

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

Condensed Consolidated Statement of Comprehensive Income for the 12 month period ended 30 September 2017
(unaudited)

Note	3 month period ended 30 September			12 month period ended 30 September	
	2017 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
	Current quarter	Previous Quarter ended 30.6.2017	Current quarter	12 months cumulative to date	12 months cumulative to date
Revenue	19,111	22,224	22,866	82,615	96,161
Cost of sales	(11,833)	(13,672)	(15,046)	(52,177)	(62,155)
Gross profit	7,278	8,552	7,820	30,438	34,006
Operating expenses	(6,558)	(5,748)	(6,496)	(25,536)	(25,903)
Other operating income	574	296	639	1,979	2,520
Operating profit	1,294	3,100	1,963	6,881	10,623
Financing costs	23	(13)	(6)	(3)	(7)
Interest income	26	31	20	162	170
Share of profit of associates	318	106	186	713	454
Profit before taxation	1,661	3,224	2,163	7,753	11,240
Tax expense	B5 (335)	(838)	(422)	(2,090)	(3,331)
Profit for the period	1,326	2,386	1,741	5,663	7,909
Other comprehensive income net of tax	(586)	(761)	2,093	(964)	951
Total comprehensive income for the year	740	1,625	3,834	4,699	8,860
Profit attributable to:					
Owners of the Parent	1,306	2,366	1,733	5,594	7,858
Non-controlling interest	20	20	8	69	51
	1,326	2,386	1,741	5,663	7,909
Total comprehensive income attributable to:					
Owners of the Parent	720	1,605	3,826	4,630	8,809
Non-controlling interest	20	20	8	69	51
	740	1,625	3,834	4,699	8,860
Basic earnings per ordinary share (sen)	B13 3.21	5.81	4.26	13.75	19.31
Diluted earnings per ordinary share (sen)	3.21	5.81	4.26	13.75	19.31

The condensed consolidated income statement 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
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Condensed Consolidated Statement of Financial Position as at 30 September 2017
(unaudited)

	As at 30 September 2017	As at 30 September 2016
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	30,263	29,226
Prepaid lease payments	5,044	5,087
Investment Property	25,925	25,765
Investments in associates	12,525	12,462
Other investments	12,587	12,182
Goodwill on consolidation	1,046	1,046
	<u>87,390</u>	<u>85,768</u>
Current assets		
Inventories	34,713	32,915
Trade and other receivables	25,980	21,898
Tax recoverable	-	-
Fixed deposits with licensed bank	1,869	548
Cash & cash equivalents	17,755	26,165
	<u>80,317</u>	<u>81,526</u>
Total assets	<u>167,707</u>	<u>167,294</u>
Equity		
Share capital	42,654	40,690
Reserves	116,911	118,314
	<u>159,565</u>	<u>159,004</u>
Total equity attributable to the shareholders of the Company	159,565	159,004
Minority interest	809	790
Total equity	<u>160,374</u>	<u>159,794</u>
Non-current liabilities		
Borrowings	B9	-
Deferred tax liabilities	1,649	1,669
	<u>1,649</u>	<u>1,669</u>
Current liabilities		
Trade and other payables	7,189	6,772
Dividend payable	-	-
Borrowings	B9	8
Taxation	(1,505)	(949)
	<u>5,684</u>	<u>5,831</u>
Total equity and liabilities	<u>167,707</u>	<u>167,294</u>
Net assets per share (RM)	3.92	3.91

The condensed consolidated balance sheet 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
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Condensed Consolidated Statement of Changes in Equity for the 12 month ended 30 September 2017
(unaudited)

	Share capital	Share premium-non distributable	Attributable to owners of the Parent			Retained profits-distributable	Total	Non-controlling interest	Total
	RM'000	RM'000	Revaluation reserve-non distributable RM'000	Exchange translation reserve-non distributable RM'000	Fair value adjustment reserve-non distributable RM'000	RM'000	RM'000	RM'000	RM'000
At 1 October 2015	40,690	1,964	890	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 year	-	-	-	-	-	5,594	5,594	69	5,663
Transfer pursuant to Section 618(2) of the Companies Act, 2016	1,964	(1,964)	-	-	-	-	-	-	-
Other comprehensive income									
Fair value change in available -for-sale financial assets	-	-	-	-	(79)	-	(79)	-	(79)
Exchange translation differences	-	-	-	(885)	-	-	(885)	-	(885)
Total other comprehensive income	-	-	-	(885)	(79)	-	(964)	-	(964)
Total comprehensive income	-	-	-	(885)	(79)	5,594	4,630	69	4,659
Transactions with owners									
Dividend for year ended 30 September 2016	-	-	-	-	-	(4,069)	(4,069)	(50)	(4,119)
Total transactions with owners	-	-	-	-	-	(4,069)	(4,069)	(50)	(4,119)
At 30 September 2017	42,654	-	2,052	265	861	113,733	159,565	809	160,374

