

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 2018
(unaudited)

| Note | 3 month period ended 30 September | | | 12 month period ended 30 September | |
|--|-----------------------------------|----------------------------------|-----------------|------------------------------------|------------------------------|
| | 2018 | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| | Current quarter | Previous Quarter ended 30.6.2018 | Current quarter | 12 months cumulative to date | 12 months cumulative to date |
| Revenue | 20,225 | 22,453 | 19,114 | 86,191 | 82,618 |
| Cost of sales | (12,657) | (13,422) | (11,890) | (54,851) | (52,234) |
| Gross profit | 7,568 | 9,031 | 7,224 | 31,340 | 30,384 |
| Operating expenses | (6,263) | (6,115) | (6,504) | (25,401) | (25,482) |
| Other operating income | 311 | 304 | 577 | 1,748 | 1,982 |
| Operating profit | 1,616 | 3,220 | 1,297 | 7,687 | 6,884 |
| Financing costs | - | - | 23 | - | (3) |
| Interest income | 47 | 41 | 26 | 146 | 162 |
| Share of profit of associates | 20 | (8) | 129 | 296 | 524 |
| Profit before taxation | 1,683 | 3,253 | 1,475 | 8,129 | 7,567 |
| Tax expense | B5 (259) | (1,009) | (381) | (2,321) | (2,136) |
| Profit for the period | 1,424 | 2,244 | 1,094 | 5,808 | 5,431 |
| Other comprehensive income net of tax | 1,087 | (544) | (543) | (105) | 165 |
| Total comprehensive income for the year | 2,511 | 1,700 | 551 | 5,703 | 5,596 |
| Profit attributable to: | | | | | |
| Owners of the Parent | 1,401 | 2,233 | 1,074 | 5,752 | 5,362 |
| Non-controlling interest | 23 | 11 | 20 | 56 | 69 |
| | 1,424 | 2,244 | 1,094 | 5,808 | 5,431 |
| Total comprehensive income attributable to: | | | | | |
| Owners of the Parent | 2,488 | 1,689 | 531 | 5,647 | 5,527 |
| Non-controlling interest | 23 | 11 | 20 | 56 | 69 |
| | 2,511 | 1,700 | 551 | 5,703 | 5,596 |
| Basic earnings per ordinary share (sen) | B13 3.44 | 5.49 | 2.64 | 14.14 | 13.18 |
| Diluted earnings per ordinary share (sen) | 3.44 | 5.49 | 2.64 | 14.14 | 13.18 |

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 30 September 2017 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 Financial Position as at 30 September 2018
(unaudited)

| | As at 30 September 2018 | As at 30 September 2017 |
|--|----------------------------|----------------------------|
| | RM'000 | RM'000 |
| Non-current assets | | |
| Property, plant and equipment | 36,524 | 31,394 |
| Prepaid lease payments | 4,930 | 5,048 |
| Investment Property | 25,950 | 25,925 |
| Investments in associates | 12,198 | 12,336 |
| Other investments | 13,056 | 12,587 |
| Goodwill on consolidation | 1,046 | 1,046 |
| | <u>93,704</u> | <u>88,336</u> |
| Current assets | | |
| Inventories | 34,042 | 35,154 |
| Trade and other receivables | 23,780 | 25,925 |
| Tax recoverable | - | - |
| Fixed deposits with licensed bank | 2,398 | 1,869 |
| Cash & cash equivalents | 17,813 | 17,747 |
| | <u>78,033</u> | <u>80,695</u> |
| Total assets | <u>171,737</u> | <u>169,031</u> |
| Equity | | |
| Share capital | 42,654 | 42,654 |
| Reserves | 119,366 | 117,808 |
| | <u>162,040</u> | <u>160,462</u> |
| Total equity attributable to the shareholders of the Company | 162,040 | 160,462 |
| Minority interest | 815 | 809 |
| Total equity | <u>162,855</u> | <u>161,271</u> |
| Non-current liabilities | | |
| Borrowings | B9 | - |
| Deferred tax liabilities | 1,500 | 1,649 |
| | <u>1,500</u> | <u>1,649</u> |
| Current liabilities | | |
| Trade and other payables | 8,552 | 7,600 |
| Dividend payable | - | - |
| Borrowings | B9 | - |
| Taxation | (1,170) | (1,489) |
| | <u>7,382</u> | <u>6,111</u> |
| Total equity and liabilities | <u>171,737</u> | <u>169,031</u> |
| Net assets per share (RM) | 3.98 | 3.94 |

