

UMW OIL & GAS CORPORATION BERHAD

(COMPANY NO : 878786-H)
(INCORPORATED IN MALAYSIA)

Condensed Consolidated Statement of Comprehensive Income for the Second Quarter Ended 30th June 2015

(The Figures Have Not Been Audited)

	Current Quarter Ended 30/06/2015 RM'000	Comparative Quarter Ended 30/06/2014 RM'000	6 Months Cumulative To Date 30/06/2015 RM'000	Comparative 6 Months Cumulative To Date 30/06/2014 RM'000
<u>Continuing Operations</u>				
Revenue	183,374	238,776	495,870	434,349
Operating Expenses	(170,134)	(179,121)	(437,497)	(322,474)
Other Operating Income	142	3,437	1,774	6,723
Profit From Operations	13,382	63,092	60,147	118,598
Finance Costs	(12,512)	(5,768)	(24,311)	(10,238)
Share Of Profits Of Associated Company	106	125	236	237
Investment Income	7,019	8,788	14,384	15,943
Profit Before Tax From Continuing Operations	7,995	66,237	50,456	124,540
Taxation	(3,894)	(5,497)	(13,703)	(9,642)
Profit From Continuing Operations, Net Of Tax	4,101	60,740	36,753	114,898
<u>Other Comprehensive Income:</u>				
Translation Of Foreign Operations	47,600	(27,225)	178,095	(35,251)
Other Comprehensive Income, Net Of Tax	47,600	(27,225)	178,095	(35,251)
Total Comprehensive Income For The Period	51,701	33,515	214,848	79,647
<u>Profit For The Period Attributable To:</u>				
Equity Holders Of The Company	4,456	60,305	36,606	113,989
Non-controlling Interests	(355)	435	147	909
	4,101	60,740	36,753	114,898
<u>Total Comprehensive Income Attributable To:</u>				
Equity Holders Of The Company	51,989	33,140	214,321	79,031
Non-controlling Interests	(288)	375	527	616
	51,701	33,515	214,848	79,647
EPS Attributable To Equity Holders Of The Company:				
Basic (Sen)	0.21	2.79	1.69	5.27

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

UMW OIL & GAS CORPORATION BERHAD

Condensed Consolidated Statement of Financial Position

	(Unaudited) As At 30/06/2015 RM'000	(Audited) As At 31/12/2014 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	5,004,685	4,021,981
Land Use Rights	2,448	2,291
Intangible Assets	11,291	11,291
Investments In Associate	2,185	1,950
Deferred Tax Assets	946	880
	5,021,555	4,038,393
Current Assets		
Inventories	152,841	116,584
Other Investments	13,319	-
Trade Receivables	251,020	364,786
Other Receivables	63,627	54,636
Due From Related Companies	3,828	3,519
Deposits, Cash & Bank Balances	1,113,955	1,178,046
	1,598,590	1,717,571
	6,620,145	5,755,964
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity Attributable To The Equity Holders Of The Company		
Share Capital	1,081,000	1,081,000
Share Premium	1,372,819	1,372,819
Other Reserves	410,195	232,480
Retained Profits	550,133	513,527
	3,414,147	3,199,826
Non-controlling Interests	8,527	8,000
TOTAL EQUITY	3,422,674	3,207,826
Non-Current Liabilities		
Deferred Tax Liabilities	3,709	3,702
Long Term Borrowings	994,211	1,010,978
	997,920	1,014,680
Current Liabilities		
Taxation	2,111	1,480
Short Term Borrowings	1,974,732	1,243,871
Trade Payables	162,537	181,076
Other Payables	57,913	82,007
Due To Related Companies	2,054	2,863
Derivative Liabilities	204	541
Dividend Payable	-	21,620
	2,199,551	1,533,458
TOTAL LIABILITIES	3,197,471	2,548,138
TOTAL EQUITY AND LIABILITIES	6,620,145	5,755,964
Net Assets per share (RM)	1.5792	1.4800

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

UMW OIL & GAS CORPORATION BERHAD

Condensed Consolidated Statement of Changes in Equity for the Period Ended 30th June 2015

