

**Interim Report**  
**UMS Holdings Berhad**  
(Company No. 74125-V)  
(Incorporated in Malaysia)  
**and its subsidiaries**

**Condensed Consolidated Statement of Comprehensive Income for the 6 month period ended 31 March 2016**  
(unaudited)

Note	3 month period ended 31 March			6 month period ended 31 March	
	2016 RM'000	2015 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
	Current quarter	Previous Quarter ended 31.12.2015	Current quarter	6 months cumulative to date	6 months cumulative to date
Revenue	21,332	21,647	20,040	42,979	37,419
Cost of sales	(13,510)	(13,200)	(12,645)	(26,710)	(22,996)
Gross profit	7,822	8,447	7,395	16,269	14,423
Operating expenses	(6,022)	(7,287)	(5,862)	(13,309)	(12,389)
Other operating income	591	978	675	1,569	1,068
<b>Operating profit</b>	<b>2,391</b>	<b>2,138</b>	<b>2,208</b>	<b>4,529</b>	<b>3,102</b>
Financing costs	13	(14)	(55)	(1)	(77)
Interest income	56	66	45	122	79
Share of profit of associates	56	45	205	101	254
<b>Profit before taxation</b>	<b>2,516</b>	<b>2,235</b>	<b>2,403</b>	<b>4,751</b>	<b>3,358</b>
Tax expense	B5 (747)	(931)	(628)	(1,678)	(1,151)
<b>Profit for the period</b>	<b>1,769</b>	<b>1,304</b>	<b>1,775</b>	<b>3,073</b>	<b>2,207</b>
<b>Other comprehensive income net of tax</b>	<b>(288)</b>	<b>(460)</b>	<b>(942)</b>	<b>(748)</b>	<b>(322)</b>
<b>Total comprehensive income for the period</b>	<b>1,481</b>	<b>844</b>	<b>833</b>	<b>2,325</b>	<b>1,885</b>
<b>Profits attributable to:</b>					
Owners of the Parent	1,732	1,308	1,765	3,040	2,188
Non-controlling interest	37	(4)	10	33	19
	<b>1,769</b>	<b>1,304</b>	<b>1,775</b>	<b>3,073</b>	<b>2,207</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Parent	1,444	848	823	2,292	1,866
Non-controlling interest	37	(4)	10	33	19
	<b>1,481</b>	<b>844</b>	<b>833</b>	<b>2,325</b>	<b>1,885</b>
Basic earnings per ordinary share (sen)	B13 4.26	3.21	4.34	7.47	5.38
Diluted earnings per ordinary share (sen)	4.26	3.21	4.34	7.47	5.38

N/A – Not applicable

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 30 September 2015 and the accompanying explanatory notes attached to the interim financial statements.

**Interim Report**  
**UMS Holdings Berhad**  
(Company No. 74125-V)  
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**Condensed Consolidated Statement of Financial Position as at 31 March 2016**  
(unaudited)

	As at 31 March 2016	As at 30 September 2015
	RM'000	RM'000
<b>Non-current assets</b>		
Property, plant and equipment	25,404	19,337
Prepaid lease payments	5,113	5,125
Investment Property	23,865	23,865
Investments in associates	12,109	12,224
Other investments	11,896	11,461
Goodwill on consolidation	1,046	1,046
	<u>79,433</u>	<u>73,058</u>
<b>Current assets</b>		
Inventories	33,319	32,590
Trade and other receivables	28,563	24,379
Tax recoverable	2,287	739
Fixed deposits with licensed bank	539	531
Cash & cash equivalents	20,055	34,811
	<u>84,763</u>	<u>93,050</u>
<b>Total assets</b>	<u>164,196</u>	<u>166,108</u>
<b>Equity</b>		
Share capital	40,690	40,690
Reserves	111,797	113,574
	<u>152,487</u>	<u>154,264</u>
Total equity attributable to the shareholders of the Company	152,487	154,264
Minority interest	823	790
Total equity	<u>153,310</u>	<u>155,054</u>
<b>Non-current liabilities</b>		
Borrowings	-	8
Deferred tax liabilities	1,761	1,731
	<u>1,761</u>	<u>1,739</u>
<b>Current liabilities</b>		
Trade and other payables	7,362	9,267
Dividend payable	-	-
Borrowings	115	25
Taxation	1,648	23
	<u>9,125</u>	<u>9,315</u>
<b>Total equity and liabilities</b>	<u>164,196</u>	<u>166,108</u>
Net assets per share (RM)	3.75	3.79

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 September 2015 and the accompanying explanatory notes attached to the interim financial statements.