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
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Condensed Consolidated Statement of Cashflows for the 12 month period ended 30 September 2017
(unaudited)

	For the 12 month period ended 30 September 2017 RM'000	For the 12 month period ended 30 September 2016 RM'000
Cash flows from operating activities		
Profit before taxation	7,753	11,240
Adjustment for non-cash items:		
- Non-cash items and non-operating items	1,166	773
Operating profit before changes in working capital	8,919	12,013
Changes in working capital:		
- Inventories	(1,798)	(370)
- Trade and other receivables	(4,082)	2,639
- Trade and other payables	417	(2,825)
Cash generated from operations	3,456	11,457
- Income taxes paid	(2,686)	(3,746)
- Income taxes refund	-	119
- Interest paid	(3)	(7)
- Interest received	162	187
Net cash flow generated from operating activities	929	8,010
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,132)	(13,068)
Proceeds from disposal of property, plant and equipment	184	634
Proceeds from disposal of other investment	-	-
Purchase of other investment	(484)	(575)
Purchase of prepaid land lease	-	-
Dividend received	484	575
Net decrease in cash flow used in investing activities	(3,948)	(12,434)
Cash flows from financing activity		
Repayment of hire purchase liabilities	(8)	(25)
Bills payable & banker acceptance	-	-
Dividend paid	(4,069)	(4,069)
Repayment of term loan	-	-
Net cash flow used in financing activities	(4,077)	(4,094)
Net decrease in cash and cash equivalents	(7,096)	(8,518)
Cash and cash equivalents at beginning of year	26,713	35,342
Effects of changes in exchange rate	7	(111)
Cash and cash equivalents at 30 September	19,624	26,713

Cash and cash equivalents comprise the following balance sheet amounts:

Cash and bank balances	17,755	26,165
Fixed deposit	1,869	548
	19,624	26,713

The condensed consolidated cash flow statement 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 Year Ended 30 September 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.

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A Notes to Interim Financial Report on Consolidated Results For the Year Ended 30 September 2017

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.

A8 Segmental reporting

The segmental analysis for the Group for the financial year ended September 30, 2017 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
Segment Revenue	4,431	6,913	5,070	70,900	8,036	6,805
Elimination						
Consolidated Revenue						
Profit/(Loss) before Taxation and Minority Interest	(241)	793	183	9,417	967	160
Elimination						
Share of profit Of associated Companies						
Total assets	3,498	8,328	7,385	175,558	8,711	12,563
Elimination						
Total Liabilities	1,683	533	791	37,762	706	876
Elimination						

A Notes to Interim Financial Report on Consolidated Results For the Year Ended 30 September 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. Financial review for current quarter and financial year to date

The financial review of the group for current quarter and financial year to date is tabled below:-

	Individual Period (4th quarter)(RM'000)		Changes (Amount(RM,000)/%)	Cumulative Period(RM'000)		Changes (RM'000/%)
	Current Year Quarter	Preceding Corresponding Quarter		Current Year To- date	Preceding Year Corresponding Period	
	30/9/2017	30/9/2016		30/9/2017	30/9/2016	
Revenue	19,111	22,866	(3,755)/(16.42)	82,615	96,161	(13,546)/(14.09)
Operating Profit	1,294	1,963	(669)/(34.08)	6,881	10,623	(3,942)/(37.11)
Profit Before Interest and Tax	1,612	2,149	(537)/(24.99)	7,594	11,077	(3,483)/(31.44)
Profit Before Tax	1,661	2,163	(502)/(23.21)	7,753	11,240	(3,487)/(31.02)
Profit After Tax	1,326	1,741	(415)/(23.84)	5,663	7,909	(2,246)/(28.40)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	1,306	1,733	(427)/(24.64)	5,594	7,858	(2,264)/(28.81)

a) The group's performance for the period-to-date against the corresponding period-to-date is as follows:

The revenue for the group has decrease by RM13,546,000 or 14.09% to RM82,615,000 from RM96,161,000 mainly due to a special project undertaken by the company amounting to RM18,558,198 which was accounted for in the year ended 30.9.2016.