	← Non - Distributable					→ Distributable		Total RM'000	Non - Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Share Options Reserve RM'000	Capital Reserve RM'000	Foreign Currency Translation Reserve RM'000	Gain On Derecognition of Intercompany Financial Liabilities RM'000	Retained Profits RM'000			
6 MONTHS ENDED 30TH JUNE 2015										
At 1st January 2015	1,081,000	1,372,819	3,243	698	150,394	78,145	513,527	3,199,826	8,000	3,207,826
Total Comprehensive Income	-	-	-	-	177,715	-	36,606	214,321	527	214,848
At 30th June 2015	1,081,000	1,372,819	3,243	698	328,109	78,145	550,133	3,414,147	8,527	3,422,674

Condensed Consolidated Statement of Changes in Equity for the Period Ended 30th June 2014

	← Non - Distributable					→ Distributable		Total RM'000	Non - Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Share Options Reserve RM'000	Capital Reserve RM'000	Foreign Currency Translation Reserve RM'000	Gain On Derecognition of Intercompany Financial Liabilities RM'000	Retained Profits RM'000			
6 MONTHS ENDED 30TH JUNE 2014										
At 1st January 2014	1,081,000	1,372,819	3,243	698	14,079	78,145	283,151	2,833,135	5,973	2,839,108
Total Comprehensive Income	-	-	-	-	(34,958)	-	113,989	79,031	616	79,647
At 30th June 2014	1,081,000	1,372,819	3,243	698	(20,879)	78,145	397,140	2,912,166	6,589	2,918,755

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

UMW OIL & GAS CORPORATION BERHAD

Condensed Consolidated Statement of Cash Flows for the Period Ended 30th June 2015

	6 Months Ended 30/06/2015 RM'000	6 Months Ended 30/06/2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Tax	50,456	124,540
Adjustments For:		
Depreciation, Impairment & Amortisation	99,767	56,877
Net Gain On Disposal Of Property, Plant & Equipment	-	(594)
Net Inventories Written-Down	-	263
Interest Expense	24,311	10,238
Share Of Results Of Associate	(236)	(237)
Reversal Of Impairment Loss On Receivables	-	(2,449)
Net Fair Value Gain On Derivatives	(353)	(101)
Net Unrealised Foreign Exchange Losses / (Gain)	2,806	(392)
Net Fair Value (Gain) / Loss On Cashplans	(13)	295
Net Gain On Disposal Of Cashplans	-	(699)
Interest Income	(14,384)	(15,943)
Property, Plant & Equipment Written Off	201	92
Operating Profit Before Working Capital Changes	162,555	171,890
Decrease In Receivables	101,881	15,762
Increase In Inventories	(36,257)	(10,772)
Net Changes In Related Companies Balances	(1,117)	4,469
Decrease In Payables	(45,978)	(11,587)
Cash Generated From Operating Activities	181,084	169,762
Interest Paid	(23,772)	(10,291)
Taxes Paid	(8,295)	(11,542)
Net Cash Generated From Operating Activities	149,017	147,929
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase Of Property, Plant & Equipment	(921,211)	(913,966)
Proceeds From Disposal Of Property, Plant & Equipment	-	616
Interest Received	12,442	15,943
Investment In Cashplans	(13,306)	(7,907)
Proceeds From Disposal Of Cashplans	-	936,828
Net Cash (Used In) / Generated From Investing Activities	(922,075)	31,514
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment Of Long Term Borrowings	(83,752)	(61,853)
Net Movement In Short Term Borrowings	797,846	788,316
Dividend Paid	(21,620)	-
Net Cash Generated From Financing Activities	692,474	726,463
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(80,584)	905,906
CASH AND CASH EQUIVALENTS AS AT 1ST JANUARY	1,178,046	174,948
EFFECTS OF EXCHANGE RATE CHANGES	16,493	(2,432)
CASH AND CASH EQUIVALENTS AS AT 30TH JUNE	1,113,955	1,078,422

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

Explanatory Notes

NOTE 1 – Significant accounting policies

Basis of preparation

The interim financial statements have been prepared in accordance with the requirements of 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 significant accounting policies and methods of computation in the interim financial statements are consistent with those in the annual audited financial statements for the year ended 31st December 2014.

