

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 2017
(unaudited)

Note	3 month period ended 31 March			6 month period ended 31 March	
	2017	2016	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000	RM'000
	Current quarter	Previous Quarter ended 31.12.2016	Current quarter	6 months cumulative to date	6 months cumulative to date
Revenue	19,889	21,391	21,332	41,280	42,979
Cost of sales	(12,664)	(14,008)	(13,510)	(26,672)	(26,710)
Gross profit	7,225	7,383	7,822	14,608	16,269
Operating expenses	(6,464)	(6,766)	(6,022)	(13,230)	(13,309)
Other operating income	296	813	591	1,109	1,569
Operating profit	1,057	1,430	2,391	2,487	4,529
Financing costs	(4)	(9)	13	(13)	(1)
Interest income	63	42	56	105	122
Share of profit of associates	247	42	56	289	101
Profit before taxation	1,363	1,505	2,516	2,868	4,751
Tax expense	(421)	(496)	(747)	(917)	(1,678)
Profit for the period	942	1,009	1,769	1,951	3,073
Other comprehensive income net of tax	(120)	503	(288)	383	(748)
Total comprehensive income for the period	822	1,512	1,481	2,334	2,325
Profits attributable to:					
Owners of the Parent	923	999	1,732	1,922	3,040
Non-controlling interest	19	10	37	29	33
	942	1,009	1,769	1,951	3,073
Total comprehensive income attributable to:					
Owners of the Parent	803	1,502	1,444	2,305	2,292
Non-controlling interest	19	10	37	29	33
	822	1,512	1,481	2,334	2,325
Basic earnings per ordinary share (sen)	2.27	2.46	4.26	4.72	7.47
Diluted earnings per ordinary share (sen)	2.27	2.46	4.26	4.72	7.47

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 2016 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statement of Financial Position as at 31 March 2017
 (unaudited)**

	As at 31 March 2017	As at 30 September 2016
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	30,669	29,226
Prepaid lease payments	5,047	5,087
Investment Property	25,765	25,765
Investments in associates	12,318	12,462
Other investments	12,318	12,182
Goodwill on consolidation	1,046	1,046
	<u>87,163</u>	<u>85,768</u>
Current assets		
Inventories	33,250	32,915
Trade and other receivables	24,988	21,898
Fixed deposits with licensed bank	556	548
Cash & cash equivalents	19,108	26,165
	<u>77,902</u>	<u>81,526</u>
Total assets	<u>165,065</u>	<u>167,294</u>
Equity		
Share capital	40,690	40,690
Reserves	116,550	118,314
	<u>157,240</u>	<u>159,004</u>
Total equity attributable to the shareholders of the Company	157,240	159,004
Minority interest	819	790
Total equity	<u>158,059</u>	<u>159,794</u>
Non-current liabilities		
Borrowings	-	8
Deferred tax liabilities	1,637	1,669
	<u>1,637</u>	<u>1,677</u>
Current liabilities		
Trade and other payables	7,422	6,772
Dividend payable	-	-
Borrowings	-	8
Taxation	(2,053)	(949)
	<u>5,369</u>	<u>5,831</u>
Total equity and liabilities	<u>165,065</u>	<u>167,302</u>
Net assets per share (RM)	3.86	3.91

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 September 2016 and the accompanying explanatory notes attached to the interim financial statements.

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

Condensed Consolidated Statement of Changes in Equity for the 6 month ended 31 March 2017
(unaudited)

	Attributable to owners of the Parent						Total	Non-controlling interest	Total
	Share capital	Share premium-non distributable	Revaluation reserve-non distributable	Exchange translation reserve-non distributable	Fair value adjustment reserve-non distributable	Retained profits-distributable			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 October 2015	40,690	1,964	850	1,508	793	108,419	154,264	790	155,054
Profit for the year	-	-	-	-	-	7,858	7,858	50	7,908
Other comprehensive income									
Fair value change in available-for-sale financial assets	-	-	-	-	147	-	147	-	147
Exchange translation differences	-	-	-	(358)	-	-	(358)	-	(358)
Surplus on revaluation	-	-	1,162	-	-	-	1,162	-	1,162
Total other comprehensive income	-	-	1,162	(358)	147	-	951	-	951
Total comprehensive income	-	-	1,162	(358)	147	7,858	8,809	50	8,859
Transactions with owners									
Dividend for year ended 30 September 2015	-	-	-	-	-	(4,069)	(4,069)	(50)	(4,119)
Total transactions with owners	-	-	-	-	-	(4,069)	(4,069)	(50)	(4,119)
At 30 September 2016	40,690	1,964	2,052	1,150	940	112,208	159,004	790	159,794
At 1 October 2016	40,690	1,964	2,052	1,150	940	112,208	159,004	790	159,794
Profit for the period	-	-	-	-	-	1,922	1,922	29	1,951
Other comprehensive income									
Fair value change in available-for-sale financial assets	-	-	-	-	(348)	-	(348)	-	(348)
Exchange translation differences	-	-	-	-	-	-	731	-	731
Total other comprehensive income	-	-	-	-	(348)	-	383	-	383
Total comprehensive income	-	-	-	-	(348)	1,922	2,305	29	2,334
Transactions with owners									
Dividend for year ended 30 September 2016	-	-	-	-	-	(4,069)	(4,069)	-	(4,069)
Total transactions with owners	-	-	-	-	-	(4,069)	(4,069)	-	(4,069)
At 31 March 2017	40,690	1,964	2,052	1,150	592	110,061	157,240	819	158,059

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 September 2016 and the accompanying explanatory notes attached to the interim financial statements.