The profit before tax has decrease by RM3,487,000 or 31.02% to RM7,753,000 from RM11,240,000 mainly due to decrease in revenue as mentioned above.

The group's revenue by segment is as follows:-

	For the cumulative 12 months ended 30.9.2017 RM'000	For the cumulative 12 months ended 30.9.2016 RM'000	Increase/(Decrease) RM'000	%
Revenue by segment				
West Malaysia-Region Northern	4,423	3,926	497	12.66
Southern	6,911	6,848	63	0.92
Eastern	5,070	5,342	(272)	(5.09)
Central East Malaysia	51,371	67,000	(15,629)	(23.33)
Sarawak	8,035	7,210	825	11.44

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

Singapore	6,805	5,835	970	16.62
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	<u>82,615</u>	<u>96,161</u>	<u>(13,546)</u>	(14.09)
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The main decrease in revenue by segment is from the central mainly due to the special project undertaken as mentioned above.

b) The group's performance for the quarter under review against the corresponding quarter of the preceding year is as follows:-

The revenue for the group has decrease by RM3,755,000 or 16.42% to RM19,111,000 from RM22,866,000 mainly due to a special project undertaken by the company amounting to RM18,558,198 of which RM4,065,200 was accounted for in the corresponding quarter ended 30.9.2016.

The profit before tax has decrease by RM502,000 or 23.21% to RM1,661,000 from RM2,163,000 mainly due to decrease in revenue as mentioned above.

The group's revenue by segment is as follows:-

	For the quarter ended 30.9.2017 RM'000	For the quarter ended 30.9.2016 RM'000	Increase/(Decrease) RM'000	%
Revenue by segment				
West Malaysia-Region				
Northern	1,578	840	738	87.86
Southern	1,761	1,745	16	0.92
Eastern	1,368	970	398	41.03
Central East Malaysia	10,963	15,837	(4,874)	(30.78)
Sarawak	2,056	1,832	224	12.23
Singapore	1,385	1,642	(257)	(15.65)
	<u>19,111</u>	<u>22,866</u>	<u>(3,755)</u>	(16.42)

The main decrease in revenue by segment is from the central region, mainly due to the special project undertaken as mentioned above.

B2. Financial review for current quarter compared with immediate preceding quarter

The financial review for the current quarter compared with immediate preceding quarter is tabled as below:-

	Current Quarter 30/9/2017	Immediate Preceding Quarter 30/6/2017	Changes (RM'000 / %)
Revenue	19,111	22,224	(3,113)/(14.01)
Operating Profit	1,294	3,100	(1,806)/(58.26)
Profit Before Interest and Tax	1,612	3,206	(1,594)/(49.72)

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

Profit Before Tax	1,661	3,224	(1,563)/(48.48)
Profit After Tax	1,326	2,386	(1,060)/(44.43)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent holders of the parent	1,306	2,366	(1,060)/(44.80)

c)The group's performance for the quarter under review against the preceding quarter of the year is as follows:-

The revenue for the group has decrease by RM3,113,000 or 14.01% to RM19,111,000 from RM22,224,000 mainly due to a project undertaken by the company amounting to RM8,451,245 of which RM2,281,836 was accounted for in the quarter ended 30.6.2017.

The profit before tax has decrease by RM1,563,000 or 48.48% to RM1,661,000 from RM3,224,000 mainly due to decrease in revenue as mentioned above.

The group's revenue by segment is as follows:-

	3 months ended 30.9.2017	3 months ended 30.6.2017	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
Revenue by segment				
West Malaysia-Region				
Northern	1,578	1,037	541	52.17
Southern	1,761	1,813	(52)	(2.87)
Eastern	1,368	1,146	222	19.37
Central	10,963	15,263	(4,300)	(28.17)
East Malaysia				
Sarawak	2,056	1,750	306	17.49
Oversea				
Singapore	1,385	1,215	170	13.99
	<u>19,111</u>	<u>22,224</u>	<u>(3,113)</u>	<u>(14.01)</u>

The main decrease in revenue by segment is from the central region, mainly due to a project undertaken as mentioned above for the quarter ended 30.6.2017.

