

# UMW HOLDINGS BERHAD

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

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2019

(THE FIGURES HAVE NOT BEEN AUDITED )

	Current Quarter Ended 30/06/2019 RM'000	Comparative Quarter Ended 30/06/2018 RM'000	6 Months Cumulative To Date 30/06/2019 RM'000	Comparative 6 Months Cumulative To Date 30/06/2018 RM'000
<b><u>Continuing Operations</u></b>				
Revenue	2,966,016	2,919,134	5,740,819	5,334,473
Operating Expenses	(2,899,154)	(2,689,062)	(5,617,970)	(5,033,740)
Other Operating Income	34,036	17,028	54,553	36,632
<b>Profit From Operations</b>	<b>100,898</b>	<b>247,100</b>	<b>177,402</b>	<b>337,365</b>
Share Of Results Of Associates And Joint Ventures	76,140	55,749	141,789	112,027
Investment Income	18,385	19,299	36,125	40,874
<b>Profit Before Interest</b>	<b>195,423</b>	<b>322,148</b>	<b>355,316</b>	<b>490,266</b>
Finance Costs	(43,288)	(4,472)	(62,505)	(18,309)
<b>Profit Before Taxation And Zakat</b>	<b>152,135</b>	<b>317,676</b>	<b>292,811</b>	<b>471,957</b>
Taxation And Zakat	(36,335)	(39,593)	(65,785)	(69,199)
<b>Profit For The Period From Continuing Operations</b>	<b>115,800</b>	<b>278,083</b>	<b>227,026</b>	<b>402,758</b>
<b><u>Discontinued Operations</u></b>				
Loss For The Period From Discontinued Operations	(2,047)	(138,486)	(2,432)	(169,367)
<b>Profit For The Period</b>	<b>113,753</b>	<b>139,597</b>	<b>224,594</b>	<b>233,391</b>
<b><u>Other Comprehensive Income/(Loss):</u></b>				
<b><u>Continuing Operations</u></b>				
Translation Of Foreign Operations	7,076	31,471	16,323	(26,086)
Share Of Other Comprehensive Income of Associates	238	-	453	-
Cash Flow Hedge	5	(181)	20	8
Other Comprehensive Profit/(Loss) Net of Tax From Continuing Operations	7,319	31,290	16,796	(26,078)
<b><u>Discontinued Operations</u></b>				
Other Comprehensive (Loss)/Profit Net of Tax From Discontinued Operations	(20,489)	(60,704)	(20,489)	20,998
<b>Other Comprehensive Loss Net Of Tax</b>	<b>(13,170)</b>	<b>(29,414)</b>	<b>(3,693)</b>	<b>(5,080)</b>
<b>Total Comprehensive Income For The Period</b>	<b>100,583</b>	<b>110,183</b>	<b>220,901</b>	<b>228,311</b>

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## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2019

(THE FIGURES HAVE NOT BEEN AUDITED )

	Current Quarter Ended 30/06/2019 RM'000	Comparative Quarter Ended 30/06/2018 RM'000	6 Months Cumulative To Date 30/06/2019 RM'000	Comparative 6 Months Cumulative To Date 30/06/2018 RM'000
<b><u>Profit/(Loss) For The Period Attributable To:</u></b>				
Owners Of The Company From:				
- Continuing Operations	50,077	242,677	135,783	337,689
- Discontinued Operations	7,112	(118,301)	7,908	(139,229)
	<u>57,189</u>	<u>124,376</u>	<u>143,691</u>	<u>198,460</u>
Holder of Perpetual Sukuk:				
- Continuing Operations	34,829	-	34,829	-
	<u>34,829</u>	<u>-</u>	<u>34,829</u>	<u>-</u>
Non-Controlling Interests From:				
- Continuing Operations	30,894	35,406	56,414	65,069
- Discontinued Operations	(9,159)	(20,185)	(10,340)	(30,138)
	<u>21,735</u>	<u>15,221</u>	<u>46,074</u>	<u>34,931</u>
	<u>113,753</u>	<u>139,597</u>	<u>224,594</u>	<u>233,391</u>
<b><u>Total Comprehensive Income/(Loss) Attributable To:</u></b>				
Owners Of The Company From:				
- Continuing Operations	69,378	288,259	153,711	307,954
- Discontinued Operations	(13,377)	(179,005)	(12,581)	(118,231)
	<u>56,001</u>	<u>109,254</u>	<u>141,130</u>	<u>189,723</u>
Holder of Perpetual Sukuk:				
- Continuing Operations	34,829	-	34,829	-
	<u>34,829</u>	<u>-</u>	<u>34,829</u>	<u>-</u>
Non-Controlling Interests From:				
- Continuing Operations	18,912	21,114	55,282	68,726
- Discontinued Operations	(9,159)	(20,185)	(10,340)	(30,138)
	<u>9,753</u>	<u>929</u>	<u>44,942</u>	<u>38,588</u>
	<u>100,583</u>	<u>110,183</u>	<u>220,901</u>	<u>228,311</u>
Basic/(Diluted) EPS For The Period (Sen)				
- Continuing Operations	4.29	20.77	11.62	28.90
- Discontinued Operations	0.61	(10.13)	0.68	(11.92)
	<u>4.90</u>	<u>10.64</u>	<u>12.30</u>	<u>16.98</u>