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

Condensed Consolidated Statement of Cashflows for the 6 month period ended 31 March 2017
(unaudited)

	For the 6 month period ended 31 March 2017 RM'000	For the 6 month period ended 31 March 2016 RM'000
Cash flows from operating activities		
Profit before taxation	2,868	4,751
Adjustment for non-cash items:		
-Non-cash items and non-operating items	518	161
Operating profit before changes in working capital	3,386	4,912
Changes in working capital:		
- Inventories	(335)	(729)
- Trade and other receivables	(3,090)	(4,184)
- Trade and other payables	650	(1,923)
Cash generated from operations	611	(1,924)
- Income taxes paid	(2,053)	(1,571)
- Interest paid	(13)	(1)
Net cash outflows generated from operating activities	(1,455)	(3,496)
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,008)	(7,656)
Proceeds from disposal of property, plant and equipment	51	502
Purchase of other investment	(484)	(574)
Interest received	105	122
Dividend received	484	574
Net cash outflows from investing activities	(1,852)	(7,032)
Cash flows from financing activity		
Repayment of hire purchase liabilities	(8)	(16)
Dramndown/(Repayment) of bills payable & banker acceptance	-	115
Dividend paid	(4,069)	(4,069)
Repayment of term loan	-	-
Net cash outflows used in financing activities	(4,077)	(3,970)
Net decrease in cash and cash equivalents	(7,384)	(14,498)
Cash and cash equivalents at beginning of year	26,713	35,342
Effects of changes in exchange rate	335	(250)
Cash and cash equivalents at 31 March	19,664	20,594

Cash and cash equivalents comprise the following balance sheet amounts:

Cash and bank balances	19,108	20,055
Bank overdraft	-	-
Fixed deposit	556	539
	19,664	20,594

The condensed consolidated statement of cashflows should be read in conjunction with the audited financial statements for the year ended 30 September 2016 and the accompanying explanatory notes attached to the interim financial statements.

A Notes to Interim Financial Report on Consolidated Results For the Period Ended 31 March 2017

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 2016.

The Group adopted the following new Malaysian Financial Reporting Standards ("MFRSs"), and Amendments to published standards mandatory for annual financial periods beginning on or after 1 October 2016:

Standards/Amendments

Annual Improvements to MFRS 2012 – 2014 Cycle as follows:

- Amendments to MFRS 7 Financial Instruments : Disclosures
- Amendments to MFRS 119 Employee Benefits
- Amendments to MFRS 134 Interim Financial Reporting

Amendments to MFRS 101 – Disclosure Initiative

Amendments to MFRS 116 and MFRS 138 – Clarification of Acceptable methods of Depreciation and Amortisation

Amendments to MFRS 127 – Equity Method in Separate Financial Statements

A2 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 30 September 2016 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.

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

A Notes to Interim Financial Report on Consolidated Results For the Period Ended 31 March 2017

A9 Material events subsequent to the end of the interim period

On 5 January 2017, 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 28 February 2017.

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.

Additional Information Required by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirement

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 31.3.2017 RM'000	For the cumulative 6 months ended 31.3.2016 RM'000	Increase/(Decrease) RM'000	%
Revenue by segment				
West Malaysia-Region				
Northern	1,808	1,964	(156)	(7.94)
Southern	3,337	3,444	(107)	(3.11)
Eastern	2,556	2,837	(281)	(9.90)
Central	25,145	28,272	(3,127)	(11.06)
East Malaysia				
Sarawak	4,229	3,714	515	13.87
Oversea				
Singapore	4,205	2,748	1,457	53.02
	<u>41,280</u>	<u>42,979</u>	<u>(1,699)</u>	<u>(3.95)</u>

The main reason for the decrease in Group's revenue was due to overall slowdown in the business conditions.

The profit before tax has decreased by 39.63% to RM2,868,000 as compared to RM4,751,000 in the corresponding period ended 31/3/2017. This decrease was mainly due to decrease in turnover and lower margins as a result of increased competition and weaker business conditions.

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 31.3.2017 RM'000	For the quarter ended 31.3.2016 RM'000	Increase/(Decrease) RM'000	%
Revenue by segment				
West Malaysia-Region				
Northern	871	907	(36)	(3.97)
Southern	1,433	1,654	(221)	(13.36)
Eastern	1,240	1,172	68	5.80
Central	12,004	14,521	(2,517)	(17.33)
East Malaysia				
Sarawak	2,058	1,760	298	16.93
Oversea				
Singapore	<u>2,283</u>	<u>1,318</u>	<u>965</u>	<u>73.22</u>
	<u>19,889</u>	<u>21,332</u>	<u>(1,443)</u>	<u>(6.76)</u>

For the quarter under review, the profit before taxation decreased by 45.83% to RM1,363,000 from RM2,516,000 for the corresponding period ended 31/3/2016. This was mainly due to increase in competition leading to lower profit

Additional Information Required by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirement

margins and deteriorating market conditions.