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 30 September 2017 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 12 month ended 30 September 2018
 (unaudited)

| | Share capital RM'000 | Share premium-non distributable RM'000 | Attributable to owners of the Parent | | | Retained profits- distributable RM'000 | Total RM'000 | Non-controlling interest RM'000 | Total RM'000 |
|--|-------------------------|---|---|---|--|---|-----------------|---------------------------------------|-----------------|
| | | | Revaluation reserve-non distributable RM'000 | Exchange translation reserve-non distributable RM'000 | Fair value adjustment reserve-non distributable RM'000 | | | | |
| At 1 October 2016 | 40,690 | 1,964 | 2,051 | 1,150 | 940 | 112,209 | 159,004 | 790 | 159,794 |
| Profit for the period | - | - | - | - | - | 5,361 | 5,361 | 69 | 5,430 |
| Other comprehensive income | | | | | | | | | |
| Fair value change in available -for-sale financial assets | - | - | - | - | (79) | - | (79) | - | (79) |
| Exchange translation differences | - | - | - | 245 | - | - | 245 | - | 245 |
| Total other comprehensive income | - | - | - | 245 | (79) | - | 166 | - | 166 |
| Total comprehensive income | - | - | - | 245 | (79) | 5,361 | 5,527 | 69 | 5,596 |
| Transfer pursuant to Section 618(2) of the Companies Act 2016 | 1,964 | (1,964) | - | - | - | - | 0.00 | 0.00 | 0.00 |
| 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 | - | 2,051 | 1,395 | 861 | 113,501 | 160,462 | 809 | 161,271 |
| At 1 October 2017 | 42,654 | - | 2,051 | 1,395 | 861 | 113,501 | 160,462 | 809 | 161,271 |
| Profit for the year | - | - | - | - | - | 5,752 | 5,752 | 56 | 5,808 |
| Other comprehensive income | | | | | | | | | |
| Fair value change in available -for-sale financial assets | - | - | - | - | (33) | - | (33) | - | (33) |
| Exchange translation differences | - | - | - | (72) | - | - | (72) | - | (72) |
| Total other comprehensive income | - | - | - | (72) | (33) | - | (105) | - | (105) |
| Total comprehensive income | - | - | - | (72) | (33) | 5,752 | 5,647 | 56 | 5,703 |
| Transactions with owners | | | | | | | | | |
| Dividend for year ended 30 September 2017 | - | - | - | - | - | (4,069) | (4,069) | (50) | (4,119) |
| Total transactions with owners | - | - | - | - | - | (4,069) | (4,069) | (50) | (4,119) |
| At 30 September 2018 | 42,654 | - | 2,051 | 1,323 | 828 | 115,184 | 162,040 | 815 | 162,855 |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 September 2017 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 12 month period ended 30 September 2018
(unaudited)