(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 30/06/2019 RM'000	(AUDITED) AS AT 31/12/2018 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant And Equipment	2,841,834	2,820,924
Investment Properties	213,044	220,901
Land Use Rights	434	468
Leased Assets	343,729	336,673
Other Receivables	26,203	32,136
Investments In Associates	1,869,212	1,792,383
Investments In Joint Ventures	69,065	48,627
Deferred Tax Assets	143,923	131,951
Other Investments	9,249	7,106
Right-Of-Use Assets	56,818	-
	<u>5,573,511</u>	<u>5,391,169</u>
<b>Current Assets</b>		
Inventories	1,690,847	1,548,507
Trade Receivables	974,006	960,413
Other Receivables	119,385	122,991
Other Investments	1,058,922	1,133,856
Derivative Assets	5,018	7,613
Deposits, Cash And Bank Balances	944,934	1,311,764
	<u>4,793,112</u>	<u>5,085,144</u>
Non-Current Assets Held For Sale	228,672	281,682
	<u>5,021,784</u>	<u>5,366,826</u>
<b>TOTAL ASSETS</b>	<u>10,595,295</u>	<u>10,757,995</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable To The Equity Holders Of The Company</b>		
Share Capital	584,147	584,147
Capital Reserve	396	396
Foreign Currency Translation Reserve	(19,447)	(16,793)
Hedging Reserve	20	-
Fair value reserve	4,071	3,618
Retained Profits	2,881,898	2,773,269
	<u>3,451,085</u>	<u>3,344,637</u>
Perpetual Sukuk	1,097,860	1,097,860
Non-Controlling Interests	1,278,708	1,271,946
<b>Total Equity</b>	<u>5,827,653</u>	<u>5,714,443</u>
<b>Non-Current Liabilities</b>		
Provision For Warranties	223,893	223,186
Deferred Tax Liabilities	34,633	26,859
Long Term Borrowings	1,995,358	2,298,249
Lease Liabilities	41,221	-
	<u>2,295,105</u>	<u>2,548,294</u>
<b>Current Liabilities</b>		
Provision For Warranties	54,672	40,027
Taxation	65,111	55,752
Short Term Borrowings	575,435	534,486
Bank Overdrafts	-	475
Trade Payables	801,105	832,868
Other Payables	955,314	1,021,179
Derivative Liabilities	1,218	881
Liabilities Associated With Assets Held For Sale	4,231	9,590
Lease Liabilities	15,451	-
	<u>2,472,537</u>	<u>2,495,258</u>
<b>Total Liabilities</b>	<u>4,767,642</u>	<u>5,043,552</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>10,595,295</u>	<u>10,757,995</u>
<b>Net Assets Per Share (RM)</b>	<b>2.9540</b>	<b>2.8628</b>

(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 30 JUNE 2019

	Non - Distributable					Distributable				
	Share Capital RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Foreign Currency Translation Reserve RM'000	Hedging Reserve RM'000	Retained Profits RM'000	Total RM'000	Perpetual Sukuk RM'000	Non - Controlling Interests RM'000	Total Equity RM'000
<b>6 MONTHS ENDED 30 JUNE 2019</b>										
At 1 January 2019	584,147	3,618	396	(16,793)	-	2,773,269	3,344,637	1,097,860	1,271,946	5,714,443
Transactions with owners										
Dividends distributed to equity holders	-	-	-	-	-	(29,208)	(29,208)	-	(43,654)	(72,862)
Distribution paid to perpetual sukuk holders	-	-	-	-	-	-	-	(34,829)	-	(34,829)
Effects of loss of control in a subsidiary	-	-	-	380	-	(5,854)	(5,474)	-	5,474	-
Total comprehensive income	-	453	-	(3,034)	20	143,691	141,130	34,829	44,942	220,901
At 30 June 2019	584,147	4,071	396	(19,447)	20	2,881,898	3,451,085	1,097,860	1,278,708	5,827,653

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2018

	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	Perpetual Sukuk RM'000	Non - Controlling Interests RM'000	Total Equity RM'000
<b>6 MONTHS ENDED 30 JUNE 2018</b>										
At 1 January 2018	584,147	-	396	10,201	1	2,452,503	3,047,248	-	1,131,182	4,178,430
Transactions with owners										
Dividend distributed to equity holders	-	-	-	-	-	(58,415)	(58,415)	-	(34,527)	(92,942)
Effect of loss of control in a subsidiary	-	-	-	-	-	-	-	-	(1,036)	(1,036)
Issuance of perpetual sukuk	-	-	-	-	-	-	-	1,100,000	-	1,100,000
Total comprehensive income	-	-	-	874	8	188,842	189,724	-	38,587	228,311
At 30 June 2018	584,147	-	396	11,075	9	2,582,930	3,178,557	1,100,000	1,134,206	5,412,763

(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

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## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2019