**Interim Report**  
**UMS Holdings Berhad**  
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**Condensed Consolidated Statement of Changes in Equity for the 6 month ended 31 March 2016**  
(unaudited)

	Attributable to owners of the Parent						Total RM'000	Non-controlling interest RM'000	Total RM'000
	Share capital RM'000	Share premium-non distributable RM'000	Revaluation reserve-non distributable RM'000	Exchange translation reserve-non distributable RM'000	Fair value adjustment reserve-non distributable RM'000	Retained profits- distributable RM'000			
<b>At 1 October 2014</b>	40,690	1,964	890	116	16	96,489	140,165	747	140,912
Profit for the period	-	-	-	-	-	16,000	16,000	43	16,043
Other comprehensive income									
Fair value change in available -for-sale financial assets	-	-	-	-	776	-	776	-	776
Exchange translation differences	-	-	-	1,392	-	-	1,392	-	1,392
Total other comprehensive income	-	-	-	1,392	776	-	2,168	-	2,168
Total comprehensive income	-	-	-	1,392	776	16,000	18,168	43	18,211
Transactions with owners									
Dividend for year ended 30 September 2014	-	-	-	-	-	(4,069)	(4,069)	-	(4,069)
Total transactions with owners	-	-	-	-	-	(4,069)	(4,069)	-	(4,069)
<b>At 30 September 2015</b>	<u>40,690</u>	<u>1,964</u>	<u>890</u>	<u>1,508</u>	<u>792</u>	<u>108,420</u>	<u>154,264</u>	<u>790</u>	<u>155,054</u>
<b>At 1 October 2015</b>	40,690	1,964	890	1,508	792	108,420	154,264	790	155,054
Profit for the period	-	-	-	-	-	3,040	3,040	33	3,073
Other comprehensive income									
Fair value change in available -for-sale financial assets	-	-	-	-	(139)	-	(139)	-	(139)
Exchange translation differences	-	-	-	(609)	-	-	(609)	-	(609)
Total other comprehensive income	-	-	-	(609)	(139)	-	(748)	-	(748)
Total comprehensive income	-	-	-	(609)	(139)	3,040	2,292	33	2,325
Transactions with owners									
Dividend for year ended 30 September 2015	-	-	-	-	-	(4,069)	(4,069)	-	(4,069)
Total transactions with owners	-	-	-	-	-	(4,069)	(4,069)	-	(4,069)
<b>At 31 March 2016</b>	<u>40,690</u>	<u>1,964</u>	<u>890</u>	<u>899</u>	<u>653</u>	<u>107,391</u>	<u>152,487</u>	<u>823</u>	<u>153,310</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 September 2015 and the accompanying explanatory notes attached to the interim financial statements.

**Interim Report**  
**UMS Holdings Berhad**  
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**Condensed Consolidated Statement of Cashflows for the 6 month period ended 31 March 2016**  
(unaudited)

	For the 6 month period ended 31 March 2016 RM'000	For the 6 month period ended 31 March 2015 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	4,751	3,358
Adjustment for non-cash items:		
-Non-cash items and non-operating items	161	713
<b>Operating profit before changes in working capital</b>	4,912	4,071
Changes in working capital:		
- Inventories	(729)	2,736
- Trade and other receivables	(4,184)	(946)
- Trade and other payables	(1,923)	(1,712)
<b>Cash generated from operations</b>	(1,924)	4,149
- Income taxes paid	(1,571)	(1,590)
- Interest paid	(1)	(77)
<b>Net cash (outflows)/inflows generated from operating activities</b>	(3,496)	2,482
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(7,656)	(987)
Proceeds from disposal of property, plant and equipment	502	132
Purchase of other investment	(574)	-
Interest received	122	79
Dividend received	574	391
<b>Net cash outflows from investing activities</b>	(7,032)	(385)
<b>Cash flows from financing activity</b>		
Repayment of hire purchase liabilities	(16)	(11)
Dramndown/(Repayment) of bills payable & banker acceptance	115	(1,505)
Dividend paid	(4,069)	-
Repayment of term loan	-	-
<b>Net cash outflows used in financing activities</b>	(3,970)	(1,516)
Net (decrease)/increase in cash and cash equivalents	(14,498)	581
Cash and cash equivalents at beginning of year	35,342	18,280
Effects of changes in exchange rate	(250)	(152)
<b>Cash and cash equivalents at 31 March</b>	20,594	18,709

