

UMW HOLDINGS BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2017

(THE FIGURES HAVE NOT BEEN AUDITED)

	Current Quarter Ended 31/03/2017 RM'000	Comparative Quarter Ended 31/03/2016 RM'000	3 Months Cumulative To Date 31/03/2017 RM'000	Comparative 3 Months Cumulative To Date 31/03/2016 RM'000
<u>Continuing Operations</u>				
Revenue	2,803,585	2,199,164	2,803,585	2,199,164
Operating Expenses	(2,806,601)	(2,202,654)	(2,806,601)	(2,202,654)
Other Operating Income	<u>22,720</u>	<u>20,636</u>	<u>22,720</u>	<u>20,636</u>
Profit From Operations	19,704	17,146	19,704	17,146
Finance Costs	(67,571)	(43,302)	(67,571)	(43,302)
Share Of Results Of Associates And Joint Ventures	40,087	22,069	40,087	22,069
Investment Income	<u>22,168</u>	<u>25,159</u>	<u>22,168</u>	<u>25,159</u>
Profit Before Taxation And Zakat	14,388	21,072	14,388	21,072
Taxation And Zakat	(24,949)	(26,005)	(24,949)	(26,005)
Loss For The Period	<u>(10,561)</u>	<u>(4,933)</u>	<u>(10,561)</u>	<u>(4,933)</u>
<u>Other Comprehensive (Loss)/Income:</u>				
Translation Of Foreign Operations	(7,859)	(238,077)	(7,859)	(238,077)
Cash Flow Hedge	<u>907</u>	<u>(9,247)</u>	<u>907</u>	<u>(9,247)</u>
Other Comprehensive Loss Net Of Tax	<u>(6,952)</u>	<u>(247,324)</u>	<u>(6,952)</u>	<u>(247,324)</u>
Total Comprehensive Loss For The Period	<u>(17,513)</u>	<u>(252,257)</u>	<u>(17,513)</u>	<u>(252,257)</u>
<u>Profit/(Loss) For The Period Attributable To:</u>				
Equity Holders Of The Company	20,165	16,580	20,165	16,580
Non-Controlling Interests	<u>(30,726)</u>	<u>(21,513)</u>	<u>(30,726)</u>	<u>(21,513)</u>
	<u>(10,561)</u>	<u>(4,933)</u>	<u>(10,561)</u>	<u>(4,933)</u>
<u>Total Comprehensive Income/(Loss) Attributable To:</u>				
Equity Holders Of The Company	10,405	(122,704)	10,405	(122,704)
Non-Controlling Interests	<u>(27,918)</u>	<u>(129,553)</u>	<u>(27,918)</u>	<u>(129,553)</u>
	<u>(17,513)</u>	<u>(252,257)</u>	<u>(17,513)</u>	<u>(252,257)</u>
<u>EPS Attributable To Equity Holders Of The Company:</u>				
Basic EPS For The Period (Sen)	1.73	1.42	1.73	1.42
Diluted EPS For The Period (Sen)	1.73	1.42	1.73	1.42