| | For the 12 month period ended 30 September 2018 RM'000 | For the 12 month period ended 30 September 2017 RM'000 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before taxation | 8,129 | 7,567 |
| Adjustment for non-cash items: | | |
| - Non-cash items and non-operating items | 1,381 | 819 |
| Operating profit before changes in working capital | 9,510 | 8,386 |
| Changes in working capital: | | |
| - Inventories | 1,112 | (2,196) |
| - Trade and other receivables | 2,145 | (4,151) |
| - Trade and other payables | 952 | 824 |
| Cash generated from operations | 13,719 | 2,863 |
| - Income taxes paid | (2,151) | (3,147) |
| - Income taxes refund | - | 451 |
| - Interest paid | - | (3) |
| - Interest received | 146 | 162 |
| Net cash flow generated from operating activities | 11,714 | 326 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (7,236) | (4,132) |
| Proceeds from disposal of property, plant and equipment | 424 | 184 |
| Proceeds from disposal of other investment | - | - |
| Purchase of other investment | (501) | (484) |
| Purchase of prepaid land lease | - | - |
| Dividend received | 501 | 1,134 |
| Net decrease in cash flow used in investing activities | (6,812) | (3,298) |
| Cash flows from financing activity | | |
| Repayment of hire purchase liabilities | - | (8) |
| Bills payable & banker acceptance | - | - |
| Dividend paid | (4,069) | (4,069) |
| Dividend paid non controlling interest | (50) | (50) |
| Repayment of term loan | - | - |
| Net cash flow used in financing activities | (4,119) | (4,127) |
| Net increase/(decrease) in cash and cash equivalents | 783 | (7,099) |
| Cash and cash equivalents at beginning of year | 19,616 | 26,713 |
| Effects of changes in exchange rate | (188) | 2 |
| Cash and cash equivalents at 30 September | 20,211 | 19,616 |

Cash and cash equivalents comprise the following balance sheet amounts:

| | | |
|------------------------|--------|--------|
| Cash and bank balances | 17,813 | 17,747 |
| Fixed deposit | 2,398 | 1,869 |
| | 20,211 | 19,616 |

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 30 September 2017 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 2018

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 2017.

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 2017:

Standards/Amendments

Annual Improvements to MFRS 2014 – 2016 Cycle as follows:

- Amendments to MFRS 12 Disclosures of Interests in Other Entities

Amendments to MFRS 107 – Disclosure Initiative

Amendments to MFRS 112 – Recognition of Deferred Tax Assets for Unrealised Losses

A2 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 30 September 2017 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.

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

A Notes to Interim Financial Report on Consolidated Results For the Year Ended 30 September 2018

A8 Segmental reporting

The segmental analysis for the Group for the financial year ended September 30, 2018 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 | 953 | 6,352 | 6,834 | 73,595 | 8,344 | 7,078 | | 103,156 |
| Elimination Consolidated Revenue | | | | | | | | (16,965) |
| | | | | | | | | <u>86,191</u> |
| Profit/(Loss) before Taxation and Minority Interest | (265) | 487 | 548 | 11,100 | 772 | (108) | | 12,534 |
| Elimination | | | | | | | | (4,701) |
| Share of profit Of associated Companies | | | | | | | | 296 |
| | | | | | | | | <u>8,129</u> |
| Total assets | 1,001 | 7,886 | 7,373 | 125,697 | 8,796 | 12,067 | | 162,769 |
| Elimination | | | | | | | | 8,968 |
| | | | | | | | | <u>171,737</u> |
| Total Liabilities | 1 | 268 | 733 | 38,033 | 642 | 543 | | 40,220 |
| Elimination | | | | | | | | (30,523) |
| | | | | | | | | <u>9,697</u> |

A9 Material events subsequent to the end of the interim period

On 8 January 2018, 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 Annual General Meeting held on 27 February 2018.

A Notes to Interim Financial Report on Consolidated Results For the Year Ended 30 September 2018

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 except from 1 January 2018, the operations of UMS (Penang) Sdn Bhd was taken over by UMS Corporation Sdn Bhd.

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 | |
| | 30/9/2018 | 30/9/2017 | | 30/9/2018 | 30/9/2017 | |
| Revenue | 20,225 | 19,114 | 1,111/5.81 | 86,191 | 82,618 | 3,573/4.32 |
| Operating Profit | 1,633 | 1,297 | 336/25.91 | 7,704 | 6,884 | 820/11.91 |
| Profit Before Interest and Tax | 1,653 | 1,426 | 227/15.92 | 8,000 | 7,408 | 592/7.99 |
| Profit Before Tax | 1,683 | 1,475 | 208/14.10 | 8,129 | 7,567 | 562/7.43 |
| Profit After Tax | 1,424 | 1,094 | 330/30.16 | 5,808 | 5,431 | 377/6.94 |
| Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent | 1,401 | 1,074 | 327/30.45 | 5,752 | 5,362 | 390/7.27 |

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

The revenue for the group has increase by RM3,573,000 or 4.32% to RM86,191,000 from RM82,618,000 mainly due to a special project undertaken by the company amounting to RM8,451,245 of which RM5,746,847 was accounted for in the year ended 30.9.2018 and RM2,281,836 was accounted for in the year ended 30.9.2017.