	6 Months Ended 30/06/2019 RM'000	6 Months Ended 30/06/2018 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) Before Taxation And Zakat From:		
Continuing operations	292,811	471,957
Discontinued operations	(1,921)	(168,959)
	<u>290,890</u>	<u>302,998</u>
Adjustments For:		
Depreciation and amortisation	171,451	100,058
Reversal of impairment on inventories	-	(2,170)
Interest expense from:		
- Continuing operations	62,505	18,309
- Discontinued operations	2,361	37,056
Share of results of associates and joint ventures from:		
- Continuing operations	(141,789)	(113,215)
- Discontinued operations	-	1,188
Gain on disposal of property, plant and equipment	(25,928)	(10,935)
Provision for impairment on receivables	(7,820)	784
Net unrealised foreign exchange/fair value loss/(gain)	59,616	48,100
Loss on sale of investment	7,009	385
Interest and dividend income from other investments	(39,145)	(41,740)
Property, plant and equipment written off	203	1,400
Others	14,645	(135,212)
Operating Profit Before Working Capital Changes	<u>393,998</u>	<u>207,006</u>
Decrease in receivables	83,919	17,423
Increase in inventories	(166,136)	(96,261)
Decrease in payables	(149,245)	(1,326,444)
Cash Generated From/(Used in) Operating Activities	<u>162,536</u>	<u>(1,198,276)</u>
Interest paid	(70,459)	(80,723)
Taxation paid	(57,468)	(58,683)
Net Cash Generated From/(Used in) Operating Activities	<u>34,609</u>	<u>(1,337,682)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash inflow/(outflow) arising from disposal of a subsidiary	6,137	(877)
Dividends received	48,280	66,473
Purchase of property, plant and equipment	(167,126)	(563,830)
Proceeds from disposal of property, plant and equipment	43,834	33,015
Interest income	38,722	38,871
Proceed from disposal of other investments	530,630	931,054
Purchase of other investments	(455,694)	(828,347)
Net Cash Generated From/(Used) in Investing Activities	<u>44,783</u>	<u>(323,641)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid to equity holders of the Company	(29,208)	(58,415)
Dividend paid to non-controlling interests	(43,654)	(34,527)
Proceeds from issuance of perpetual sukuk	-	1,100,000
Perpetual sukuk distribution paid	(34,829)	-
Payment for lease liabilities	(8,451)	-
Net (repayment)/drawdown of loans and borrowings	(261,917)	294,972
Net Cash (Used in)/Generated From Financing Activities	<u>(378,059)</u>	<u>1,302,030</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(298,667)</u>	<u>(359,293)</u>
<b>CASH AND CASH EQUIVALENTS AS AT 1 JANUARY</b>	1,315,236	1,187,898
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	<u>(63,034)</u>	<u>90,590</u>
<b>CASH AND CASH EQUIVALENTS AS AT 30 JUNE</b>	<u>953,535</u>	<u>919,195</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 2018. 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 2018.

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 2018, 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 2019.

### **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 2019 -

- MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)
- MFRS 16 Leases
- MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)
- Annual Improvements to MFRS Standards 2015 – 2017 Cycle
- MFRS 119 Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)
- IC Interpretation 23 Uncertainty over Income Tax Treatments

The adoption of the above pronouncements did not have any material impact on the financial statements of the Group, other than as disclosed below -

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

### Adoption of Amendments and Annual Improvements to Standards (Cont’d)

#### a. MFRS 16: Leases

MFRS 16 supersedes MFRS 117 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

The Group elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (‘short-term leases’), and lease contracts for which the underlying asset is of low value (below USD 5,000).

The effect of adoption MFRS 16 as at 1 January 2019 is as follows:

	<u>RM'000</u>
<u>Assets</u>	
Right-of-use assets	<u>65,047</u>
<u>Liabilities</u>	
Lease liabilities	<u>65,047</u>

#### a) **Nature of the effect of adoption of MFRS 16**

The Group has lease contracts for various items of land, buildings, plant and equipment, and other assets. Before the adoption of MFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rental expense in the statement of profit or loss on a straight-line basis over the lease term.

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

### Adoption of Amendments and Annual Improvements to Standards (Cont’d)

#### a. MFRS 16: Leases (Cont’d)

##### a) **Nature of the effect of adoption of MFRS 16 (Cont’d)**

Upon adoption of MFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group as further detailed below:

- ***Leases previously accounted for as operating leases***

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

- ***The Group also applied the available practical expedients wherein it:***

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- Elected not to separate lease and non-lease components for classes of assets.



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

### Adoption of Amendments and Annual Improvements to Standards (Cont’d)

a. MFRS 16: Leases (Cont’d)

**b) Summary of new accounting policies**

Set out below are the new accounting policies of the Group upon adoption of MFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. For the measurement of the right-of-use at the time of first-time application, initial direct costs were not taken into account, in accordance with MFRS 16.C10(d). The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees, and the exercise price of a purchase option reasonably certain to be exercised by the Group, and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date. A single discount rate was used for a portfolio of leases with reasonably similar characteristics as a practical expedient applied by the Group. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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

### Adoption of Amendments and Annual Improvements to Standards (Cont’d)

#### a. MFRS 16: Leases (Cont’d)

##### b) **Summary of new accounting policies (Cont’d)**

###### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of premises, plant and equipment, stockyard and motor vehicles (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (below USD5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

###### Significant judgements applied

The lease term determined by the Group comprises non-cancellable period of lease contracts, any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of 1 to 30 years. Judgements are applied in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. The Group uses hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases of certain premises, plant and equipment due to the significance of these assets to its operations.

### **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 2020**

- Amendments to MFRS 3 Business Combinations (Definition of a Business)
- Amendments to MFRS 101 Presentation of Financial Statements (Definition of Material)
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
- MFRS 17 Insurance Contracts

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

### **Effective for financial periods beginning on or after 1 January 2021**

- MFRS 17 Insurance Contracts

### **MFRSs, Interpretations and Amendments effective for a date yet to be confirmed**

- Amendments to MFRS 10 Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to 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.

## **NOTE 2 - Seasonal or Cyclical Factors**

During the financial period, the businesses of the Group were not affected by any significant seasonal or cyclical factors.

## **NOTE 3 - Exceptional Items**

There were no material unusual items affecting assets, liabilities, equity, net income, or cash flows of the Group.

## **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 2019.

## **NOTE 6 - Dividends Paid**

A final single-tier dividend of 2.5 sen per share in respect of financial year ended 31 December 2018 amounting to RM29.2 million was paid on 16 May 2019.