B3. Current financial year's prospects

During the 3rd quarter of 2017 (that is from July 1, 2017 to September 30, 2017) , the global economy maintained its growth momentum carried forward from the preceding quarter. The IMF in its world economic outlook forecasts a growth rate of 3.6 percent and 3.7 percent for 2017 and 2018 respectively.

Global trade activities are progressively strengthening, underpinned by a faster and a more broad based growth in the advanced economies of US, Eurozone and Japan. The growth in these regions is fueled by private consumption, business investment and external demand in their respective economies.

The emerging economies of China, India, South Korea and ASEAN nations during this quarter also contributed positively to the global growth forecast.

Countries whose economies are driven by commodities such as crude oil, minerals and agricultural produce are expected to perform better in the coming quarters.

With managed production cuts by OPEC, crude oil is expected to trend around USD55 per barrel in 2017 and USD60 per barrel in 2018.

The US economy in 2017, post- election remains firm, with a robust Wall Street performance underpinned by strong earnings from its manufacturing, agricultural, technology, financial and banking sectors.

The anticipated tax reform proposals from the Trump administration will stimulate investments in the domestic USA markets thereby generating more employment and business opportunities. The proposed injection of one trillion USD funds for capacity

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

expansion as well as major infrastructural projects on airports, highways and high speed rail will provide further impetus for the economy of USA as well as spill- over effects for its major trade partners. Growth for 2017 and 2018 is expected to be 2.2 percent and 2.3 percent respectively.

The outlook for the economy of the Eurozone has improved during this period but however in many member countries inflation, weak productivity, rising old age and influx of immigrants are obstacles to be overcome in order to achieve prospects for further growth in GDP per capita. Furthermore, the outstanding problems of ongoing European banking issues need to be forcefully addressed to restore weakening confidence in the banking industry in the affected member countries. With the election of new governments in France, Holland and Austria, the prospect of a breakup of the European Union remains remote, despite BREXIT. The economies of Germany, France, Italy and Spain will remain as the pillars of the European growth with exports of their automobile, aircraft, high tech and advanced industrial products to the rest of the world. The GDP for Eurozone is expected to be 2.1 percent and 1.9 percent for 2017 and 2018 respectively.

Growth in the United Kingdom is forecasted to achieve 1.7 percent in 2017 and 1.5 percent in 2018. The slowdown was attributed to a weaker private consumption as a result of the depreciation of the British pound affecting household income. Other factors affecting growth will be uncertainty of future economic relationship with the Eurozone.

The Asian countries comprises some of the world's largest and vibrant markets. The dominant economies are China, Taiwan and Hong Kong, Japan, India, South Korea, and the ASEAN 10 member nations.

The Chinese economy is projected to achieve an annual growth rate of 6.8 percent for 2017.

This was achieved on the back of infrastructural spending, continuation of the rebalancing of their economy to a domestic consumption driven model as well as a cautious monitoring of a potential credit and housing bubble. Export of its manufactured goods to the USA, Eurozone, Japan, ASEAN, India and Middle East countries remains buoyant. With the expected further consolidation of power headed by the Chinese leaders, an expansionary policy of robust public investment will be continued to achieve their target of GDP between 2010 and 2020 thereby turning China into a middle income society.

The Chinese GDP growth rate is forecasted to achieve around 6.8 percent and 6.5 percent for 2017 and 2018 respectively. Going forward, China's economic performance will in turn drive the economies of the commodity producing nations of ASEAN, Australia, South Africa, Brazil and OPEC.

In Japan, global demand for their manufactured goods remains healthy especially in automobiles, high tech industrial machinery, electronic and electrical goods. The existing policy of fiscal stimulus will be continued by the government. Private consumption and spending was strong due to influx of foreign tourists and boost from the 2020 Olympic-related activities. For 2017, Japan GDP is expected to grow at 1.5 percent. The rate of expansion is expected to weaken to 0.7 percent for 2018 as the growth driving factors in 2017 tail off with the onset of higher imports and slower growth in foreign demand.

