditure	200.0	200.0	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	1,002.0	974.1			

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

- b. On 19 January 2017, the Company had announced its intention to undertake the proposed distribution of its entire shareholding in UMW Oil & Gas Corporation Berhad (“UMW-OG”) (“Proposed Distribution”) and Proposed Amendments to the Memorandum and Articles of Association of the Company (“Proposed Amendments”), (collectively referred to as “Proposals”). As at 30 December 2016, the Company holds 1,204,777,400 ordinary shares of RM0.50 each in UMW-OG, representing 55.73% of the issued and paid-up share capital of UMW-OG.

To facilitate the Proposed Distribution, the Company will undertake a bonus issue of 1,204,777,400 redeemable preference shares of RM0.01 each in the Company (“RPS”) to the shareholders of the Company whose names appear in the Company’s Record of Depositors on an entitlement date to be determined and announced later by the Board after the receipt of all relevant approvals for the Proposed Distribution (“Entitlement Date”) (“Entitled Shareholders”) on the basis of approximately 1.03 RPS for each existing ordinary share of RM0.50 each in the Company held on Entitlement Date (“Proposed Bonus Issue”), and the proposed subsequent redemption of all the RPS at a premium which will be satisfied in the form of UMW-OG shares (“Proposed Redemption”) via the distribution of 1,204,777,400 UMW-OG shares held by the Company (“Distribution Shares”) to the Entitled Shareholders.

NOTE 19 - Corporate Proposals (Cont'd)

The RPS shall be issued at its par value of RM0.01 each by way of capitalisation of the Company's share premium account. In the event the RPS redeemed at an illustrative price of RM0.90 for every RPS held, the premium on redemption of RM0.89 per RPS will be redeemed out of the Company's share premium account and retained earnings.

The Proposed Bonus Issue and the Proposed Redemption is a mechanism undertaken by the Company solely for the purpose of distributing the UMW-OG shares to the entitled shareholders. Accordingly, the Proposed Bonus Issue will be issued in a single tranche.

Upon completion of the Proposed Distribution, the Entitled Shareholders will hold the Distribution shares in proportion to their shareholdings in the Company and the Company will cease to be a shareholder of UMW-OG.

Barring unforeseen circumstances, the Proposals are expected to be completed by the second (2nd) quarter of 2017.

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	2,032,510		(USD382,417
Portion of long term loans payable within 12 months	<u>291,873</u>		(USD65,060
		2,324,383	
- Secured			
Short term loans and trade facilities	292,265		(USD25,400
			(AUD 8,481
			(OMR12,943
		<u>292,265</u>	
		2,616,648	(USD472,877
			(AUD8,481
			(OMR12,943
b. Long term borrowings			
- Unsecured			
Long term loans	3,016,603		(USD495,080
Portion of long term loans payable within 12 months	<u>(291,873)</u>		((USD65,060)
		2,724,730	
- Secured			
Long term loans		1,063,878	(USD219,655
			(RMB37,871
		<u>3,788,608</u>	(USD649,675
			(RMB37,871

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.

On 13 October 2016, UOD as the Claimant had served its Amended Reply and Defense to Counterclaim on FOC. UOD has been advised by its solicitors from the facts of its case that, UOD has a good claim and a good defense to the Respondent's counterclaim. The arbitration proceedings are not expected to have a material impact on the earnings per share and the net assets per share of UMW-OG for the financial year ending 31st December 2016. UMW-OG will make further announcement if there is any material development in the matter.

Other than the above, there was no material litigation pending as at the date of this announcement.

NOTE 22 - Dividend

No interim dividend has been recommended for the year ended 31 December 2016 (2015 – 40% or 20.0 sen per share of RM0.50 each, amounting to a net dividend of approximately RM233.7 million).

NOTE 23 - Earnings Per Share

Basic loss per share for the current quarter and financial period ended 31 December 2016 is calculated by dividing the net loss attributable to shareholders by the weighted average number of ordinary shares in issue as at 31 December 2016.

	Quarter Ended 31/12/2016	Twelve Months Ended 31/12/2016
Net loss attributable to shareholders (RM'000)	(1,566,201)	(1,690,576)
Weighted average number of ordinary shares of RM0.50 each	1,168,293,932	1,168,293,932
Basic/Diluted loss per share (sen)	(134.06)	(144.70)

NOTE 24 - Realised and Unrealised Profits/Losses

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

	As at 31/12/2016 RM'000	As at 31/12/2015 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- Realised	1,303,478	3,145,989
- Unrealised	(151,418)	291,927
	1,152,060	3,437,916
Total share of retained profits/(accumulated losses) from associated companies:		
- Realised	1,326,282	1,799,944
- Unrealised	(16,218)	(425,144)
Total share of retained profits/(accumulated losses) from jointly-controlled entities:		
- Realised	(278,635)	(303,430)
- Unrealised	(3,294)	(2,652)
	2,180,195	4,506,634
Less: Consolidation adjustments	752,523	253,493
Total Group retained profits as per consolidated accounts	2,932,718	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

	4th Quarter Ended 31/12/2016 RM'000	Twelve Months Ended 31/12/2016 RM'000
a. Interest income	15,945	55,840
b. Other investment income	6,343	24,688
c. Depreciation	(141,246)	(554,646)
d. Provision for impairment losses of receivables	(97,903)	(95,719)
e. Provision for write down of inventories	(6,162)	(9,268)
f. (Loss)/Gain on disposal of quoted or unquoted investment	(446)	1,363
g. Loss on disposal of property, plant and equipment	(5,262)	(5,915)
h. Provision for impairment on property, plant & equipment, inventories and goodwill	(1,219,808)	(1,218,865)
i. Net foreign exchange gain/(loss) (net)	66,583	(138,005)
j. (Loss)/Gain on derivatives (net)	(19,967)	177,659
k. Exceptional item	-	-

By Order Of The Board

FADZILAH BINTI SAMION
Secretary
(MACS 01262)

Shah Alam
27 February 2017