(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 31/03/2017 RM'000	(AUDITED) AS AT 31/12/2016 RM'000
ASSETS		
Non-Current Assets		
Property, Plant And Equipment	7,558,568	7,678,533
Investment Properties	2,078	2,457
Land Use Rights	6,415	6,482
Leased Assets	268,470	270,509
Other Receivables	46,756	47,756
Investments In Associates	1,996,747	1,953,223
Investments In Joint Ventures	47,608	54,875
Deferred Tax Assets	92,818	93,079
Other Investments	27,224	22,660
Derivative Assets	6,466	11,948
Deposits, Cash And Bank Balances	331,950	336,450
	<u>10,385,100</u>	<u>10,477,972</u>
Current Assets		
Inventories	1,698,988	1,931,189
Trade Receivables	793,098	819,935
Other Receivables	56,732	176,136
Other Investments	542,042	996,898
Derivative Assets	10,205	3,470
Deposits, Cash And Bank Balances	2,445,666	1,857,424
	<u>5,546,731</u>	<u>5,785,052</u>
TOTAL ASSETS	<u>15,931,831</u>	<u>16,263,024</u>
EQUITY AND LIABILITIES		
Equity Attributable To The Equity Holders Of The Company		
Share Capital	1,378,629	584,147
Share Premium	-	794,482
Capital Reserve	396	396
Foreign Currency Translation Reserve	427,528	437,793
Hedging Reserve	3,604	3,099
Retained Profits	2,948,680	2,898,645
	<u>4,758,837</u>	<u>4,718,562</u>
Non-Controlling Interests	2,087,925	2,145,713
Total Equity	<u>6,846,762</u>	<u>6,864,275</u>
Non-Current Liabilities		
Provision For Warranties	103,167	104,203
Deferred Tax Liabilities	23,218	22,952
Long Term Borrowings	3,594,698	3,715,777
Other Payables	815,337	803,805
	<u>4,536,420</u>	<u>4,646,737</u>
Current Liabilities		
Provision For Warranties	40,906	97,270
Taxation	18,832	40,956
Short Term Borrowings	2,596,013	2,616,648
Bank Overdrafts	19,881	22,681
Trade Payables	929,871	1,038,902
Other Payables	862,451	839,740
Derivative Liabilities	80,695	95,815
	<u>4,548,649</u>	<u>4,752,012</u>
Total Liabilities	<u>9,085,069</u>	<u>9,398,749</u>
TOTAL EQUITY AND LIABILITIES	<u>15,931,831</u>	<u>16,263,024</u>
Net Assets Per Share (RM)	4.0733	4.0388

(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 CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2017

	←----- Non - Distributable ----->					Distributable			
	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	Non - Controlling Interests RM'000	Total Equity RM'000
3 MONTHS ENDED 31 MARCH 2017									
At 1 January 2017	584,147	794,482	396	437,793	3,099	2,898,645	4,718,562	2,145,713	6,864,275
Transactions with owners									
Acquisition of non-controlling interests	-	-	-	-	-	29,870	29,870	(29,870)	-
Transfer to share capital *	794,482	(794,482)	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	(10,265)	505	20,165	10,405	(27,918)	(17,513)
At 31 March 2017	1,378,629	-	396	427,528	3,604	2,948,680	4,758,837	2,087,925	6,846,762

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

	←----- Non - Distributable ----->					Distributable			
	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	Non - Controlling Interests RM'000	Total Equity RM'000
3 MONTHS ENDED 31 MARCH 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									
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 31 March 2016	584,147	794,482	396	315,269	(9,247)	4,659,878	6,344,925	2,669,860	9,014,785

* The new Companies Act 2016 ("CA 2016"), which became effective on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the CA 2016.

(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 MARCH 2017

	3 Months Ended 31/03/2017 RM'000	3 Months Ended 31/03/2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Taxation	14,388	21,072
Adjustments For:		
Depreciation & amortisation	112,176	132,593
Provision for impairment on property, plant & equipment and inventories	-	3,826
Net inventories written down	3,773	1,215
Interest expense	67,571	43,302
Share of results of associates and joint ventures	(40,087)	(22,069)
Gain on disposal of property, plant and equipment	(5,217)	-
Reversal of impairment on receivables	(1,706)	(8,145)
Net unrealised foreign exchange/fair value gain	(21,888)	(215,894)
Interest & dividend income	(22,168)	(25,159)
Property, plant and equipment written off	34	-
Others	(60,990)	15,273
Operating Profit/(Loss) Before Working Capital Changes	45,886	(53,986)
Decrease in receivables	148,612	243,929
Decrease/(increase) in inventories	228,428	(278,464)
Decrease in payables	(62,570)	(254,366)
Cash Generated From/(Used In) Operating Activities	360,356	(342,887)
Interest paid	(67,087)	(43,238)
Taxation paid	(45,188)	(41,670)
Net Cash Generated From/(Used In) Operating Activities	248,081	(427,795)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(77,739)	(490,667)
Proceeds from disposal of property, plant & equipment	12,851	5,373
Interest & dividend income	22,168	25,159
Other investments (net)	454,939	434,254
Net Cash Generated From/(Used In) Investing Activities	412,219	(25,881)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to equity holders of the company	-	(116,829)
Net drawdown of loans & borrowings	(124,761)	(113,755)
Net Cash Used In Financing Activities	(124,761)	(230,584)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	535,539	(684,260)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	2,171,193	2,655,357
EFFECTS OF EXCHANGE RATE CHANGES	51,003	(51,939)
CASH AND CASH EQUIVALENTS AS AT 31 MARCH	2,757,735	1,919,158

(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 2016. 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 2016.