## NOTE 7 - Segmental Reporting

Business Segment	Financial Period Ended 30 June 2019		
	Revenue RM'000	Profit/(Loss) Before Taxation RM'000	Profit/(Loss) Attributable to Owners of the Company RM'000
Automotive	4,548,961	275,343	187,973
Equipment	726,473	77,631	59,053
Manufacturing & Engineering	481,601	15,562	3,534
Others	34,720	(75,725)	(52,948)
<b>Sub-total</b>	<b>5,791,755</b>	<b>292,811</b>	<b>197,612</b>
Elimination of Inter-Segment Sales	(50,936)	-	-
Less : Profit attributable to Holders of Perpetual Sukuk	-	-	(34,829)
<b>Total From Continuing Operations</b>	<b>5,740,819</b>	<b>292,811</b>	<b>162,783</b>
Oil & Gas (Unlisted)	10,334	(1,921)	7,908
<b>Total From Discontinued Operations</b>	<b>10,334</b>	<b>(1,921)</b>	<b>7,908</b>
<b>CONSOLIDATED TOTAL</b>	<b>5,751,153</b>	<b>290,890</b>	<b>170,691</b>

Following the Group's decision to exit from the oil and gas industry, the Oil & Gas (Unlisted) segment has been classified as a disposal group on 31 December 2017. The assets of the disposal group have since been presented as "Assets held for sale" and the liabilities of the disposal group presented as "Liabilities associated with assets held for sale". The financial performance of the disposal group is classified as "Discontinued Operations" as it represents a separate major line of business that the Group is exiting from.

## NOTE 7 - Segmental Reporting (Cont'd)

The results of the Discontinued Operations are as follows:

	<b>Six Months Ended 30/06/2019</b>	<b>Six Months Ended 30/06/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	10,334	54,747
Operating Expenses	(18,738)	(191,141)
Other Operating Income	8,747	5,639
<b>Profit/(Loss) From Operations</b>	<b>343</b>	<b>(130,755)</b>
Finance Costs	(2,361)	(37,056)
Share Of Results Of Associates And Joint Ventures	-	(1,188)
Investment Income	97	40
<b>Loss Before Taxation And Zakat</b>	<b>(1,921)</b>	<b>(168,959)</b>
Taxation And Zakat	(511)	(408)
<b>Loss For The Period From Discontinued Operations</b>	<b>(2,432)</b>	<b>(169,367)</b>
<b>Net Cash Flows:</b>		
Operating activities	46,164	(10,405)
Investing activities	217	63
Financing activities	-	(293,722)
	<b>46,381</b>	<b>(304,064)</b>

Other than the above, there has been no other material change 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 since the end of current financial period to the date of this announcement which substantially affects the results of the Group for the period ended 30 June 2019.

## NOTE 9 - Changes in Composition of the Group

- a. The Company had on 11 January 2019 announced that it has entered into a Share Sale and Purchase Agreement (“SSPA”) with Mr Paul Anthony Montague (“Mr Montague), an Australian citizen, for the proposed disposal by the Company of 1,410,601 shares, representing 100% of the issued and paid-up capital of UMW Australia Venture (L) Ltd (“UAV”) to Mr Montague for a purchase price of AUD2.00 (“Proposed Disposal”).

Following completion of the SSPA, on 5 February 2019, UAV, together with its subsidiaries listed below ceased to be subsidiaries of the UMW Group –

<b>Name of Company</b>	<b>Place of Incorporation</b>
PFP Holdings Pty Ltd PFP (Aust) Holdings Pty Ltd PFP (Aust) Pty Ltd Australasia Piping Products Pty Ltd	Australia
PFP (Malaysia) Sdn Bhd	Malaysia
PFP Singapore Pte Ltd	Singapore
PFP (Shenzhen) Piping Material Co, Ltd (in liquidation)	The People’s Republic of China

- b. The winding up of the following subsidiaries were completed on the following dates:

<b>Date</b>	<b>Company</b>
21 March 2019	UMW Marine and Offshore Pte Ltd
25 July 2019	UMW China Venture (L) Ltd UMW Offshore Investment (L) Ltd

## NOTE 10 - Capital Commitments

The Group's capital commitments as at 30 June 2019 is as follows:

	RM'000	RM'000
<u>Approved and contracted for:</u>		
Land and buildings	26,702	
Equipment, plant and machinery	47,845	
Others	34,140	108,687
	<hr/>	
<u>Approved but not contracted for:</u>		
Land and buildings	141,162	
Equipment, plant and machinery	277,043	
Others	43,310	461,515
<b>Total</b>	<hr/>	<hr/> <b>570,202</b> <hr/>

## NOTE 11 - Significant Related Party Transactions

In the opinion of the directors, save for recurrent related party transactions ("RPTs") mandated by shareholders at the 36<sup>th</sup> Annual General Meeting on 23 May 2019, there were no significant RPTs.

## NOTE 12 - Classification of Financial Assets

Save for those assets or investments classified as Held For Sale arising from Discontinued operations, there were no changes to the classification of financial assets for the period under review.

## NOTE 13 - Changes in Contingent Liabilities and Contingent Assets

Contingent liabilities of the Group are as follows:

	As at 30/06/2019 RM'000	As at 31/12/2018 RM'000
	<hr/>	<hr/>
Performance bonds in favour of third parties	8,760	10,010
	<hr/>	<hr/>

## NOTE 14 - Review of Performance

### Current Quarter Ended 30 June 2019

	Revenue			Profit/(Loss) Before Taxation		
	Quarter ended 30/06/2019 RM'000	Quarter ended 30/06/2018 RM'000	Variance %	Quarter ended 30/06/2019 RM'000	Quarter ended 30/06/2018 RM'000	Variance %
<b>CONSOLIDATED TOTAL</b>	<b>2,971,241</b>	<b>2,950,449</b>	<b>0.7%</b>	<b>150,354</b>	<b>179,154</b>	<b>-16.1%</b>
<b>Total From Continuing Operations</b>	<b>2,966,016</b>	<b>2,919,134</b>	<b>1.6%</b>	<b>152,135</b>	<b>317,676</b>	<b>-52.1%</b>
<b>Business Segment:</b>						
Automotive	2,386,426	2,382,665	0.2%	151,118	142,439	6.1%
Equipment	343,630	365,947	-6.1%	35,467	37,813	-6.2%
Manufacturing & Engineering	244,501	178,321	37.1%	13,233	(521)	>100%
<b>Total From Discontinued Operations</b>	<b>5,225</b>	<b>31,315</b>	<b>-83.3%</b>	<b>(1,781)</b>	<b>(138,522)</b>	<b>98.7%</b>
Oil & Gas (Unlisted)	5,225	31,315	-83.3%	(1,781)	(138,522)	98.7%