The Indian economy continues to expand at 6.7 percent for 2017. This was achieved on the back of a growing domestic market and implementation of structural market reforms. The economy will further expand at 7.4 percent for 2018.

In the ASEAN-10 region (Indonesia, Thailand, Malaysia, Vietnam, Philippines, Singapore, Cambodia, Laos, Brunei and Myanmar) the GDP growth for the Group was driven by strong exports of their resource-based commodities to China, India, Japan and the Eurozone as well as intra-ASEAN trade.

Export of manufactured goods such as electrical and electronic, rubber and latex, timber and wood, petroleum, and oil palm products to other advanced and emerging markets contributed significantly to the economic performance of these respective member countries.

The Malaysian economy during 3rd quarter 2017 (that is from July 1st 2017 to September 30th 2017) recorded a GDP growth of around 6%. According to the World Bank, the forecast for Malaysia's GDP for 2017 is expected to be 5.2% reflecting a lower expectation for the second half of 2017 ending December 31st 2017.

The growth performance of the economy for 3rd quarter of 2017 was underpinned by stronger domestic demand as a result of improvement of private consumption and investments.

Exports were stable, due to recovery and improvement of global trade in the advanced, developing and emerging markets. On the scenario of a recovering global economy, the Malaysian economy will continue to be driven by external demand for our broad array of resource-based commodities such as crude oil, palm oil, rubber, timber, as well as manufactured value-added products like latex and rubber gloves, palm oil derivatives (for example, cooking oil, margarine, soaps, detergents), furniture, petrochemicals, electrical and electronic goods.

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

Demand for these products from the improving economies of USA, Eurozone, China, Japan, India, the Middle East as well as intra ASEAN countries is expected to augur positively for Malaysia's performance in 2018. Domestically, private investments and capex spending plus government and public sector infrastructure spending will continue to stimulate growth.

The implementation of GST is affecting consumer and business sentiments and the 2018 Malaysian Budget has incorporated measures to improve disposable household income and manage rising inflation.

During the 3rd quarter of 2017, the Malaysian Industrial Production Index (IPI) grew 5.9% y-o-y rendering an upside potential for the annual GDP growth and exceeding the previous forecast of 5.5% for 2017.

The manufacturing sector grew at 7.1% y-o-y, with strong performance in the electrical and electronic products segment whilst shipments of non-electrical and electronic goods remain lackluster. The mining and electricity output was 2.5% y-o-y and 4.4% y-o-y respectively.

Going forward with potentially strong exports anticipated in the upcoming months, the upside for the Malaysian IPI is encouraging.

The agriculture industry continues to be a strategic and important contributor to the Malaysian economy. With the cessation of the El Nino effect, palm oil production has been increasing since early 2017 and in tandem with increasing export volume. The crude palm oil price is expected to trend at RM2600 per metric ton. For 2017, the annual growth for the agricultural sector is expected to grow 4.0% y-o-y. Going forward, demand and prices for palm oil is expected to remain buoyant; probably with some reduction from India due to their imposition of levy of tariff on imports of edible oils.

The building and construction industry remains stable in this quarter albeit lower loan approvals for residential property purchases. However, for 4th quarter of 2017 (that is from October 1st, 2017 to December 31st 2017), demand for affordable housing remains encouraging with approvals for new home loans applications being expected to pick up.

During the 3rd quarter of 2017, consumer sentiment was subdued in comparison with the last quarter. With the on-going implementation of GST, the general sentiment was disposal household income is becoming lower and employment opportunities diminishing. Inflation looms higher and was felt across a broad spectrum of income groups in the rural and urban population.

Total industry volume of auto sales for 2017 was lower y-o-y in comparison with 2016 with lesser approvals for auto loans. Going forward this sector is expected to gradually recover in 2018.

Work-in-progress of existing infrastructure projects continues to drive the construction sector to achieve an expected 7.6% annual growth for 2017.

Impending award and implementation of new major infrastructure projects in road, rail and ports are expected to stimulate the economy in 2018 going forward.

These major projects include the East Coast Rail Link (ERL), MRT2 Sungai Buloh-Serdang-Putrajaya project, the High Speed Rail from Kuala Lumpur –Singapore, MRT 3 Circle Line in KL, LRT3 project Bandar Utama-Johan Setia, the West Coast Highway in Peninsular Malaysia and the Pan Borneo Highway East Malaysia.