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 2016, except for the newly-issued MFRS and amendments to standards to be applied by all Entities Other Than Private Entities for the financial periods beginning on or after 1 January 2017.

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 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*

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

Companies Act 2016

The Companies Act 2016 (“CA 2016”) was enacted to replace the Companies Act 1965 with the objective of modernising the legal framework in line with advanced jurisdictions, reduce costs for doing and maintaining business and enhance internal controls, governance and corporate responsibility. The CA 2016 became effective on 31 January 2017.

Amongst the key changes introduced in the CA 2016 which will affect the financial statements of the Group and of the Company upon the commencement of the CA 2016 on 31 January 2017 are-

- a. removal of the authorised share capital;
- b. shares of the Company will cease to have par or nominal value; and
- c. the Company’s share premium account will become part of the Company’s share capital.

The adoption of the above did not have any significant effect on the interim financial report upon their initial application.

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

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 2017.

NOTE 6 - Dividends Paid

There was no dividend paid during the period ended 31 March 2017.

NOTE 7 - Segmental Reporting

Business Segment	Financial Period Ended 31 March 2017		
	Revenue RM'000	Profit/(Loss) Before Taxation RM'000	Profit/(Loss) Attributable to Owners of the Company RM'000
Automotive	2,190,856	87,071	55,960
Equipment	342,433	39,548	31,113
Manufacturing & Engineering	165,883	3,098	(2,436)
Oil & Gas (Listed)	74,278	(104,908)	(58,020)
Oil & Gas (Unlisted)	36,257	(15,031)	(10,748)
Others	13,155	4,610	4,296
Sub-total	2,822,862	14,388	20,165
Elimination of Inter-Segment Sales	(19,277)	-	-
Consolidated Total	2,803,585	14,388	20,165

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 material event or transaction during the period ended 31 March 2017 to the date of this announcement, which affects substantially the results of the Group for the period ended 31 March 2017.

NOTE 9 - Changes in Composition of the Group

- a. On 28 March 2017, UMW Corporation Sdn Bhd ("UMWC"), a wholly-owned subsidiary of the Company entered into a Share Sale and Purchase Agreement ("SSPA") with Permodalan Negeri Selangor Berhad ("PNSB"), for the acquisition by UMWC of PNSB's 200,000 ordinary shares of RM1.00 each and 800,000 7.4% Cumulative Redeemable Preference Shares ("CRPS") of RM1.00 each ("collectively referred to as "Sale Shares") in its 90%-owned subsidiary, UMW Development Sdn Bhd ("UMWD") for a total consideration of RM4,549,901 ("Purchase Consideration"), details of which are as follows -

- 200,000 ordinary shares of RM1.00 each for a cash consideration of RM2,961,351; and
- 800,000 7.4% CRPS of par value of RM1.00 each for a cash consideration of RM1,588,550.

In consideration of PNSB agreeing to sell the Sale Shares to UMWC, UMWC agrees to repay the shareholder advances granted by PNSB to UMWD amounting to RM869,587, together with any interest accrued, which sums remained owing as at the date of the SSPA ("PNSB Advances"), for and on behalf of UMWD. UMWD agrees to then repay UMWC the amount at such time and in such manner to be agreed between them.

Upon settlement of the PNSB Advances, the owings shall be deemed to have been fully settled and PNSB will confirm and warrant that there are no other amounts or liabilities owing by UMWD to PNSB.

- b. The winding up of the following subsidiaries within the Group has been completed on the dates stated below -

Date	Company
17 January 2017	Lada Motors Sendirian Berhad
1 February 2017	UMW Equipment Rental Services Sdn Bhd
1 March 2017	UMW Aero Industries Sdn Bhd
28 April 2017	UMW Vehicle Components Sdn Bhd

- c. On 5 May 2017, Vina Offshore Holdings Pte Ltd, a dormant subsidiary of the UMW Holdings Berhad ("UMW") Group commenced a members' voluntary winding up pursuant to Section 290(1) of the Singapore Companies Act (Chapter 50).