The profit before tax has increase by RM562,000 or 7.43% to RM8,129,000 from RM7,567,000 mainly due to increase in revenue as mentioned above.

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

| | For the cumulative 12 months ended 30.9.2018 | For the cumulative 12 months ended 30.9.2017 | Increase/(Decrease) | |
|----------------------|---|--|---------------------|---------|
| | RM'000 | RM'000 | RM'000 | % |
| Revenue by segment | | | | |
| West Malaysia-Region | | | | |
| Northern | 858 | 4,423 | (3,565) | (80.60) |
| Southern | 6,348 | 6,911 | (563) | (8.15) |
| Eastern | 6,834 | 5,070 | 1,764 | 34.79 |
| Central | 56,729 | 51,374 | 5,355 | 10.46 |
| East Malaysia | | | | |
| Sarawak | 8,344 | 8,035 | 309 | 3.85 |

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

| | | | | |
|-----------|-------|-------|-----|------|
| Singapore | 7,078 | 6,805 | 273 | 4.01 |
|-----------|-------|-------|-----|------|

| | | | | |
|--|---------------|---------------|--------------|------|
| | <u>86,191</u> | <u>62,618</u> | <u>3,573</u> | 4.32 |
|--|---------------|---------------|--------------|------|

The main increase in revenue by segment is from the central region mainly due to the special project undertaken as mentioned above and the taking over of business of the Northern Region by UMS Corporation Sdn. Bhd. as stated in Note A10.

b)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 30.9.2018 RM'000 | For the quarter Ended 30.9.2017 RM'000 | Increase/(Decrease) RM'000 | % |
|--------------------------|---|---|-------------------------------|----------|
| Revenue by segment | | | | |
| West Malaysia-Region | | | | |
| Northern | 0 | 1,578 | (1,578) | (100.00) |
| Southern | 1,302 | 1,761 | (459) | (26.06) |
| Eastern | 1,631 | 1,368 | 263 | 19.23 |
| Central East Malaysia | 13,709 | 10,966 | 2,743 | 25.01 |
| Sarawak | 2,091 | 2,056 | 35 | 1.70 |
| Singapore | 1,492 | 1,385 | 107 | 7.73 |
| | <u>20,225</u> | <u>19,114</u> | <u>1,111</u> | 5.81 |

There is an increase in revenue of RM1,111,000 or 5.81% from RM19,114,000 to RM20,225,000 and profit before tax of RM208,000 or 14.10% from RM1,475,000 for the quarter ended 30.9.2017 to RM1,683,000 for the quarter ended 30.9.2018. This increased is mainly contributed by the project 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 30/9/2018 | Immediate Preceding Quarter 30/6/2018 | Changes (RM'000 / %) |
|---|------------------------------|---|-------------------------|
| Revenue | 20,225 | 22,453 | -2,228/-9.92 |
| Operating Profit | 1,633 | 3,220 | -1,587/-49.29 |
| Profit Before Interest and Tax | 1,653 | 3,212 | -1,559/-48.54 |
| Profit Before Tax | 1,683 | 3,253 | -1,570/-48.26 |
| Profit After Tax | 1,424 | 2,244 | -820/-36.54 |
| Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent holders of the parent | 1,401 | 2,233 | -832/-37.26 |

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

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 RM2,228,000 or 9.92% to RM20,225,000 from RM22,453,000(As per table below). This decreased was mainly contributed by the decrease in revenue from projects and customers’ sales.