The Malaysian Budget 2018 presented in October 2017 is to include strategies and measures by the government to address inflation, disposable income, housing, education and healthcare affordability facing the middle and lower income population. For the corporate and business community, the concern will be the cost of doing business, taxes and the shortage of labor in the plantation, construction and retail sectors arising from stricter regulations on importing foreign labor.

In a nutshell, according to the World Bank the Malaysian economy is forecasted to grow at an annual rate of 5.2% in 2017. For 2018, a GDP of 5.0-5.5% was projected by the government. A recovering global economy in the advanced, developing and emerging nations will underpin a robust export of the country's resource commodities and manufactured goods. Economics sectors such as the oil and gas, palm oil, rubber, timber and electrical and electronic industry and other allied resource-based manufacturing industries (eg rubber and latex gloves) will achieve positive growth. This will translate into demand for the Group's prime products of conveyor chains, rubber and plastic conveyor belts, rollers and components, automotive beltings, industrial engineering hardware and tools.

The Board has identified the following risks potentially affecting the outlook and performance of the global, regional, country and finally the group for 2017/2018 going forward. They are the following:

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1. The geopolitical tension in North East Asia between the USA, Japan, South Korea and North Korea which could erupt into a regional or global war.
2. The South China Sea sovereign claim and dispute between China and the ASEAN nations.
3. The current political spat in the Middle East region which could flare into a greater crisis amongst countries of Saudi Arabia, Iran, Egypt, Israel, the Gulf States, Lebanon, Yemen, Turkey, Iraq and Syria.
The possibility of active terrorism, tribal wars, rivalry between religious factions escalating into a global proxy power play between the big powers.
4. Terrorism by ISIS, al Qaeda and other terrorist groups spreading across various parts of the world like the Middle East, South East Asia, Africa, Europe, and the USA.
5. Natural disasters and global warming leading to adverse climatic changes affecting food and crop production and outbreak of epidemics.
6. The Federal Reserve unexpected and overly aggressive measures in normalizing their monetary policy as a result of leadership change in the Board.
7. The contagion effect of Brexit beginning 2018.
8. A slower than expected slowdown in China and other emerging economies.
9. Unexpected large variance in oil prices of USD55 per barrel and USD60 per barrel forecasted for 2017 and 2018 respectively.
10. OPEC not adhering to their committed production cuts thereby affecting crude oil prices.
11. The performance of the ringgit vis-à-vis other currencies of Malaysia's trading partners.
12. Increasing anxieties over inflation, reduced disposable income, crackdown over foreign labor employment and finally uncertainty of the Malaysian general election due in 2018.

The Board is cautiously confident of a profitable performance for the financial year 2017 owing to measures being undertaken to manage, mitigate and overcome any untoward risks to the Group.

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	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current Malaysian Tax	(196)	(388)	(1,999)	(3,252)
(Under)/overprovision in prior years	(131)	(23)	(131)	(23)
Real Property Gain Tax	0	(118)	0	(118)
	(327)	(529)	(2,130)	(3,393)
Deferred taxation	(8)	107	40	62
	(335)	(422)	(2,090)	(3,331)
	=====	=====	=====	=====

The current tax rates for the current year ended 30 September 2017 and 2016 were 24% and 24%.

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B6. Notes to the Statement of Comprehensive Income

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

	3 months ended		Cumulative months ended	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Interest income	(26)	(20)	(162)	(170)
Other income including investment				
Income	(509)	(639)	(1,893)	(2,244)
Gain on disposal of property, plant				
and equipment	(65)	0	(86)	(276)
Interest expense	(23)	6	3	7
Depreciation and amortization	523	817	2,059	2,118
Foreign exchange (gain)/loss	(89)	53	200	297

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 year ended 30 September 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:

	30.9.2017	30.9.2016
	RM'000	RM'000
Available-for-sale financial assets:		
Unquoted shares at cost	50	50
Wholesale Funds	12,537	12,132
	<u>12,587</u>	<u>12,182</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 30 September 2017 are as follows:

	30.9.2017		30.9.2016	
	Secured	Unsecured	Secured	Unsecured
	RM'000	RM'000	RM'000	RM'000
Long term loan	0	0	0	0
Hire purchase creditors	0	0	0	0