### Group

Group revenue of RM2,971.2 million for the quarter ended 30 June 2019 was higher than the RM2,950.4 million reported in the quarter ended 30 June 2018 (“corresponding quarter”). The increase in revenue was mainly due to higher sales in the Automotive and Manufacturing & Engineering segments.

Group profit before tax from Continuing Operations of RM152.1 million was lower than RM317.7 million profit in the corresponding quarter. The corresponding quarter’s results included a one-off reversal of provision amounting to RM207.0 million. Excluding the corresponding quarter’s reversal of provision, this quarter’s profit of RM152.1 million was higher than the RM110.7 million profit in the corresponding quarter.

Following divestments made over the last 12 months, the Group recorded a significantly lower loss of RM1.8 million from Discontinued Operations – Oil & Gas (Unlisted) from RM138.5 million loss in the corresponding quarter.

### Automotive Segment

The Automotive segment’s revenue of RM2,386.4 million was comparable to the corresponding quarter’s revenue of RM2,382.7 million.

Profit before tax of RM151.1 million was higher than RM142.4 million in the corresponding quarter, mainly due to higher share of profit from an associated company following higher vehicle sales made in the current quarter.

### Equipment Segment

The Equipment segment’s revenue of RM343.6 million was lower than the RM365.9 million reported in the corresponding quarter, mainly due to lower demand for Heavy Equipment products in the current quarter.

In line with the decrease in revenue, profit before taxation of RM35.5 million was lower than RM37.8 million profit in the corresponding quarter.



## NOTE 14 - Review of Performance (Cont'd)

### Current Quarter Ended 30 June 2019 (Cont'd)

#### Manufacturing & Engineering Segment

The Manufacturing & Engineering segment's revenue of RM244.5 million was higher than the RM178.3 million reported in the corresponding quarter, mainly due to higher volume of fan cases delivered by the Aerospace business and higher sales of other major products in the current quarter.

Following the increase in revenue, the segment reported a profit before tax of RM13.2 million against a RM0.5 million loss in the corresponding quarter.

#### Half Year Ended 30 June 2019

	Revenue			Profit/(Loss) Before Taxation		
	Six Months Ended 30/06/2019 RM'000	Six Months Ended 30/06/2018 RM'000	Variance %	Six Months Ended 30/06/2019 RM'000	Six Months Ended 30/06/2018 RM'000	Variance %
<b>CONSOLIDATED TOTAL</b>	<b>5,751,153</b>	<b>5,389,220</b>	<b>6.7%</b>	<b>290,890</b>	<b>302,998</b>	<b>-4.0%</b>
<b>Total From Continuing Operations</b>	<b>5,740,819</b>	<b>5,334,473</b>	<b>7.6%</b>	<b>292,811</b>	<b>471,957</b>	<b>-38.0%</b>
<b>Business Segment:</b>						
Automotive	4,548,961	4,259,724	6.8%	275,343	268,380	2.6%
Equipment	726,473	738,990	-1.7%	77,631	82,749	-6.2%
Manufacturing & Engineering	481,601	346,787	38.9%	15,562	(3,402)	>100%
<b>Total From Discontinued Operations</b>	<b>10,334</b>	<b>54,747</b>	<b>-81.1%</b>	<b>(1,921)</b>	<b>(168,959)</b>	<b>98.9%</b>
Oil & Gas (Unlisted)	10,334	54,747	-81.1%	(1,921)	(168,959)	98.9%

#### Group

Group revenue of RM5,751.2 million for the first half of the year ended 30 June 2019 was 6.7% higher than the RM5,389.2 million recorded in the six months ended 30 June 2018 ("corresponding period"). The increase was primarily attributable to the increase in revenue from the Automotive and Manufacturing & Engineering segments.

Group profit before tax from Continuing Operations of RM292.8 million was lower than the RM472.0 million profit in the corresponding period. The corresponding period's results included a one-off reversal of provision amounting to RM207.0 million. Excluding the corresponding period's reversal of provision, the current year's profit of RM292.8 million was higher than the RM265.0 million profit in the corresponding period.

Following divestments made over the last one year, Discontinued Operations – Oil & Gas (Unlisted) pre-tax loss of RM1.9 million was significantly lower than the RM169.0 million loss in the corresponding period.

#### Automotive Segment

The Automotive segment's revenue for the first half of this year of RM4,549.0 million was 6.8% higher than the corresponding period's revenue of RM4,259.7 million, mainly due to higher sale of parts in the current period.

An increase in share of profit from an associated company contributed to the slightly higher profit before tax of RM275.3 million in the current year from RM268.4 million in the corresponding period.

## NOTE 14 - Review of Performance (Cont'd)

### Half Year Ended 30 June 2019 (Cont'd)

#### Equipment Segment

The Equipment segment's revenue of RM726.5 million was slightly lower than RM739.0 million reported in the corresponding period, mainly due to lower revenue from the Heavy Equipment sub-segment.

In tandem with the decline in revenue, the segment's profit before tax of RM77.6 million was slightly lower than the RM82.7 million reported in the corresponding period.