NOTE 2 – Seasonal or Cyclical Factors

The Group is principally engaged in:

- (a) the provision of drilling services for exploration, development and production wells and workover services to the upstream sector of the oil and gas industry;
- (b) the provision of threading, inspection and repair services for Oil Country Tubular Goods in Malaysia and overseas, with a focus on premium connections used in high-end and complex wells; and
- (c) acting as agent in Malaysia for international companies providing specialised drilling equipment and services.

The Group's products and services are dependent on the level of activity of, and the corresponding capital spending by oil and gas companies, which are affected by volatile oil and natural gas prices and cyclicity in the offshore drilling and oilfield services industries.

NOTE 3 – Exceptional Items

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows during the interim period ended 30th June 2015.

NOTE 4 – Accounting Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period ended 30th June 2015.

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 during the interim period ended 30th June 2015.

NOTE 6 – Dividends Paid

An interim single-tier dividend of 2% or 1 sen (2013 – Nil) per share of RM0.50 each, amounting to a net dividend of RM21.62 million (2013 – Nil) was paid on 15th January 2015.

NOTE 7 – Segmental Reporting

Business Segment	Six Months Ended 30th June 2015		
	Revenue RM'000	Profit Before Tax RM'000	Profit Attributable to Owners of the Company RM'000
Drilling Services	473,847	43,646	31,264
Oilfield Services	22,023	3,602	2,162
Others	-	3,208	3,180
Consolidated Total	495,870	50,456	36,606

The increase in total assets during the interim period ended 30th June 2015 was predominantly due to capital expenditures incurred in relation to the acquisition of UMW NAGA 7 premium jack-up offshore drilling rig and translation gains from the strengthening of United States Dollar. Other than the above, there has been no material increase in total assets as 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 from 30th June 2015 to the date of this announcement, which affects substantially the results of the Group for the interim period, ended 30th June 2015.

NOTE 9 – Changes in Composition / Group

There were no changes in the composition of the Group during the interim period ended 30th June 2015.

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	507	
Equipment, plant and machinery	760,817	
Others	1,108	762,432
	<hr/>	
Approved but not contracted for:		
Land and buildings	993	
Equipment, plant and machinery	188,892	
Others	8,625	198,510
Total	<hr/>	<hr/>
		960,942

NOTE 11 - Significant Related Party Transactions

No.	UMW-OG & Its Subsidiaries	Transacting Parties	Relationship	Nature of Transaction	RM'000
1.	UMW Offshore Drilling Sdn. Bhd.	UMW Pennzoil Distributors Sdn. Bhd.	Subsidiary of holding company	Purchase of Goods	88
2.	UMW Oilpipe Services Sdn. Bhd.	UMW Industries (1985) Sdn. Bhd.	Subsidiary of holding company	Purchase of Goods and Services	221
3.	UMW Offshore Drilling Sdn. Bhd.	U-TravelWide Sdn. Bhd.	Subsidiary of holding company	Purchase of Services	112
4.	UMW Oil & Gas Corporation Berhad	U-TravelWide Sdn. Bhd.	Subsidiary of holding company	Purchase of Services	87
5.	UMW JDC Drilling Sdn. Bhd.	Japan Drilling Co. Ltd. and its subsidiaries	Corporate Shareholder of UMW JDC Drilling Sdn. Bhd.	Purchase of Goods and Services	8,418
				Bareboat Charter	10,052
6.	UMW Oil & Gas Corporation Berhad	UMW Corporation Sdn. Bhd.	Subsidiary of holding company	Rental & Other expenses	1,276
				Management fee	700
7.	UMW Oil & Gas Corporation Berhad and its subsidiaries	Toyota Capital Malaysia Sdn. Bhd.	Associate of holding Company	Operating lease expense	681

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

There were no material contingent liabilities and contingent assets as at 30th June 2015.

NOTE 14 – Review of Performance

Current Quarter Ended 30th June 2015

	Revenue		Profit Before Tax	
	2nd Quarter ended 30/06/2015 RM'000	2nd Quarter ended 30/06/2014 RM'000	2nd Quarter ended 30/06/2015 RM'000	2nd Quarter ended 30/06/2014 RM'000
Business Segment				
Drilling Services	173,802	227,228	5,084	63,424
Oilfield Services	9,572	11,548	939	2,701
Others	-	-	1,972	112
Total	183,374	238,776	7,995	66,237

Group

Group revenue of RM183.4 million for the second quarter ended 30th June 2015 was lower than the RM238.8 million registered in the same quarter of 2014 by RM55.4 million or 23.2%. Lower revenue contributions from both the Drilling Services segment and the Oilfield Services segment resulted in the revenue reduction in the second quarter of 2015. Overseas operations contributed approximately 50.5% of the Group revenue in the second quarter of 2015.