Cash and cash equivalents comprise the following balance sheet amounts:

Cash and bank balances	20,055	18,432
Bank overdraft	-	(246)
Fixed deposit	539	523
	20,594	18,709

The condensed consolidated statement of cashflows should be read in conjunction with the audited financial statements for the year ended 30 September 2015 and the accompanying explanatory notes attached to the interim financial statements.

## **UMS Holdings Berhad**

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### **A Notes to Interim Financial Report on Consolidated Results For the Period Ended 31 March 2016**

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#### **A1 Basis of preparation**

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad, including compliance with Malaysian Financial Reporting Standard (MFRS) 134, Interim Financial Reporting and with IAS 34, Interim Financial Reporting and should be read in conjunction with the Group's audited financial statements for the year ended 30 September 2015.

There are no new MFRSs and Amendments to published standards mandatory for annual financial periods beginning on or after 1 October 2015.

#### **A2 Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the year ended 30 September 2015 was not subject to any qualifications.

#### **A3 Seasonal or cyclical factors**

The principal activities of the company is that of an investment holding company with its subsidiaries mainly dealing with the distribution of mechanical power transmission and material handling products and systems and industrial spare parts. As such the trading nature or operations of these companies does not linked directly to seasonality or cyclicity.

#### **A4 Unusual nature and amount of items affecting assets, liabilities, equity, net income and cash flows**

There were no unusual nature and amount of items, which affected the assets, liabilities, equity, net income and cash flows of the Group during the quarter under review.

#### **A5 Material changes in estimates of amounts reported in prior periods in current financial year or prior financial years which have material effect in the current interim period**

There were no material changes in estimates during the quarter under review.

#### **A6 Debts and equity securities**

There were no new debts and equity securities issued during the quarter.

#### **A7 Dividends**

There were no dividends paid during the quarter under review other than those disclosed in note B12.

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**A Notes to Interim Financial Report on Consolidated Results For the Period Ended 31 March 2016**

**A8 Segmental reporting**

The segmental analysis for the Group for the financial period ended March 31, 2016 are as follows:

	WEST MALAYSIA				EAST MALAYSIA		SINGAPORE	TOTAL
	Northern RM'000	Southern RM'000	Eastern RM'000	Central RM'000	Sarawak RM'000		RM'000	RM'000
Segment Revenue	1,964	3,444	2,837	36,509	3,714		2,748	51,216
Elimination								(8,237)
Consolidated Revenue								<u>42,979</u>
Profit before Taxation and Minority Interest	2,524	310	194	4,883	446		(863)	7,494
Elimination								(2,844)
Share of profit Of associated Companies								101
								<u>4,751</u>

**A9 Material events subsequent to the end of the interim period**

On 11 January 2016, the Board of Directors announced that the Company intends to seek the approval of its shareholders to undertake the proposed purchase and/or hold its own shares of up to 10% of its issued and paid-up share capital of the Company in accordance with Section 67A of the Companies Act, 1965. This proposal was approved by its shareholders in its General Meeting held on 26 February 2016.

**A10 Changes in the composition of the Group**

There were no changes in the composition of the Group during the current quarter concerned including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

## B1. Review of performance

The Group's performance for the period-to-date under review against the corresponding period-to-date of the previous period is tabled below :-

	For the cumulative 6 months ended 31.3.2016 RM'000	For the cumulative 6 months ended 31.3.2015 RM'000	Increase/(Decrease) RM'000	%
Revenue by segment				
West Malaysia-Region				
Northern	1,964	1,695	269	15.87
Southern	3,444	3,378	66	1.95
Eastern	2,837	3,079	(242)	(7.86)
Central	28,272	22,014	6,258	28.43
East Malaysia				
Sarawak	3,714	3,985	(271)	(6.80)
Oversea				
Singapore	2,748	3,268	(520)	(15.91)
	<u>42,979</u>	<u>37,419</u>	<u>5,560</u>	14.86

The main reason for the increase in Group's revenue was due to an active domestic private consumption underpinned by stable wage increase and labour market conditions.