#### Manufacturing & Engineering Segment

The Manufacturing & Engineering segment's revenue of RM481.6 million was significantly higher than the RM346.8 million recorded in the corresponding period, mainly due to the ramping up of fan case production by the Aerospace sub-segment in the current period.

The segment returned to profitability with a profit before tax of RM15.6 million in the first half of this year from RM3.4 million loss reported in the corresponding period, mainly from improved margins in the current year.

## NOTE 15 - Comparison with Preceding Quarter's Results

	Revenue			Profit/(Loss) Before Taxation		
	2nd Quarter Ended 30/06/2019 RM'000	1st Quarter Ended 31/03/2019 RM'000	Variance %	2nd Quarter Ended 30/06/2019 RM'000	1st Quarter Ended 31/03/2019 RM'000	Variance %
<b>CONSOLIDATED TOTAL</b>	2,971,241	2,779,912	6.9%	150,354	140,536	7.0%
<b>Total From Continuing Operations</b>	2,966,016	2,774,803	6.9%	152,135	140,676	8.1%
<b>Business Segment:</b>						
Automotive	2,386,426	2,162,535	10.4%	151,118	124,225	21.6%
Equipment	343,630	382,843	-10.2%	35,467	42,164	-15.9%
Manufacturing & Engineering	244,501	237,100	3.1%	13,233	2,329	>100%
<b>Total From Discontinued Operations</b>	5,225	5,109	2.3%	(1,781)	(140)	>(100%)
Oil & Gas (Unlisted)	5,225	5,109	2.3%	(1,781)	(140)	>(100%)

#### Group

Group revenue of RM2,971.2 million for the current quarter ended 30 June 2019 was higher than the RM2,779.9 million reported in the quarter ended 31 March 2019 ("preceding quarter"), mainly due to higher revenue in the Automotive and Manufacturing & Engineering segments.

Group profit before tax from Continuing Operations of RM152.1 million was 8.1% higher than the RM140.7 million profit reported in the preceding quarter, attributable to the higher revenue recorded in the current quarter.

The Group recorded a loss before tax of RM1.8 million from Discontinued Operations – Oil & Gas (Unlisted) in the current quarter as compared to RM0.1 million loss before tax in the preceding quarter. The loss in the current quarter is in line with the Group's exit plans for this segment.

## **NOTE 15 - Comparison with Preceding Quarter's Results (Cont'd)**

### **Automotive Segment**

The Automotive segment's revenue of RM2,386.4 million was higher than the preceding quarter's revenue of RM2,162.5 million, mainly due to higher vehicle sales in the current quarter.

Profit before tax of RM151.1 million was higher than RM124.2 million in the preceding quarter, mainly due to a higher share of profit from an associated company following higher vehicle sales in the current quarter.

### **Equipment Segment**

The Equipment segment's revenue of RM343.6 million was lower than the RM382.8 million reported in the preceding quarter, mainly due to lower demand for Heavy Equipment products in the current quarter.

Profit before tax of RM35.5 million lower than RM42.2 million profit in the corresponding quarter, in line with the decrease in revenue.

### **Manufacturing & Engineering Segment**

The Manufacturing & Engineering segment's revenue of RM244.5 million was higher than the RM237.1 million reported in the preceding quarter, mainly due to higher sales from lubricant business and higher volume of fan cases delivered by the Aerospace business.

Following the increase in revenue, the segment recorded higher profit before tax of RM13.2 million as compared to RM2.3 million in the preceding quarter.

## **NOTE 16 - Current Prospects**

### **Automotive Segment**

The automotive business remains competitive with wider customer choice and prudent spending by both consumers and businesses. However, with a line-up of new models with competitive pricing and the recent reduction in banks' base lending rates, the segment's sales outlook is projected to be stable for the second half of this year.

### **Equipment Segment**

The revival of major infrastructure projects by the Malaysian Government has brought back interest in the construction sector, leading to an anticipated increase in demand for the segment. In addition, expansion of the overseas market is expected to contribute to higher sales in the second half of this year. Productivity improvements and cost management initiatives will help to cushion the impact from rising market competition.

## NOTE 16 - Current Prospects (Cont'd)

### Manufacturing & Engineering Segment

General outlook for Manufacturing & Engineering segment remains positive with higher vehicle sales and parts replacements in the second half of this year. Additionally, production and delivery of fan cases are expected to increase for the remainder of this year.

### Oil & Gas (Unlisted) Segment

Following the ongoing divestment of the Oil and Gas (Unlisted) assets, the Group does not expect any adverse material impact from this segment in 2019.

### Group

The Group will continue to strengthen its three core businesses, namely Automotive, Equipment, and Manufacturing & Engineering.

Notwithstanding the uncertainty in the global economy due to trade tensions as well as the exchange rate movements, the Group is continuing its cost optimisation initiatives to improve its business performance.

## NOTE 17 – Variance from Profit Forecast and Profit Guarantee

Not applicable as there was no profit forecast or profit guarantee issued by the Group.