Consequently, Group profit before tax declined to RM8.0 million in the second quarter ended 30th June 2015 from the RM66.2 million recorded in the same quarter of 2014, a reduction of RM58.2 million or 87.9%.

Drilling Services Segment

In the second quarter of 2015, the Drilling Services segment contributed revenue of RM173.8 million or 94.8% of the total revenue of RM183.4 million, a decrease of RM53.4 million or 23.5% over the RM227.2 million recorded in the same quarter of 2014. The reduction in revenue was the net result of the following:

- (a) lower time charter rates;
- (b) lower utilisation of some of our assets in the second quarter of 2015;
- (c) additional revenue contributions from our new assets, UMW GAIT 6, a hydraulic workover unit or "HWU" and UMW NAGA 6, a jack-up rig, which commenced operations in August 2014 and October 2014, respectively; and
- (d) translation gains from the appreciation of United States Dollar against Ringgit Malaysia.

The Drilling Services segment contributed RM5.1 million or 63.8% of the Group profit before tax of RM8.0 million in the second quarter of 2015, a reduction of RM58.3 million or 92.0% compared to the RM63.4 million achieved in the same quarter of 2014. The decrease was mainly due to lower revenue as explained above, and the additional operating expenses from our new offshore premium jack-up rig, UMW NAGA 7 which has yet to secure a contract.

Oilfield Services Segment

In the second quarter of 2015, the Oilfield Services segment contributed revenue of RM9.6 million or 5.2% of the total revenue of RM183.4 million, a reduction of RM1.9 million or 16.5% over the RM11.5 million registered in the same quarter of 2014. Reduced revenue from OCTG threading and repair services recorded by our operations in Labuan and China, mainly contributed to the revenue decrease.

The Oilfield Services segment contributed profit before tax of RM0.9 million or 11.3% of the total Group profit before tax of RM8.0 million in the second quarter of 2015. This represented a decrease of RM1.8 million or 66.7% over the RM2.7 million recorded in the same quarter of 2014. Lower profit contributions from our operations in Labuan and China, mainly accounted for the decrease in profit.

Six Months Ended 30th June 2015

	Revenue		Profit Before Tax	
	Six Months ended 30/06/2015 RM'000	Six Months ended 30/06/2014 RM'000	Six Months ended 30/06/2015 RM'000	Six Months ended 30/06/2014 RM'000
Business Segment				
Drilling Services	473,847	412,313	43,646	119,803
Oilfield Services	22,023	22,036	3,602	4,550
Others	-	-	3,208	187
Total	495,870	434,349	50,456	124,540

Group

For the six-month period ended 30th June 2015, the Group recorded total revenue of RM495.9 million, an increase of RM61.6 million or 14.2%, compared to the RM434.3 million recorded in the preceding year's corresponding period. Improved revenue contributions from the Drilling Services segment resulted in the higher revenue. Overseas operations contributed approximately 58.7% of the Group revenue for the six-month period ended 30th June 2015.

However, Group profit before tax declined to RM50.5 million for the six-month period ended 30th June 2015, a reduction of RM74.0 million or 59.4%, compared to the RM124.5 million recorded in the same period of 2014. Lower contributions from both the Drilling Services segment and Oilfield Services segment accounted for the profit reduction.

Drilling Services Segment

The Drilling Services segment contributed revenue of RM473.9 million or 95.6% of the total revenue of RM495.9 million for the six-month period ended 30th June 2015, an increase of RM61.6 million or 14.9% over the RM412.3 million recorded in the same period of 2014. The revenue improvement was the result of the following positive factors:

- (a) additional revenue contributions from our three new assets, UMW NAGA 5, UMW GAIT 6 and UMW NAGA 6 which commenced operations in the month of May, August and October 2014, respectively;
- (b) higher utilisation of UMW GAIT 3 in the first half of 2015 compared to the same period of 2014. UMW GAIT 3 was income-generating again from mid-March 2014; and
- (c) translation gains from the appreciation of United States Dollar against Ringgit Malaysia.