The profit before tax has increased by 41.48% to RM4,751,000 as compared to RM3,358,000 in the corresponding period ended 31/3/2015. This increase was mainly due to increase in turnover.

The Group's performance for the quarter under review against the corresponding quarter of the previous financial period is tabled below :-

	For the quarter ended 31.3.2016 RM'000	For the quarter ended 31.3.2015 RM'000	Increase/(Decrease) RM'000	%
Revenue by segment				
West Malaysia-Region				
Northern	907	926	(19)	(2.05)
Southern	1,654	1,694	(40)	(2.36)
Eastern	1,172	1,743	(571)	(32.76)
Central	14,521	11,968	2,553	21.33
East Malaysia				
Sarawak	1,760	2,027	(267)	(13.17)
Oversea				
Singapore	<u>1,318</u>	<u>1,682</u>	<u>(364)</u>	(21.64)
	<u>21,332</u>	<u>20,040</u>	<u>1,292</u>	6.45

For the quarter under review, the profit before taxation increased by 4.70% to RM2,516,000 from RM2,403,000 for the corresponding period ended 31/3/2015. This was mainly due to increase in turnover.

**B2. Comments on material changes in the profit before taxation for the quarterly results compared to the results of the preceding quarter.**

	3 months ended	3 months ended	Increase/(Decrease)	
	31.3.2016	30.12.2015	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue by segment				
West Malaysia-Region				
Northern	907	1,057	(150)	(14.19)
Southern	1,654	1,790	(136)	(7.60)
Eastern	1,172	1,665	(493)	(29.61)
Central	14,521	13,751	770	5.60
East Malaysia				
Sarawak	1,760	1,954	(194)	(9.93)
Oversea				
Singapore	1,318	1,430	(112)	(7.83)
	<u>21,332</u>	<u>21,647</u>	<u>(315)</u>	<u>(1.46)</u>
Profit before tax	<u>2,516</u>	<u>2,235</u>	<u>281</u>	<u>12.57</u>

The overall increase in profit before taxation of 12.57% to RM2,516,000 from RM2,235,000 was mainly due to decrease in operating expenses.

**B3. Current financial year's prospects**

During the second quarter of the financial year that is from 1<sup>st</sup> January 2016 to 31<sup>st</sup> March 2016, the global economy grew moderately against macroeconomic, financial and geopolitical uncertainties. As a result, the growth of US and Eurozone economies was modest and lackluster. The Asian economies of China, Japan, India and Korea as well as ASEAN countries performed modestly as a result of weaker exports to these advanced economies. Against this less robust environment, Bank Negara Malaysia declared the Malaysian economy grew by 4.2% during this period.

For the balance of financial year 2016, the Malaysian economy is expected to be driven by the domestic spending in infrastructural projects as well as private sector investment and consumer demand such as auto sales.

The recalibration of the Malaysian budget for 2016 and implementation of GST, continue to impact sentiments on private sector capex and new investments. In the manufacturing sector the dollar denominated exports are expected to perform relatively better in comparison with the agriculture sector. The palm oil industry continued to be burdened with adverse weather conditions, labour force shortage as well as weak prices. Housing and construction will be less robust as stringent bank lending conditions will dampen demand for medium to high end properties.

The anticipated implementation of the Bandar Malaysia Township, the KL Singapore High Speed Rail project, the Pan Borneo Highway in Sarawak, LRT3 and MRT2 will provide some impetus to drive the economy to maintain expected growth of 4.0 - 4.5 % for 2016.

Going forward, expectation of a strong recovery in the global economy will be overly optimistic.

However barring any extraordinary circumstances, the Board is confident of achieving a profitable outcome for the financial year 2016

**B4. Variance of actual profit from profit forecast**

This note is not applicable as there is no profit forecast made.



**B5. Taxation**

Taxation consists of the following :

	Individual quarter		Accumulated quarter	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Current Malaysian Tax	(732)	(615)	(1,648)	(1,125)
(Under)/overprovision in prior years	0	0	0	0
	<u>(732)</u>	<u>(615)</u>	<u>(1,648)</u>	<u>(1,125)</u>
Deferred taxation	(15)	(13)	(30)	(26)
	<u>(747)</u>	<u>(628)</u>	<u>(1,678)</u>	<u>(1,151)</u>
	=====	=====	=====	=====

The effective tax rates for the current period ended 31 March 2016 and 2015 were 23.92% and 25.03% as compared to the applicable statutory tax rate. This is due to certain expenses which are not deductible for tax purposes.