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)	
	31.3.2017	30.12.2016	RM'000	%
Revenue by segment	RM'000	RM'000		
West Malaysia-Region				
Northern	871	937	(66)	(7.04)
Southern	1,433	1,904	(471)	(24.74)
Eastern	1,240	1,316	(76)	(5.78)
Central	12,004	13,141	(1,137)	(8.65)
East Malaysia				
Sarawak	2,058	2,171	(113)	(5.20)
Oversea				
Singapore	2,283	1,922	361	18.78
	<u>19,889</u>	<u>21,391</u>	<u>(1,502)</u>	<u>(7.02)</u>
Profit before tax	<u>1,363</u>	<u>1,505</u>	<u>(281)</u>	<u>(9.44)</u>

The overall decrease in profit before taxation of 9.44% to RM1,363,000 from RM1,505,000 was mainly due to decrease in turnover.

B3. Current financial year's prospects

The global economy for the first quarter of year 2017 was moderately stable after the anxiety and uncertainty of a US presidential election. A pro-growth US expenditure budget together with a sustained growth of the Chinese economy will certainly augur well for the global economy. The Eurozone economy is expected to be lackluster. The economies of Asean as well as India, Japan and Korea will continue to be the drivers of Malaysia exports of its primary and manufactured products.

On the local front, the main engine of GDP growth besides contribution by external demand, will be powered by private domestic consumption and the continual implementation of major infrastructural projects such as MRT2, LRT3, and the Pan Borneo Highway. For 2017, the Malaysian economy is expected to grow at 4.5 -5.0% .

Any untoward geopolitical events such as the outbreak of war in North East Asia will negatively impact regional growth and contribute to downside risks to future growth

However the Group is optimistic in achieving a profitable outcome for the coming quarters of 2017.

B4. Variance of actual profit from profit forecast

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

Additional Information Required by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirement

B5. Taxation

Taxation consists of the following :

	Individual quarter		Accumulated quarter	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current Malaysian Tax (Under)/overprovision in prior years	(437) 0	(732) 0	(949) 0	(1,648) 0
	<u>(437)</u>	<u>(732)</u>	<u>(949)</u>	<u>(1,648)</u>
Deferred taxation	16	(15)	32	(30)
	<u>(421)</u>	<u>(747)</u>	<u>(917)</u>	<u>(1,678)</u>
	=====	=====	=====	=====

The effective tax rates for the current period ended 31 March 2017 and 2016 were 23.71% and 23.92% 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	
	31.3.2017 (RM'000)	31.3.2016 (RM'000)	31.3.2017 (RM'000)	31.3.2016 (RM'000)
Interest income	(63)	(56)	(105)	(122)
Other income including investment Income	(272)	(306)	(1,089)	(1,267)
Gain on disposal of property, plant and equipment	(20)	(219)	(20)	(302)
Interest expense	4	(13)	13	1
Depreciation and amortization	499	800	1,001	1,301
Foreign exchange (gain)/loss	78	(567)	526	(343)

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 2017.

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:

	31.3.2017 RM'000	30.9.2016 RM'000
Available-for-sale financial assets:		
Unquoted shares at cost	50	50
Wholesale Funds	12,268	12,132
	<u>12,318</u>	<u>12,182</u>
	=====	=====

Additional Information Required by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirement

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 2017 are as follows:

	31.3.2017		30.9.2016	
	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	0	0	0	0
Hire purchase creditors	0	0	8	0
Bank overdraft	0	0	0	0
	<u>0</u>	<u>0</u>	<u>8</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

	31.3.2017 RM'000	30.9.2016 RM'000
Proposed:		
Single tier Final dividend of 6% & Single tier Special dividend of 4%	0	4,069

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 30.9.2016 was paid on 28.3.2017.

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	
	31.3.2017	31.3.2016	31.3.2017	31.3.2016
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net profit attributable to Ordinary shareholders	923	1,732	1,922	3,040
Weighted average Number of shares In issued.	40,690	40,690	40,690	40,690
Basic earnings per Ordinary share(sen)	2.27	4.26	4.72	7.47
Diluted earnings per share (sen)	2.27	4.26	4.72	7.47

B14. Realised and unrealised profits

	As at 31/3/2017 (RM '000)	As at 30/9/2016 (RM '000)
Total retained profits of the Group:		
Realised	95,315	97,537
Unrealised	15,359	15,090
	110,674	112,627
Total share of retained profits from associated companies:		
Realised	11,469	11,613
Unrealised	6	6
	11,475	11,619
	122,149	124,246
Add: Consolidation adjustments	(12,088)	(12,038)
Total Group retained profits	110,061	112,208

UMS Holdings Berhad

Company No. 74125 – V
(Incorporated in Malaysia)

Interim Financial Report
31 March 2017