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	68,702	
Equipment, plant and machinery	32,767	
Others	<u>29,356</u>	130,825
Approved but not contracted for:		
Land and buildings	1,046,209	
Equipment, plant and machinery	833,847	
Others	<u>66,167</u>	1,946,223
Total		<u>2,077,048</u>

NOTE 11 - Significant Related Party Transactions

In the opinion of the directors, there were no 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 increased to RM456.3 million as at 31 March 2017 from RM410.3 million as at 31 December 2016. Included in the amount is credit risk of RM279.3 million being corporate guarantees and financial indemnity granted by the Group as at 31 March 2017.

NOTE 14 - Review of Performance

Current Quarter Ended 31 March 2017

	Revenue		Profit/(Loss) Before Taxation	
	Quarter ended 31/03/2017 RM'000	Quarter ended 31/03/2016 RM'000	Quarter ended 31/03/2017 RM'000	Quarter ended 31/03/2016 RM'000
Consolidated Total	2,803,585	2,199,164	14,388	21,072
Business Segment:				
Automotive	2,190,856	1,555,985	87,071	82,733
Equipment	342,433	357,967	39,548	39,245
Manufacturing & Engineering	165,883	145,445	3,098	6,591
Oil & Gas (Listed)	74,278	87,679	(104,908)	(68,423)
Oil & Gas (Unlisted)	36,257	53,551	(15,031)	(35,555)

Group

The Group registered a revenue of RM2,803.6 million for the current quarter of 2017, an increase of RM604.4 million or 27.5% over the RM2,199.2 million recorded in the same period of 2016. The improved revenue was primarily contributed by the Automotive segment while the Oil & Gas segments were still affected by the volatility in oil prices.

The Group posted a profit before taxation of RM14.4 million for the current quarter, a decline of RM6.7 million mainly attributed to higher losses incurred by the Oil & Gas segments.

Automotive Segment

The segment registered higher revenue of RM2,190.9 million for the first quarter of 2017, an increase of RM634.9 million or 40.8% over the same quarter of the previous year of RM1,556.0 million. Higher revenue was contributed by orders spilled over from December 2016, due to year end promotions that boosted consumer buying sentiments. The improved sales translated to higher market share for Toyota from 8.0% in the first quarter of 2016 to 11.8% in the quarter under review.

Profit before taxation increased by 5.2% from RM82.7 million in the first quarter of 2016 to RM87.1 million in the current quarter. The lower margins for the segment were primarily due to the strengthening of the US Dollar.

Equipment Segment

The Equipment segment registered a marginally lower revenue of RM342.4 million in the first quarter of 2017 against RM358.0 million in the same quarter of 2016. The competitive local operating environment coupled with weak consumer demand, resulted in the drop in revenue.

Profit before taxation for the current quarter was at RM39.5 million, a marginal improvement from the same quarter in 2016 of RM39.2 million.

NOTE 14 - Review of Performance (Cont'd)

Current Quarter Ended 31 March 2017 (Cont'd)

Manufacturing & Engineering Segment

The Manufacturing & Engineering segment reported a revenue of RM165.9 million in the current quarter under review, RM20.5 million or 14.1% higher than the RM145.4 million reported in the same quarter of 2016, mainly contributed by the shock absorber business.

Despite higher revenue, profit before taxation was lower at RM3.1 million, a decrease of RM3.5 million from the RM6.6 million profit before taxation recorded in the same quarter of 2016. This was attributed to pre-operating expenses incurred by the aerospace business.

Oil & Gas (Listed) Segment

The segment registered a revenue of RM74.3 million in the first quarter of 2017, a reduction of RM13.4 million from the same quarter of 2016 of RM87.7 million. The decline in revenue was mainly due to lower operating days in the quarter as most of the rigs remained uncontracted and idle.

The segment reported a higher loss before taxation of RM104.9 million compared to RM68.4 million recorded in the same quarter of 2016, following the reduction in revenue.

Oil & Gas (Unlisted) Segment

The segment registered a revenue of RM36.3 million in the quarter under review, a drop of RM17.3 million compared to the RM53.6 million recorded in the same quarter of 2016. Performance of the exploration sub-segment was affected by the continued volatility in oil prices and weak demand from the oil and gas players related to the manufacturing sub-segment.

The segment reported a loss before taxation of RM15.0 million, lower by RM20.6 million compared to a loss before taxation of RM35.6 million in the same quarter of 2016, mainly contributed by the businesses in China.