The profit before tax has decrease by RM1,570 ,000 or 48.26% to RM1,683,000 from RM3,253,000 mainly due to decrease in revenue as mentioned above.

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

| Revenue by segment | 3 months ended | 3 months ended | Increase/(Decrease) | |
|----------------------|----------------|----------------|---------------------|---------------|
| | 30.9.2018 | 30.6.2018 | RM'000 | % |
| West Malaysia-Region | RM'000 | RM'000 | RM'000 | |
| Northern | 0 | (2) | 2 | (100.00) |
| Southern | 1,302 | 1,430 | (128) | (8.95) |
| Eastern | 1,631 | 2,058 | (427) | (20.75) |
| East Malaysia | | | | |
| Central | 13,709 | 14,929 | (1,220) | (8.17) |
| Sarawak | 2,091 | 2,068 | 23 | 1.11 |
| Oversea | | | | |
| Singapore | 1,492 | 1,970 | (478) | (24.26) |
| | <u>20,225</u> | <u>22,453</u> | <u>(2,228)</u> | <u>(9.92)</u> |

The main contributor to the decrease in revenue by segment is from the Central due to the reasons as mentioned above.

B3. Current financial year’s prospects

The global economy is expected to achieve a moderate growth rate in the 4th quarter of 2018 and into 2019 on the back of the current trade tensions and tightening financial condition amongst some emerging market economies.

The IMF forecasted a global growth rate of 3.7% for 2018 and this rate will be sustained in 2019 going forward. This growth will be mainly driven by the advanced economies primarily the US.

The emerging market economies will be affected by slowdown of trade activities and will be mainly underpinned by their own domestic demand especially within member countries of ASEAN and the North Asian economies.

In particular the Chinese economy is expected to slow down due to internal structural reforms as well as the spectre of a worsening trade spat between US and China that will have a negative spill-over effect on the entire global supply chain affecting both the advanced and emerging market economies.

For the US, the tax cuts and other fiscal expansionary measures implemented in 2017 and 2018 will continue to sustain a robust economy that will drive a strong domestic consumption and a low unemployment rate. Meanwhile the Eurozone economy is expected to moderate for the rest of 2018 and into 2019.

In anticipation of these expectations for 2018, the advanced economies and the emerging market economies is expected to achieve a growth rate of 2.4% and 4.7% respectively.

For the current quarter the Malaysian economy registered a growth of 4.4% and for 2018 the growth is expected to achieve a rate of 4.7% .(5.9% in 2017). This was mainly driven by domestic demand as well as a buoyant export demand for this period. The domestic demand was generated largely by private consumption as a result of the zerorisation of the GST during the tax holiday period before 1st September 2018. As a result sale of consumer durables for example automobile, consumer electrical household goods achieved robust sales during this period.

Public spending especially on infrastructures yet be implemented will be moderate as the new government continue to address the problem of the country’s debt of one trillion ringgit and the reduction of revenue due to the replacement of the GST with the SST tax regime.

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

Headline inflation of 1.3% for the 8 months of 2018 remains under control due to cheaper food and transportation prices despite higher oil prices and a cheaper ringgit.

In general the global external demand for our manufactured goods eg electrical and electronic goods and agricultural commodities like palm oil and palm oil based products is expected to decrease due to a reduction in demand volume as well as lower prices.

Demand for petroleum products is forecasted to slowdown despite a rise in the price of Brent crude reaching a four year high of USD85 per barrel. Oil imports from China and India is expected to slow down and prices of Brent crude is expected to dip below USD80 mark to USD60-70 mark in the coming month due to increase in supplies.

For our local economy, the services and manufacturing sectors will remain the largest contributor to our GDP growth in 2018 each contributing 3.3% and 1.3% respectively.

On a y-o-y basis the service sector is anticipated to grow 6.0% while the manufacturing will achieved 5.5% growth. The agriculture sector as compared to a growth rate of 7.2% in 2017 will chalk a lower rate of 3.8% this year. Owing to the Government measures to review major infrastructural project and a slowdown in property development, the construction sector is expected to moderate to 6.0% from 6.7% in 2017. The mining and quarrying sectors remain active compared to 2017 as a result of improved oil prices and increased global demand in 2018.