However, the above revenue increase was partly offset by discounts on time charter rates given to existing clients as well as lower rig utilisation rate for some of our assets.

The Drilling Services segment contributed RM43.6 million or 86.3% of the Group profit before tax of RM50.5 million for the six-month period of 2015, a reduction of RM76.2 million or 63.6% compared to the RM119.8 million achieved in the same corresponding period of 2014. The profit reduction was mainly due to:

- (a) lower time charter rates;
- (b) lower utilisation of some of our assets due to 5-yearly inspection or idling in between contracts; and
- (c) additional operating expenses from UMW NAGA 7.

Oilfield Services Segment

For the six-month period ended 30th June 2015, the Oilfield Services segment contributed revenue of RM22.0 million or 4.4% of the total revenue of RM495.9 million. The revenue was comparable to the same corresponding period of 2014.

The Oilfield Services segment contributed profit before tax of RM3.6 million or 7.1% of the total Group profit before tax of RM50.5 million for the six-month period of 2015. This represented a reduction of RM1.0 million or 21.7% over the RM4.6 million recorded in the same corresponding period of 2014. Lower profit contributions from our operations in Labuan and China mainly accounted for the profit reduction.

NOTE 15 – Comparison with Preceding Quarter's Results

	Revenue		Profit Before Tax	
	2nd Quarter ended 30/06/2015 RM'000	1st Quarter ended 31/03/2015 RM'000	2nd Quarter ended 30/06/2015 RM'000	1st Quarter ended 31/03/2015 RM'000
Business Segment				
Drilling Services	173,802	300,045	5,084	38,562
Oilfield Services	9,572	12,451	939	2,663
Others	-	-	1,972	1,236
Total	183,374	312,496	7,995	42,461

Revenue of RM183.4 million for the second quarter of 2015 underperformed the RM312.5 million registered in the first quarter of 2015 by RM129.1 million or 41.3%. The revenue drop was mainly due to lower utilisation of some of our assets in the second quarter of 2015 compared to the first quarter of 2015.

Consequently, the second quarter of 2015 recorded a lower profit before tax of RM8.0 million, a reduction of RM34.5 million or 81.2% compared to the RM42.5 million registered in the first quarter of 2015.

NOTE 16 – Current Prospect

Drilling Services Segment

With oil prices remain low and showing little sign of recovery in the near future, major oil & gas companies continue to trim drilling budgets and postpone drilling plans. Time charter rates remain under pressure in a highly competitive environment where rig supply far outnumbered demand. Rigs utilisation for the remaining period to 31st December 2015 is expected to deteriorate further as more rigs are completing their existing contracts.

Consequently, the financial performance of the Drilling Services segment for the remaining period of 2015 is expected to be significantly affected in terms of revenue and profit.

Oilfield Services Segment

In line with lower levels of drilling activities, demand for OCTG threading and repair services is expected to decline in the second half of 2015. Thus, performance of the Oilfield Services segment is likely to be negatively affected by the current oil price cycle.

Group

Financial performance of the Group for the year 2015 will be adversely affected by the current low oil prices.

NOTE 17 – Statement on Revenue and Profit Forecast

This is not applicable to the Group.

NOTE 18 – Variance from Profit Forecast and Profit Guarantee

This is not applicable to the Group.

NOTE 19 – Taxation

	2nd Quarter ended 30/06/2015 RM'000	Six Months ended 30/06/2015 RM'000
Provision for current period	3,911	13,767
Under/(Over) provision in prior periods	-	(5)
	3,911	13,762
Deferred taxation	(17)	(59)
Total	3,894	13,703

The effective tax rates for the current quarter and the six-month period ended 30th June 2015 of 49.4% and 27.3%, respectively, were higher than the statutory tax rate of 25%. This is because under the deemed profit method of taxation in Myanmar and Vietnam, corporate income tax is payable based on a certain percentage of the contract value invoiced instead of net income.

NOTE 20 – Corporate Proposals**(a) Corporate Proposal**

There were no corporate proposals announced but not completed at the date of this announcement.