NOTE 15 - Comparison with Preceding Quarter's Results

	Revenue		Profit/(Loss) Before Taxation	
	1st Quarter Ended 31/03/2017 RM'000	4th Quarter Ended 31/12/2016 RM'000	1st Quarter Ended 31/03/2017 RM'000	4th Quarter Ended 31/12/2016 RM'000
Consolidated Total	2,803,585	3,055,758	14,388	(2,074,482)
Business Segment:				
Automotive	2,190,856	2,454,464	87,071	147,434
Equipment	342,433	330,848	39,548	29,483
Manufacturing & Engineering	165,883	154,473	3,098	4,663
Oil & Gas (Listed)	74,278	53,711	(104,908)	(915,806)
Oil & Gas (Unlisted)	36,257	67,665	(15,031)	(617,931)

The Group registered a revenue of RM2,803.6 million in the current quarter, a decrease of RM252.2 million from RM3,055.8 million recorded in the previous quarter. The decline was mainly attributed to lower revenue from the Automotive and Oil & Gas segment. Consequently, the Group reported a profit before taxation of RM14.4 million.

Losses in the previous quarter were mainly from the provisions and impairments of assets.

NOTE 16 - Current Prospects

Automotive Segment

The Malaysian Automotive Association forecasted total industry volume ("TIV") for 2017 at 590,000 units, 1.7% higher than 2016 TIV of 580,124 units. Consumer spending is expected to remain sluggish with cooling appetite for substantial commitments. Auto manufacturers and distributors are expected to continue experiencing lower margins for the rest of the year with the subdued consumer sentiments and volatility in ringgit.

Hence, the outlook for this segment is expected to continue to be competitive for 2017.

Equipment Segment

The market for heavy and industrial equipment remain soft in view of aggressive pricing strategy adopted by competitors. As a result, profitability will be impacted by the reduced margins to maintain our market share.

The construction sector will continue to be active with a stream of projects coming along in particular the Pan Borneo Highway Project in Sarawak and Sabah, albeit stiff competition in pricing. For the coal, iron ore and gold mining, there are positive signs of improved demand.

The current performance in this segment is expected to sustain in 2017.

NOTE 16 - Current Prospects (Cont'd)

Manufacturing & Engineering Segment

The outlook for manufacturing and engineering is expected to be positive. The shock absorber business remains sustainable in view of our high market share in the Original Equipment Market 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 and production is expected to commence in the last quarter of the year.

Oil & Gas (Listed) Segment

On 28 April 2017, UMW Oil & Gas Corporation Berhad ("UMW-OG") announced that a rig sale and purchase agreement had been entered into to dispose its entire 50% interest in NAGA 1, a 43-year old semi-submersible drilling rig. The disposal was completed on 9 May 2017 and consequently, no further maintenance costs and capital expenditure to recertify an aged asset will be incurred.

Currently, all seven jack-up rigs are contracted, five of which are income-generating and the remaining two are expected to start work by end of June 2017. As such, asset utilisation rate is expected to improve from the current 71% to 100% by middle of 2017. In May 2017, both UMW NAGA 3 and UMW NAGA 4 secured a contract each from PETRONAS Carigali Sdn. Bhd. for works in offshore Malaysia. Although asset utilisation is improving, time charter rates remain soft in line with prevailing market rates.

Hence, financial performance of this segment in 2017 is expected to remain challenging due to the low time charter rates environment.

Oil & Gas (Unlisted) Segment

Implementation of the exit strategy is on-going following the decision for the Group to exit completely from the Oil & Gas segment. Management is actively implementing its action plans towards this direction.

Group

While implementing the strategic plans of exiting the oil and gas sector, the Group is also focusing on the growth of the remaining three core businesses, automotive, equipment, and manufacturing and engineering.

The Group's performance will still be affected by the downturn in the oil and gas industry until the completion of the exit plan. The strong USD is expected to impact the business margins of the Automotive segment.

NOTE 17 - Variance from Profit Forecast and Profit Guarantee

This is not applicable to the Group.