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	<u>0</u>	<u>0</u>	<u>0</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 payables	0	0	8	0
Bank overdraft	0	0	0	0
	<u>0</u>	<u>0</u>	<u>8</u>	<u>0</u>
	=====	=====	=====	=====

There is no material changes to the Group's borrowings as at the current year-to-date at 30.9.2017 as compared with the corresponding period in the immediate preceding year as at 30 September 2016 as tabled below:-

	As at 4th quarter ended 2017					
	Long	Term	Short	Term	Total	borrowings
	S\$'000 denomination	RM'000 denomination	S\$'000 denomination	RM'000 denomination	S\$'000 denomination	RM'000 denomination
Secured	0	0	0	0	0	0
Unsecured	0	0	0	0	0	0
	As at 4th quarter ended 2016					
	Long	Term	Short	Term	Total	borrowings
	S\$'000 denomination	RM'000 denomination	S\$'000 denomination	RM'000 denomination	S\$'000 denomination	RM'000 denomination
Secured	0	0	0	0	0	0
Unsecured- Hire Purchase Payables	0	0	3	8	3	8

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

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

	30.9.2017 RM'000	30.9.2016 RM'000
Proposed:		
Single tier Final dividend of 6% & Single tier Special dividend of 4%	4,069	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.

At the forthcoming Annual General Meeting, a single tier final dividend of 6% amounting to RM2,441,000 and a special dividend of 4% amounting to RM1,627,000 for the financial year ended 30.9.2017 will be proposed for shareholders approval.

B13. Trade and other receivables

	30.9.2017 RM'000	30.9.2016 RM'000
Trade receivables	24,742	20,737
Other receivables, deposit & prepayment	1,238	1,161
	<u>25,980</u>	<u>21,898</u>

Trade receivables are non-interest bearing and generally are on 30 to 120 days for current period and previous year.

	Trade receivables Group	
	30.9.2017 RM'000	30.9.2016 RM'000
Neither past due nor impaired	14,682	11,552
1 to 30 days past due not impaired	4,553	4,203
31 to 60 days past due not impaired	3,031	1,805
61 to 90 days past due not impaired	558	1,102
More than 90 days past due not impaired	1,918	2,075
	<u>24,742</u>	<u>20,737</u>
Impaired	261	213
	<u>25,003</u>	<u>20,950</u>

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

Included in the above trade receivables are the following ageing analysis for related parties:

	30.9.2017 RM'000	30.9.2016 RM'000
Neither past due nor impaired	360	359
1 to 30 days past due not impaired	0	0
31 to 60 days past due not impaired	0	0
61 to 90 days past due not impaired	0	0
More than 90 days past due not impaired	0	0
	<u>360</u>	<u>359</u>
Impaired	0	0
	<u>360</u>	<u>359</u>

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the group and losses have occurred infrequently.

The Group's trade receivables that are impaired at the reporting date and the movement of allowance account used to record the impairment is as follows:

	Group 30.9.2017 RM'000	30.9.2016 RM'000
Trade receivables – nominal amounts	261	213
Allowance for impairment	(261)	(213)
	<u>–</u>	<u>–</u>

Movement in allowance for impairment:

	Group 30.9.2017 RM'000	30.9.2016 RM'000
At 1 October	213	322
Charge for the period/year	48	61
Reversal of impairment	–	(170)
	<u>261</u>	<u>213</u>

Trade receivables that are individually impaired at the reporting date relates to those that are in significant financial difficulties and have defaulted on payments.

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

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	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net profit attributable to Ordinary shareholders	1,306	1,733	5,594	7,858
Weighted average Number of shares In issued.	40,690	40,690	40,690	40,690
Basic earnings per Ordinary share(sen)	3.21	4.26	13.75	19.31
Diluted earnings per share (sen)	3.21	4.26	13.75	19.31

B14. Realised and unrealised profits

	As at 30/9/2017 (RM '000)	As at 30/9/2016 (RM '000)
Total retained profits of the Group:		
Realised	98,619	97,537
Unrealised	15,590	15,090
	114,209	112,627
Total share of retained profits from associated companies:		
Realised	11,688	11,613
Unrealised	(6)	6
	11,682	11,619
	125,891	124,246
Add: Consolidation adjustments	(12,158)	(12,038)
Total Group retained profits	113,733	112,208

UMS Holdings Berhad

Company No. 74125 – V
(Incorporated in Malaysia)

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