## NOTE 18 - Revenue

Disaggregation of revenue from contracts with customers –

	Sale of vehicle RM'000	Sale of equipment RM'000	Sale of parts RM'000	Export sales RM'000	Services rendered RM'000	Sale of lubricants & related products RM'000	Revenue from contracts with RM'000	Lease rental income RM'000	Consolidated revenue RM'000
<b>FPE 30 June 2019</b>									
<b>Business Segment</b>									
Automotive	3,517,573	-	592,927	366,946	71,515	-	4,548,961	-	4,548,961
Equipment	-	364,457	225,926	18,597	40,486	-	649,466	77,007	726,473
Manufacturing & Engineering	-	-	182,988	202,388	-	96,225	481,601	-	481,601
Others	-	-	-	-	34,720	-	34,720	-	34,720
<b>Sub-total</b>	3,517,573	364,457	1,001,841	587,931	146,721	96,225	5,714,748	77,007	5,791,755
Elimination of Inter-Segment Sales	(1,134)	(2,237)	(10,414)	(1,318)	(28,589)	(2,916)	(46,608)	(4,328)	(50,936)
<b>Total From Continuing Operations</b>	3,516,439	362,220	991,427	586,613	118,132	93,309	5,668,140	72,679	5,740,819

	Sale of vehicle RM'000	Sale of equipment RM'000	Sale of parts RM'000	Export sales RM'000	Services rendered RM'000	Sale of lubricants & related products RM'000	Revenue from contracts with RM'000	Lease rental income RM'000	Consolidated revenue RM'000
<b>FPE 30 June 2018</b>									
<b>Business Segment</b>									
Automotive	3,557,431	-	279,550	317,239	105,504	-	4,259,724	-	4,259,724
Equipment	-	344,820	247,623	31,646	35,210	-	659,299	79,691	738,990
Manufacturing & Engineering	-	-	172,054	79,435	7	95,291	346,787	-	346,787
Others	-	-	-	-	32,837	-	32,837	-	32,837
<b>Sub-total</b>	3,557,431	344,820	699,227	428,320	173,558	95,291	5,298,647	79,691	5,378,338
Elimination of Inter-Segment Sales	(576)	(2,066)	(10,299)	(592)	(24,634)	(3,064)	(41,231)	(2,634)	(43,865)
<b>Total From Continuing Operations</b>	3,556,855	342,754	688,928	427,728	148,924	92,227	5,257,416	77,057	5,334,473

## NOTE 19 - Taxation

	<b>2nd Quarter Ended 30/06/2019 RM'000</b>	<b>Six Months Ended 30/06/2019 RM'000</b>
Current period provision	(34,074)	(63,426)
Under provision in prior periods	55	(42)
	(34,019)	(63,468)
Deferred taxation	10	9
Taxation	(34,009)	(63,459)
Zakat	(2,326)	(2,326)
Total taxation and zakat	(36,335)	(65,785)

The effective tax rate for the period ended 30 June 2019 was lower than the statutory tax rate of 24.0%, primarily due to some overseas subsidiaries having lower tax rate as well as some local subsidiaries benefitting from non-taxable income.

## NOTE 20 - Corporate Proposals

On 30 November 2018, the Company announced that its wholly-owned subsidiaries have entered into 6 sale and purchase agreements ("SPA") with Strategic Sonata Sdn Bhd ("SSSB"), a wholly-owned subsidiary of Mapletree Dextra Pte Ltd, for the disposal of leasehold industrial land comprising 10 lots held under separate documents of title ("Land") together with all remaining buildings, structures and plants measuring in total 38.803 acres to SSSB, for a total cash consideration of RM287,700,000.00 ("Proposed Disposal") as follows:

Agreement	Parties	
	Registered Proprietor(s)	Beneficial Owner(s)
SPA 1	UMW Corporation Sdn Bhd ("UMWC")	Not Applicable
SPA 2	UMW Advantech Sdn Bhd ("UASB")	1. UMWC 2. UASB 3. UMW Equipment Sdn Bhd ("UMWE")
SPA 3	UMW M&E Sdn Bhd ("UMW M&E")	UASB
SPA 4	UMW Industries (1985) Sdn. Bhd. ("UMWI")	Not Applicable
SPA 5	UMW Industrial Power Services Sdn Bhd ("UIPSSB")	Not Applicable
SPA 6	UMWC	UIPSSB

## **NOTE 20 - Corporate Proposals (Cont'd)**

The Proposed Disposal was subject to the letting of part of the Land ("Tenanted Lots") by SSSB ("Landlord") to the following subsidiaries who are also the existing registered proprietors and/or the beneficial owners of the Land ("Tenants") who will also be entering into separate Tenancy Agreements with SSSB, the agreed forms of which are appended to the SPAs, for the proposed tenancy of the Tenanted Lots –

- (i) UMWC in respect of Lot 8, part of Lot 10 and Lot 3 (Plot A);
- (ii) UMWE in respect of Lot 3 (Plot B);
- (iii) UASB in respect of Lot 3 (Plot C) and Lot 6;
- (iv) UMWI in respect of Lot 14 and Lot 16;
- (v) UIPSSB in respect of Lot 12,

hereinafter referred to as the "Proposed Tenancy".

The Proposed Tenancy was intended to commence on the completion of the respective SPA and entails the rental of the Tenanted Lots by the Tenants from SSSB for a tenure not exceeding 3 years at a yearly rental totalling RM12,600,000, subject to the conditions contained in the Tenancy Agreements.

On 3 June 2019, the Company announced that its wholly-owned subsidiaries have entered into 6 Supplemental Sale and Purchase Agreements ("First Supplement SPAs") to further extend the Extended Conditional Period of the abovementioned 6 SPAs for a period of 3 months, commencing from 30 May 2019 and expiring on 29 August 2019, to allow full satisfaction of all conditions precedent in the SPAs. As of to date, the Company has been notified by SSSB that Ministry of Economic Affairs ("MEA") has, vide its letter dated 28 June 2019, acknowledged the fulfillment by SSSB of the condition imposed by MEA upon granting the approvals for the Proposed Disposal.

On 20 June 2019, the Company received a notification from SSSB that SSSB had on 13 June 2019, entered into a Share Subscription Agreement ("SSA") with Permodalan Nasional Berhad ("PNB"), and pursuant to the SSA, PNB has become a 30% shareholder of SSSB. PNB is a substantial shareholder of the Company as well as a person connected to Amanah Saham Bumiputera ("ASB"), a major shareholder of the Company. As a result, the Proposed Disposal is now deemed to be a related party transaction.