(b) Status of utilisation of initial public offering (“IPO”) proceeds as at 18th August 2015

Purpose	Proposed utilisation	Actual utilisation to date	Deviation in amount & %	Explanation	Timeframe for utilisation after extension
	RM'million	RM'million			Month
Acquisition of rigs & HWU	986.6	596.5	n/a	n/a	36
Upgrading of rigs & HWU	20.1	20.1	nil	n/a	18
Acquisition / upgrading of machineries for Oilfield Services	10.4	10.4	nil	n/a	30
Mobilisation / demobilisation costs for drilling rigs	50.0	39.3	n/a	n/a	30
Repayment to UMW Holdings Berhad	597.4	597.4	nil	n/a	6
IPO / Listing expenses *	48.5	41.2	RM7.3 million or 15.1%	Actual was lower than the budget	6
Total	1,713.0	1,304.9			

Date of listing: 1st November 2013

* The unutilised listing expenses of RM7.3 million will be used to meet mobilisation and demobilisation costs for rigs.

NOTE 21 – Group Borrowings and Debt Securities

	RM'000	RM'000	USD'000
(a) Short term borrowings			
- Unsecured			
Short term loans and revolving credits	1,780,497		471,000
Portion of long term loans payable within 12 months	194,218		51,435
		1,974,715	
- Secured			
Finance lease payable		17	
		1,974,732	522,435
(b) Long term borrowings			
- Unsecured			
Long term loans	1,188,417		314,729
Portion of long term loans payable within 12 months	(194,218)		(51,435)
		994,199	
- Secured			
Finance lease payable		12	
		994,211	263,294

NOTE 22 – Material Litigation

Reference is made to the previous announcement dated 10th April 2015 and information in relation to the arbitration between UMW Offshore Drilling Sdn Bhd (“Claimant” or “UOD”) and Frontier Oil Corporation (“Respondent”) under the arbitration rules of Singapore International Arbitration Centre (“SIAC”) disclosed in the Circular to Shareholders in relation to Proposed Renewal of the Existing Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature dated 27th April 2015.

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

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

NOTE 23 – Dividend

No interim dividend has been recommended for the quarter ended 30th June 2015.

NOTE 24 – Earnings Per Share

Basic earnings per share for the current quarter and the six-month period ended 30th June 2015 are calculated by dividing the net profit attributable to equity holders of the Company of RM4,456,000 and RM36,606,000, respectively, by the weighted average number of ordinary shares in issue as at 30th June 2015 of 2,162,000,000 shares of RM0.50 each.

The Company has no dilutive potential ordinary shares as at 30th June 2015.

NOTE 25 – Realised and Unrealised Profits / (Losses)

The breakdown of retained profits of the Group as at 31st March 2015 and 30th June 2015, pursuant to the format prescribed by Bursa Securities, are as follows:

	As at 31/03/2015 RM'000	As at 30/06/2015 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	897,826	930,557
- Unrealised	(4,354)	(5,569)
	893,472	924,988
Total share of retained profits from associated company:		
- Realised	1,898	2,004
- Unrealised	-	-
	895,370	926,992
Less : Consolidation adjustments	(349,693)	(376,859)
Total Group retained profits as per consolidated accounts	545,677	550,133

NOTE 26 – Audit Qualification

The audit report in respect of the annual financial statements of the Company for the financial year ended 31st December 2014 was not qualified.

NOTE 27 – Items to Disclose in the Statement of Comprehensive Income

	2nd Quarter ended 30/06/2015 RM'000	Six Months ended 30/06/2015 RM'000
(a) Interest income	7,013	14,378
(b) Other investment income	6	6
(c) Depreciation and amortisation	(50,786)	(99,767)
(d) Reversal of impairment / (impairment) losses of receivables	-	-
(e) (Provision for) / write back of inventories	-	-
(f) (Loss) / gain on disposal of quoted or unquoted investment	-	-
(g) (Loss) / gain on disposal of properties	-	-
(h) Reversal / (Impairment) of assets/investments (net)	-	-
(i) Net foreign exchange loss	(2,245)	(2,409)
(j) Gain on derivatives (net)	444	353
(k) Property, plant and equipment written off	(195)	(201)

By Order Of The Board

LEE MI RYOUNG
Secretary
(MAICSA 7058423)

Kuala Lumpur
25th August 2015