**B6. Notes to the Statement of Comprehensive Income**

Profit for the period is arrived at after charging/(crediting):

	3 months ended		Cumulative months ended	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Interest income	(56)	(45)	(122)	(79)
Other income including investment				
Income	(306)	(678)	(1,267)	(1,048)
Gain on disposal of property, plant				
and equipment	(219)	3	(302)	(20)
Interest expense	(13)	55	1	77
Depreciation and amortization	800	488	1,301	947
Foreign exchange (gain)/loss	(567)	(55)	(343)	(57)

Other than the above, there were no provision for and write off of receivables and inventories, no gain or loss on disposal of quoted or unquoted investments and derivatives, impairment of assets and exceptional items included in the results for the current quarter ended 31 March 2016.

**B7. Purchase and sale of quoted securities**

There were no purchase or sale of quoted securities for the financial period concerned.

Details of other investments to date are as follows:

	31.3.2016	30.9.2015
	RM'000	RM'000
Available-for-sale financial assets:		
Unquoted shares at cost	50	50
Wholesale Funds	11,846	11,411
	<u>11,896</u>	<u>11,461</u>
	=====	=====

**B8. Status of corporate proposals**

To date, there are no corporate proposals announcement.

**B9. Group borrowings and debt securities**

The Group's borrowings as at 31 March 2016 are as follows:

	31.3.2016		30.9.2015	
	Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
Long term loan	0	0	0	0
Hire purchase creditors	0	0	8	0
	<u>0</u>	<u>0</u>	<u>8</u>	<u>0</u>
	=====	=====	=====	=====
Short term loan:-				
Term loan	0	0	0	0
Trust receipt	0	0	0	0
Banker acceptance	0	0	0	0
Letter of credit	0	0	0	0
Bills payable	115	0	0	0
Hire purchase creditors	18	0	25	0
Bank overdraft	0	0	0	0
	<u>133</u>	<u>0</u>	<u>25</u>	<u>0</u>
	=====	=====	=====	=====

**B10. Financial instruments with off balance sheet risks**

There were no financial instruments with off balance sheet risks during the current quarter.

**B11. Material litigation**

Neither UMS nor its subsidiary companies are engaged in any material litigation either as plaintiff or defendant and the Directors of UMS are not aware of any proceedings pending or threatened against UMS or its subsidiary companies or any facts likely to give rise to any proceedings which might materially affect the position and business of the UMS Group.

**B12. Dividend**

	31.3.2016 RM'000	30.9.2015 RM'000
	<u>                    </u>	<u>                    </u>
Proposed:		
Single tier Final dividend of 6% & Single tier Special dividend of 4%	0	4,069
	<u>                    </u>	<u>                    </u>

A single tier final dividend of 6% amounting to RM2,441,400 and a single tier special dividend of 4% amounting to RM1,627,600 for the financial year ended 30.9.2015 was paid on 25.3.2016.

**B13. Basic earnings per ordinary share**

The calculation of basic earnings per ordinary share for the quarter and for the cumulative quarter is based on the following:

	3 months ended		Cumulative months ended	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net profit attributable to Ordinary shareholders	1,732	1,765	3,040	2,188
Weighted average Number of shares In issued.	40,690	40,690	40,690	40,690
Basic earnings per Ordinary share(sen)	4.26	4.34	7.47	5.38
Diluted earnings per share (sen)	4.26	4.34	7.47	5.38

**B14. Realised and unrealised profits**

	As at 31/3/2016 (RM '000)	As at 30/9/2015 (RM '000)
Total retained profits of the Group:		
Realised	90,564	91,413
Unrealised	14,816	14,816
	105,380	106,229
Total share of retained profits from associated companies:		
Realised	11,260	11,376
Unrealised	6	6
	11,266	11,382
Add: Consolidation adjustments	116,646	117,611
Total Group retained profits	(9,255)	(9,191)
	107,391	108,420

# **UMS Holdings Berhad**

Company No. 74125 – V  
(Incorporated in Malaysia)

Interim Financial Report  
31 March 2016