The prospects for growth for 2018 and 2019 going forward is dependent on a resilient growth in domestic demand as well as a global macroeconomic performances of advanced economies of USA, Eurozone, China, Japan and North East Asian as well as emerging market and developing economies like Malaysia and the ASEAN member countries.

The major risks hampering global and regional growth are identified as follows:

1. The ongoing worsening trade war between USA and China will have a disruptive impact on the global economy. Malaysia being a trading nation locked into the global supply chain will definitely be affected. The effect of this trade spat will reconfigure this global supply systems away from China and possibly benefitting the Asean nations like Malaysia Indonesia Thailand Vietnam and the Philippines.
2. If the price of the crude oil falls below USD60-70, it will upset the balance of the Malaysian Budget for 2019.
3. The geopolitical disruptions on the South China Sea sovereign claims amongst interested parties are unsettling to the prosperity of the region.
4. The ability of the new government to implement new economic and other policy measures to stimulate growth and employment, curb inflation, and manage our one trillion ringgit debt.
5. Any natural disasters and climate change affecting food and crop production.

The Board are cautiously optimistic on maintaining a profitable year and is adopting measures to mitigate any major risks to the group going forward.

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 | |
|--------------------------------------|--------------------|--------------|---------------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current Malaysian Tax | (235) | (222) | (2,312) | (2,025) |
| (Under)/overprovision in prior years | (158) | (131) | (158) | (131) |
| | <u>(393)</u> | <u>(353)</u> | <u>(2,470)</u> | <u>(2,156)</u> |
| Deferred taxation | 134 | (28) | 149 | 20 |
| | <u>(259)</u> | <u>(381)</u> | <u>(2,321)</u> | <u>(2,136)</u> |
| | ===== | ===== | ===== | ===== |

The current tax rates for the current year ended 30 September 2018 and 2017 were 24% and 24%.

B6. Notes to the Statement of Comprehensive Income

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

| | 3 months ended | | Cumulative months ended | |
|-------------------------------------|----------------|-----------|-------------------------|-----------|
| | 30.9.2018 | 30.9.2017 | 30.9.2018 | 30.9.2017 |
| | (RM'000) | (RM'000) | (RM'000) | (RM'000) |
| Interest income | (47) | (26) | (146) | (162) |
| Other income including investment | | | | |
| Income | (282) | (512) | (1,497) | (1,896) |
| Gain on disposal of property, plant | | | | |
| and equipment | (29) | (65) | (251) | (86) |
| Interest expense | 0 | (23) | 0 | 3 |
| Depreciation and amortization | 276 | 523 | 2,017 | 2,059 |
| Foreign exchange (gain)/loss | (469) | (89) | (206) | 200 |

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 2018.

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

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:

| | 30.9.2018 RM'000 | 30.9.2017 RM'000 |
|--------------------------------------|---------------------|---------------------|
| Available-for-sale financial assets: | | |
| Unquoted shares at cost | 50 | 50 |
| Wholesale Funds | 13,006 | 12,537 |
| | <u>13,056</u> | <u>12,587</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 2018 are as follows:

| | 30.9.2018 | | 30.9.2017 | |
|-------------------------|-------------------|---------------------|-------------------|---------------------|
| | Secured RM'000 | Unsecured RM'000 | Secured RM'000 | Unsecured RM'000 |
| Long term loan | 0 | 0 | 0 | 0 |
| Hire purchase creditors | 0 | 0 | 0 | 0 |
| | <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 | 0 | 0 |
| Bank overdraft | 0 | 0 | 0 | 0 |
| | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| | ===== | ===== | ===== | ===== |

There is no material changes to the Group's borrowings as at the current year-to-date at 30.9.2018 as compared with the corresponding period in the immediate preceding year as at 30 June 2018 as tabled below:-