NOTE 18 - Taxation

	Quarter Ended 31/03/2017 RM'000
Current period's provision	25,251
Over provision in prior periods	(304)
	24,947
Deferred taxation	2
Taxation	24,949
Zakat	-
Total taxation and zakat	24,949

The effective tax rates for the current quarter and period ended 31 March 2017 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 19 January 2017, the Company announced on the proposed distribution of its entire shareholding in UMW-OG ("Proposed Distribution"). 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, UMW Holdings Berhad ("UMW Holdings") will undertake a bonus issue of 1,204,777,400 Redeemable Preference Shares ("RPS") of RM0.01 each to the shareholders of UMW Holdings whose names appear in the UMW Holdings'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 UMW Holdings ("UMWH Shares") held on the Entitlement Date ("Proposed Bonus Issue"), and 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 UMW Holdings ("Distribution Shares") to the Entitled Shareholders.

On 27 February 2017, the Company announced that in view of the enforcement of CA 2016 on 31 January 2017, all amounts standing to the credit of the Company's share premium account shall become part of the Company's share capital. The immediate impact of this is that the Company will no longer be able to carry out the mechanism under the Proposed Distribution as set out in the proposal.

NOTE 19 - Corporate Proposals (Cont'd)

In view of the above, the Company will not be undertaking the Proposed Bonus Issue and Proposed Redemption to facilitate the Proposed Distribution as envisaged earlier. Instead, the Company will undertake the Proposed Distribution exercise via a reduction of its share capital by approximately RM704.8 million, being the cost of investment of the Company in UMW-OG Shares.

On 3 March 2017, the Company proposed to further reduce its issued Share Capital by approximately RM89.7 million ("Proposed Capital Reduction").

The above Proposed Distribution and Proposed Capital Reduction (collectively referred to as "Proposals") are subject to the following being obtained –

- Approval of the shareholders of the Company at an extraordinary general meeting ("EGM") to be convened;
- Confirmation from the High Court for the Proposals via an order; and
- Approvals/consents of any other relevant authorities and/or parties, if required.

The Proposed Capital Reduction is conditional upon the Proposed Distribution.

On 4 May 2017, the Company announced that its shareholders have approved all the resolutions in relation to the Proposals at the EGM held earlier.

Barring unforeseen circumstances, the Proposals are expected to be completed by the third quarter of 2017.

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

NOTE 21 - Material Litigation (Cont'd)

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 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 and 24 April 2017, UOD as the Claimant had served its Amended Reply and Defense to Counterclaim ("ARDC") and further amended ARDC on FOC, respectively. 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 31 December 2017. 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 quarter ended 31 March 2017 (2016 – Nil).

NOTE 23 - Earnings Per Share

Basic earnings per share for the current quarter and financial period ended 31 March 2017 is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue as at 31 March 2017.

	Quarter Ended 31/03/2017
Net profit attributable to shareholders (RM'000)	20,165
Weighted average number of ordinary shares of RM0.50 each	1,168,293,932
Basic/Diluted earnings per share (sen)	1.73

NOTE 24 - Realised and Unrealised Profits/(Losses)

The breakdown of retained profits of the Group as at 31 March 2017, pursuant to the format prescribed by Bursa Securities, is as follows -

	As at 31/03/2017 RM'000	As at 31/12/2016 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- Realised	1,995,298	2,362,206
- Unrealised	248,242	(165,850)
	2,243,540	2,196,356
Total share of retained profits/(accumulated losses) from associated companies:		
- Realised	1,701,255	1,402,112
- Unrealised	(327,481)	(16,217)
Total share of retained profits/(accumulated losses) from jointly-controlled entities:		
- Realised	(279,050)	(279,516)
- Unrealised	(18)	(3,289)
	3,338,246	3,299,446
Less: Consolidation adjustments	(389,566)	(400,801)
Total Group retained profits as per consolidated accounts	2,948,680	2,898,645

NOTE 25 - Audit Qualification

The audit report in respect of the annual financial statements for the financial year ended 31 December 2016 was not qualified.

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

	1st Quarter Ended 31/03/2017 RM'000
a. Interest income	16,759
b. Other investment income	6,007
c. Depreciation	(112,176)
d. Reversal of impairment losses of receivables	1,706
e. Provision for write down of inventories	(3,773)
f. Loss on disposal of quoted or unquoted investment	(1)
g. Gain on disposal of property, plant and equipment	5,217
h. Provision for impairment on property, plant and equipment and inventories	-
i. Foreign exchange gain (net)	4,364
j. Gain on derivatives (net)	17,106
k. Property, plant and equipment written off	34
l. Exceptional item	-

By Order Of The Board

FADZILAH BINTI SAMION
Secretary
(MACS 01262)

Shah Alam
23 May 2017