Subsequently, the Company had on 14 August 2019 announced that its subsidiaries, namely UASB, UMWE, UMW M&E, UMWI and UIPSSB (collectively referred to as "Vendors"), have entered into 6 Second Supplemental Sale and Purchase Agreements with SSSB ("Second Supplemental SPAs") to amend and vary certain terms of the SPAs (as amended and varied First Supplemental SPAs). Pursuant to the Second Supplemental SPAs, both Vendors and SSSB mutually agreed that Proposed Disposal is now also conditional upon obtaining the requisite approvals from shareholders of the Vendors and the Company. The current Extended Conditional Period of the SPAs shall be further extended commencing from 30 August 2019 and shall end on 29 November 2019.

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

## NOTE 21 - Group Borrowings and Debt Securities

	As at 30/06/2019					
	Long Term		Short Term		Total borrowings	
	Foreign denomination	RM denomination	Foreign denomination	RM denomination	Foreign denomination	RM denomination
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Unsecured</b>						
Term loans and trade facilities	-	2,399,906	-	125,435	-	2,525,341
- United States Dollar @ 4.082	45,452	-	-	-	45,452	-
Long term loans payable within 12 months	-	(450,000)	-	450,000	-	-
	45,452	1,949,906	-	575,435	45,452	2,525,341
	<b>45,452</b>	<b>1,949,906</b>	<b>-</b>	<b>575,435</b>	<b>45,452</b>	<b>2,525,341</b>

	As at 30/06/2018					
	Long Term		Short Term		Total borrowings	
	Foreign denomination	RM denomination	Foreign denomination	RM denomination	Foreign denomination	RM denomination
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Secured</b>						
Term loans and trade facilities	-	-	54,116	-	54,116	-
- United States Dollar @ 4.03850	-	-	890	-	890	-
- Indian Rupee @ 0.0590	-	-	55,006	-	55,006	-
<b>Unsecured</b>						
Term loans and trade facilities	-	2,399,839	-	119,317	-	2,519,156
- United States Dollar @ 4.03850	50,077	-	223,783	-	273,860	-
Long term loans payable within 12 months	-	(199,963)	-	199,963	-	-
	50,077	2,199,876	223,783	319,280	273,860	2,519,156
	<b>50,077</b>	<b>2,199,876</b>	<b>278,789</b>	<b>319,280</b>	<b>328,866</b>	<b>2,519,156</b>

## NOTE 22 – Financial Instruments

### Derivatives

As at 30 June 2019, the Group's outstanding derivative assets and liabilities are detailed below-

Type of Derivative	Tenor	Notional Value RM'000	Fair Value Asset/(Liability) RM'000
<b>Derivative Assets</b>			
- Forward currency contract	Less than 1 year	43,017	352
- Embedded derivatives	Less than 1 year	537,575	4,666
		580,592	5,018
<b>Derivative Liabilities</b>			
- Forward currency contract	Less than 1 year	88,597	(1,218)

The Group uses forward currency contracts to hedge the current and future sales and purchases denominated in foreign currencies for which firm commitments existed at the end of reporting date. Derivatives are placed with or entered into with reputable financial institution with high credit ratings and no history of default.

## NOTE 22 – Financial Instruments (Cont'd)

### Derivatives (Cont'd)

There is no significant change to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the financial year ended 31 December 2018 other than expiry of outstanding contracts reported then.

### Fair Value Changes of Financial Liabilities

Other than derivatives which are classified as liabilities if they are at fair value loss position as at the end of the reporting period, the Group does not remeasure its financial liabilities at fair value after initial recognition.

## NOTE 23 - Material Litigation

There was no material litigation pending as at the date of this announcement.

## NOTE 24 - Dividend

No interim dividend has been recommended for the financial period ended 30 June 2019.

## NOTE 25 - Earnings Per Share

Basic earnings per share for the current quarter and financial period ended 30 June 2019 is calculated by dividing the profit for the period attributable to the owners of the Company by the weighted average number of ordinary shares in issue as at 30 June 2019.

	2nd Quarter Ended 30/06/2019	Six Months Ended 30/06/2019	Ended 30/06/2019 RM'000
Profit for the period attributable to the owners of the Company (RM'000)			
- Continuing operations	50,077	135,783	-
- Discontinued operations	7,112	7,908	-
	57,189	143,691	-
Weighted average number of ordinary shares	1,168,293,932	1,168,293,932	1,168,293,932
Basic earnings per share (sen)			
- Continuing operations	4.29	11.62	-
- Discontinued operations	0.61	0.68	-
	4.90	12.30	-

## NOTE 26 - Audit Qualification

The audit report in respect of the annual financial statements for the financial year ended 31 December 2018 was not qualified.



**NOTE 27 - Items to Disclose in the Statement of Comprehensive Income**

	<b>2nd Quarter Ended 30/06/2019 RM'000</b>	<b>Six Months Ended 30/06/2019 RM'000</b>
a. Interest income	9,144	19,570
b. Other investment income	11,666	19,575
c. Depreciation and amortisation	(84,968)	(171,451)
d. Provision for impairment losses of receivables	3,131	7,820
e. Loss on sale on investment	(3,346)	(7,009)
f. Gain on disposal of property, plant and equipment	19,085	25,928
g. Foreign exchange gain (net)	(55,117)	(57,239)
h. Loss on derivatives (net)	4,309	(2,377)
i. Property, plant and equipment written off	(152)	(203)

**By Order Of The Board**

**MOHD NOR AZAM BIN MOHD SALLEH**  
**Secretary**  
**(MAICSA 7028137)**

Shah Alam  
27 August 2019