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

| | As at 4th quarter ended 2018 | | | | | |
|----------------------------------|------------------------------|---------------------|----------------------|---------------------|----------------------|---------------------|
| | 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 3rd quarter ended 2018 | | | | | |
| | 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 | 0 | 0 | 0 | 0 |

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

| | 30.9.2018 RM'000 | 30.9.2017 RM'000 |
|--|---------------------|---------------------|
| Proposed: | | |
| Single tier Final dividend of 6sen & Single tier Special dividend of 4sen | 4,069 | 4,069 |

A single tier final dividend of 6sen amounting to RM2,441,000 and a special dividend of 4sen amounting to RM1,627,000 for the financial year ended 30.9.2017 was paid on 28.3.2018.

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

At the forthcoming Annual General Meeting, a single tier final dividend of 6sen amounting to RM2,441,000 and a special dividend of 4sen amounting to RM1,627,000 for the financial year ended 30.9.2018 will be proposed for shareholders approval.

B13 Trade and other receivables

| | 30.9.2018 | 30.9.2017 |
|---|---------------|---------------|
| | RM'000 | RM'000 |
| Trade receivables | 23,141 | 24,726 |
| Other receivables, deposit & prepayment | 639 | 1,199 |
| | <u>23,780</u> | <u>25,925</u> |

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

| | Trade receivables Group | |
|---|----------------------------|---------------|
| | 30.9.2018 | 30.9.2017 |
| | RM'000 | RM'000 |
| Neither past due nor impaired | 13,350 | 14,602 |
| 1 to 30 days past due not impaired | 3,853 | 4,559 |
| 31 to 60 days past due not impaired | 2,561 | 3,030 |
| 61 to 90 days past due not impaired | 1,050 | 544 |
| More than 90 days past due not impaired | 2,327 | 1,991 |
| | <u>23,141</u> | <u>24,726</u> |
| Impaired | 572 | 205 |
| | <u>23,713</u> | <u>24,931</u> |

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

| | 30.9.2018 | 30.9.2017 |
|---|-----------|------------|
| | RM'000 | RM'000 |
| Neither past due nor impaired | 6 | 360 |
| 1 to 30 days past due not impaired | 2 | 0 |
| 31 to 60 days past due not impaired | 4 | 0 |
| 61 to 90 days past due not impaired | 0 | 0 |
| More than 90 days past due not impaired | 0 | 0 |
| | <u>12</u> | <u>360</u> |
| Impaired | 0 | 0 |
| | <u>12</u> | <u>360</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 | |
|-------------------------------------|-----------|-----------|
| | 30.9.2018 | 30.9.2017 |
| | RM'000 | RM'000 |
| Trade receivables – nominal amounts | 572 | 205 |
| Allowance for impairment | (572) | (205) |
| | <u>–</u> | <u>–</u> |

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

Movement in allowance for impairment:

| | Group | |
|------------------------|------------|------------|
| | 30.9.2018 | 30.9.2017 |
| | RM'000 | RM'000 |
| At 1 October | 205 | 213 |
| Charge for the year | 367 | 49 |
| Reversal of impairment | - | (57) |
| | <u>572</u> | <u>205</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.

B14. 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 | |
|----------------------------------|----------------|-----------|-------------------------|-----------|
| | 30.9.2018 | 30.9.2017 | 30.9.2018 | 30.9.2017 |
| | (RM'000) | (RM'000) | (RM'000) | (RM'000) |
| Net profit attributable to | | | | |
| Ordinary shareholders | 1,401 | 1,074 | 5,752 | 5 362 |
| Weighted average | | | | |
| Number of shares | | | | |
| In issued. | 40,690 | 40,690 | 40,690 | 40,690 |
| Basic earnings per | | | | |
| Ordinary share(sen) | 3.44 | 2.64 | 14.14 | 13.18 |
| Diluted earnings per share (sen) | 3.44 | 2.64 | 14.14 | 13.18 |

UMS Holdings Berhad

Company No. 74125 – V
(Incorporated in Malaysia)

Interim Financial Report
30 September 2018

